

**HOUSE OF ASSEMBLY**

Tuesday 25 June 1996

**ESTIMATES COMMITTEE A****Chairman:**

The Hon. H. Allison

**Members:**

Mr M.J. Atkinson  
 The Hon. Frank Blevins  
 Mr K.O. Foley  
 Mrs D.C. Kotz  
 Mr J.K.G. Oswald  
 Mrs E.M. Penfold

*The Committee met at 11 a.m.***Witness:**

The Hon. J.W. Olsen, Minister for Industry, Manufacturing, Small Business and Regional Development and Minister for Infrastructure.

**Departmental Advisers:**

Mr C. Armour, Managing Director, ETSA Corporation.  
 Mr T. Parker, Group Corporate Services Manager.  
 Mr R. Morgan, General Manager, Generation.  
 Mr B. Scarsella, General Manager, ETSA Power.

**The CHAIRMAN:** I point out to the Committee that the Chair has been advised that several lines which do not appear specifically in the Estimates papers—South Australian Housing Trust, ETSA, SA Ports and the Ambulance Service—will be examined. That will occur by ministerial fiat. Does the Minister wish to make an opening statement?

**The Hon. J.W. Olsen:** Yes, Mr Chairman. First, I refer to your comment, Sir, about statutory authorities and the examination of lines that do not appear in the budget papers. I point out to the Committee that both SA Water and ETSA do not appear as specific budget lines. Despite that, and despite the fact that, under the former administration, for 45 minutes Minister Klunder refused to answer any questions of the then Opposition in relation to the woods and forests budget line—

*The Hon. Frank Blevins interjecting:*

**The Hon. J.W. Olsen:** I know he is no longer with us, and appropriately so. I make the point that, despite ETSA and SA Water not being involved in specific budget lines, I think it is appropriate that they be examined by this Committee. I have indicated to the Opposition that, despite the precedent attempted to be established by Minister Klunder—and Mr Chairman you have invited me to make a determination as to whether the lines of SA Water and ETSA could and should be examined—it is my view that they should be examined, despite the fact that they are not in the budget lines. I point out to the Opposition that that is done in an endeavour to provide a fully frank and open disclosure of those budget lines before the Parliament.

I should like to make a brief opening statement in relation to the Electricity Trust. As the Committee would be aware,

the Electricity Trust of South Australia was formed by Sir Thomas Playford in 1946—this is the 50th year of ETSA in South Australia—to provide a cheap and reliable electricity supply enabling the State to develop and prosper. The business has developed and expanded to cover almost the entire settled area of South Australia. Today, ETSA provides a vital service to over 600 000 business, rural and residential customers across the State.

However, as when ETSA was established, the arrangements in the South Australian electricity supply industry were appropriate to the needs of the 1940s and 1950s, the nature of the industry has to change to enable what was Playford's vision to continue to be achieved in the next century. On 1 July 1995, the Electricity Trust of South Australia was corporatised, and ETSA Corporation was born. With corporatisation, a new board was appointed with a charter which provided it with a clear commercial focus. A performance statement was also agreed, setting the target performance levels expected of the new corporation which will be operating in a highly competitive environment—the national electricity market.

Although final end of year figures are naturally not available yet, I am pleased to report that expectations are that targets established in this agreement will generally be achieved or exceeded. This is quite a remarkable achievement in light of the lower than predicted sales. The performance output (the return by ETSA) will be the best in its history this year—appropriate given its fiftieth year.

I refer to sales and revenue. In 1994-95 sales grew at their fastest rate for 20 years. The trend did not continue in 1995-96 and there has been a slight decline in sales; temperate weather conditions in summer and winter have contributed to that. Combined with lower prices in some categories, an overall reduction of \$6 million in revenue will result in the current year.

I refer to operating expenditure and productivity. Total operating expenditure has been significantly reduced through:

- efficiency improvements based on benchmarking of world's best practice;
- improvements in labour productivity created by improved work practices, many related to enterprise bargaining arrangements;
- the maximisation of imports of electricity at attractive prices from Victoria facilitated by ETSA's new approaches to managing its gas contracts.

I commend the board and the work force for productivity and efficiency gains introduced which will enable us to put in place substantial reductions in the cost of electricity to consumers in South Australia. We expect total operating expenditure to be around \$40 million or approximately 8 per cent below that of the previous year. This is what I would describe as an outstanding result and it more than offsets the impact of the loss of the sales and continues the trend of the past few years where year on year ETSA's net operating cost has decreased in nominal terms even though expenditure on externally provided services has increased.

I refer to earnings and profits before tax. Earnings before interest tax and depreciation have risen by around 10 per cent. The impact on profits before tax is less impressive because of increased depreciation charges but is still close to \$20 million. I point out that the depreciation method being put in place has been required of all Government business enterprises across Australia, and the method of depreciation was agreed to by COAG and working officials.

Depreciation charges have increased in recognition of the higher value now ascribed to ETSA's assets under the new valuation procedures. The use of the optimised deprival values has been introduced along with corporatisation and is aimed at providing a more realistic view of the current value of the business, and I repeat that it is consistent with that which has been signed off by all jurisdictions.

I now refer to taxes and competitive neutrality. The concept of competitive neutrality requires that ETSA be put on an equivalent footing to private sector bodies with which it may be competing in the future. In 1995-96 ETSA has been required to pay State and local government taxes and charges and to pay to the Treasurer tax equivalent payments for Commonwealth taxes. The sum of \$61 million has been provided in 1995-96 as income tax equivalent and sales tax equivalent payments of around \$1.8 million have also been made.

I refer to dividends and other payments to Government. ETSA's excellent profitability has provided the ability to pay substantial dividends. There are some one-off dividends and other payments because of financial restructuring related corporatisation. This has led to dividends of over \$200 million being provided. Also for the first time ETSA paid a portion of these dividends early this year based on the half yearly accounts. This again is to bring ETSA into line with good commercial practice. The restructuring of ETSA's balance sheet will show that the corporation is a valuable asset to the State with assets of approximately \$3.3 billion. ETSA is in the top 10 trading enterprises in South Australia in the private-Government sector.

I refer to restructuring. In addition to the corporatisation of ETSA, during 1995-96 ETSA progressively has been implementing a new organisational structure based on a holding company and four subsidiaries: ETSA Generation, ETSA Transmission, ETSA Power and ETSA Energy. These subsidiaries will be fully operational from 1 July 1996. It is the Government's intention to further separate the generation activities by establishing a new entity—the South Australian Generation Corporation—from 1 January 1997, parliamentary support forthcoming.

This is to support the introduction the national electricity market and enhance competition within the electricity supply industry in South Australia. This is required for two key reasons: to gain benefit through lower prices and better service which competition will bring; and to ensure that South Australia receives Commonwealth funds earmarked for competitive reform. In addition, in cogeneration we are making substantial steps forward and I hope to be in a position shortly to make an announcement in relation to a \$180 million dollar 170 megawatt cogeneration plant for the first time in Australia where a Government has not actually committed taxpayers' funds to the establishment of the cogeneration plant—another first for South Australia.

The establishment of that cogeneration plant will enable us to meet peak load demands of electricity generation in South Australia in the foreseeable future, and that will obviate the need for major capital infrastructure of ETSA—and, therefore, the taxpayers of South Australia—to meet that anticipated peak load demand. It is a win-win position for South Australians in that we will meet that requirement at a competitive price without commitment of taxpayers' funds and by obviating the need for taxpayers' financing of such a cogeneration plant. I hope that I am in the position to announce the successful completion of that contract deal shortly.

The electricity supply industry in this State is also reforming at a rapid rate. It is vital that ETSA continues to improve its performance, both in paying commercial dividends to the State as its owner and in delivering electricity at prices which ensure that South Australian businesses are internationally competitive and that living costs are kept low. A recent analysis of the State's competitive position showed that electricity prices were a contributor to businesses in South Australia enjoying cost advantages compared with businesses based interstate. This must continue to support the State's development.

In a rapidly changing environment, the national electric market will have enormous challenges for South Australia over the next five or 10 years. The way in which South Australia responds to that challenge and meets it will determine the successful competitive business environment of South Australia in the course of the next few years.

I acknowledge some of the work undertaken by the former Administration before the election of the current Government and, under this Government, continuing reform in the Electricity Trust of South Australia is enabling us to meet those enormous challenges that we have faced in the past 12 months and will face over the next three to five years. The Government has also moved to ensure that the needs of the community continue to be met in a more competitive environment. It has moved regulatory responsibilities from ETSA to the new Energy Division within the Department of Mines and Energy. It has also put certain obligations on ETSA through the charter and performance statement in terms of reliability of supply, customer service, safety and community service obligations. These requirements are generally being met and, in most instances, exceeded.

**Mr FOLEY:** I note that the Minister, through his good grace, has allowed ETSA and SA Water advisers to come before the Committee. It has never been any different. However, if the Minister wants to spend 20 minutes of the opening one hour that we have to examine ETSA reading something that could be included in a ministerial statement or in the financial papers, that is his decision.

**The CHAIRMAN:** I inform the member for Hart that the criticism would appear to be misplaced. The Chair was at pains to advise the Committee that there is no line for either ETSA or SA Water, and therefore any time for examination of those two lines is at ministerial discretion. Obviously, the Minister is doing his best to cooperate.

*The Hon. Frank Blevins interjecting:*

**The CHAIRMAN:** I thank the member for Giles. For the benefit of *Hansard*, once again I would advise the Committee that there is no opening line; therefore, the Chair will not be opening any specific line for examination until such time as other payments are up for examination by the Committee, which is quite some time away.

**Mr FOLEY:** Another wasted couple of minutes by the Chair.

*Mrs Kotz interjecting:*

**Mr FOLEY:** I have not finished what I am saying. If everyone would control themselves, I will get on with some questioning.

**The CHAIRMAN:** It is the member for Hart's time that is being wasted by the honourable member's colleagues.

**Mr FOLEY:** You keep interrupting, Mr Chairman. I know we have a faction friendly Committee today: when there is a 'wet' Minister we have three wets and when there is a 'dry' Minister we have three dries—it is quite cute!

*Mrs Kotz interjecting:*

**Mr FOLEY:** Settle down Dorothy; you will become a Minister one day, too.

**The CHAIRMAN:** I inform the member for Newland that SA Water will be discussed later in the day.

**Mr FOLEY:** Has ETSA distribution let a multimillion dollar software contract to a German company called SAP?

**The Hon. J.W. Olsen:** Negotiations have been ensuing. The board has not signed off on a contract at this stage.

**Mr FOLEY:** I understand the software contract is worth some \$14 million. I am also advised that the IT subcommittee of Cabinet has seen this proposal which, as I have said, I understand is worth \$14 million. Two companies have tendered for it: a company called Mincom and a German company SAP. I am advised that the Queensland based company was considerably cheaper than the German company, and in fact the Queensland based company also offered to establish a major operation in South Australia to support its software development—totally consistent with the Government's IT2000 policy—but it appears that the cheaper bidder will not be successful and the Minister will go for the fully foreign software proposal. Can the Minister confirm that?

**The Hon. J.W. Olsen:** The member for Hart has it wrong in this respect: it is not \$14 million for software, it is \$2.5 million. The Department of Information Industries has signed off and endorsed the policy thrust of officials of ETSA and it will be making a presentation to its board which will consider it in the fullness of time.

**Mr FOLEY:** This Government has made much of its development of an IT industry. The Premier through the IT2000 has talked about establishing a major software, computer and IT industry in South Australia. It seems particularly odd that the Government would award a multimillion dollar software contract to a German developer over and above an Australian company, particularly when that Australian company is cheaper. I also understand that the company involved, Mincom, has publicly stated that it will now re-evaluate its decision to participate in an EDS consortium to establish a multimillion dollar Centre of Excellence in South Australia. So, also put at risk is a major element of the EDS contract with the Government.

**The Hon. J.W. Olsen:** Here we go, the Opposition trying to turn a positive into a negative yet again. It simply cannot tolerate the economic development and good news stories this Government is able to generate. First, the member for Hart has it wrong in terms of the quantum. Secondly, it is consistent with the Government's IT strategy, and I noted that the Department of Information Industries had signed off and endorsed. The reason why this program has been selected is that it has a fit for the requirements of ETSA and, if Mincom has made in retaliation the statements that the member for Hart has suggested, I draw his attention to Telstra's comments last week when the Government announced AAPT would be taking on a position. Statements of an officer were soon countered by Managing Director for Australia, Frank Blount.

We make no apology for putting in place the right system at the right price for the best commercial business outcomes for ETSA. If you want this organisation to perform, to produce dividends, to participate in the national electricity market and be able to compete with the private sector interstate, do not tie one hand behind its back.

**Mr FOLEY:** Just on this issue, I quote to the—

*Mrs Kotz interjecting:*

**The CHAIRMAN:** I remind the member for Hart that, however smart the answers may be on both sides, the Chair is in charge. The initial statement by the Chair was that supplementary questions would be the exception, rather than the rule. In asking at least two supplementary questions the honourable member has made them the rule, rather than the exception. It is at the Chair's discretion.

**Mr FOLEY:** We will make this a question, then. Whether you want to call it a supplementary or a question, I will question.

**The CHAIRMAN:** The honourable member will not speak when the Chair is speaking if he wishes to remain in the Chamber, after which, if he leaves, the session will be terminated for the day—and that will be the Chair's decision, too. I have the honourable member down for four questions irrespective of how he chooses to pose them.

**Mr FOLEY:** If you want to gag me, I will hand it on and come back to it in a minute.

**The CHAIRMAN:** I am giving the honourable member the fourth question.

**Mr FOLEY:** Thank you. I will quote some of the comments of Mincom's senior management about this decision to award the multimillion dollar contract to a German company, even though the Australian company was cheaper. The article states:

EDS was also unhappy with the choice of [the German company], about which it 'knew nothing'.

This is in early May, to quote the head of Mincom. He continues:

My South Australian representative informed me today that he understood EDS was considering an official protest to the office of the General Manager, SA Industry Development... EDS is concerned that the distribution division of ETSA has bypassed it as the systems management authority in picking [the German model].

Mr Bates (from Mincom) went on to say that he would protest to the highest authorities and stated:

We will also definitely re-evaluate our decision to be part of the EDS consortium, which is being driven strongly by the South Australian Premier, Mr Brown.

He went on to state:

Mincom had planned to extend its Brisbane expertise to Adelaide and to invest several millions of dollars in terms of R&D resources and manpower to this resource centre, which Mr Brown hoped would earn about \$100 million in exports by the end of the decade.

So, this decision by ETSA has put at risk a \$100 million centre of excellence that the Premier has been so strong in promoting. I ask again: will you reconsider your decision to give this to a German company, given the obvious cost to the IT industry in this State?

**The Hon. J.W. Olsen:** I do not want to be repetitive in my answers but, to pick up a component of the question repeated by the member for Hart, unsuccessful bidders quite often make statements in an endeavour to get a reconsideration of the tender. The member for Hart and the Opposition can recycle unsuccessful bidders' comments *ad nauseam*, but it will not alter the fact that this tender went through all the normal tender processes: it was signed off and endorsed by the Department of Information Industries; it was a submission to Cabinet; and it is a recommendation, as I understand it, to go to the next board meeting of ETSA for endorsement.

**Mrs KOTZ:** In your opening statement you mentioned the Osborne cogeneration project. Will you outline the basis of the project and the current status of the whole project?

**The Hon. J.W. Olsen:** Negotiations have been proceeding between the ETSA Corporation, Penrice Soda Products and

a development consortium comprising Boral Energy and Canadian based CU Power International for a 180 megawatt cogeneration plant to be built at Osborne in South Australia. The plant will generate annually approximately 1 100 gigawatt hours of base load electricity, 1.2 million tonnes of steam (which is to be purchased by the adjacent Penrice Soda ash plant) and additional electricity for peaking.

The project provides advantages to Penrice whereby it can obtain steam at a more competitive price than could be obtained from the old Osborne boilers, thus making feasible various development plans for the Penrice plant. That will enable further expansion of soda ash sales here in South Australia for the Asian market. The project also provides generating capacity for ETSA at approximately the time that it requires that capacity. The commissioning date is scheduled to be 1 July 1998 when we anticipate the peak load demand will be in excess of that which ETSA can currently generate.

Last year agreements were signed between the parties to proceed to investigation, and I would hope, with agreement to be reached in a very short while, to be in a position to announce that that project will get the final go-ahead and proceed. In order to facilitate the connection of the plant to the power grid, ETSA is building a new substation just west of the plant. That substation will replace the existing old Osborne substation on the power station site. That was due for replacement in approximately five years. The cost of that substation is about \$13.7 million.

I emphasise the point to the Committee that, through this cogeneration, no Government funds at all are injected for the infrastructure—and that is unique in Australia; that has not occurred anywhere else in Australia. In other words, you meet the peak load demand and, therefore, obviate the need for the taxpayers of South Australia to borrow, on behalf of ETSA, infrastructure funds to build a peak load capacity generating plant; and, importantly, you create the opportunity for Penrice to get steam at a price that will remain competitive and ensure that Penrice's operations are maintained in South Australia as well as expanded. Given a whole range of financing arrangements that Penrice has had to consider over recent times, that is very important and it should not be underestimated.

**Mrs KOTZ:** As a supplementary question, I wonder whether the Minister could expand on that answer. I believe that there was a problem with asbestos removal during the dismantling of the old power plant, and I wonder how that was resolved. Where the new project is concerned, obviously there is a requirement for a gas supply, and I wonder how that will be supplied.

**The Hon. J.W. Olsen:** The removal of asbestos at the Osborne site has now concluded. Under a process that was approved by the Mineral Fibre Division of the Department for Industrial Affairs, the asbestos was removed from the old plant. The asbestos was placed in shipping containers which were lined with heavy plastic and welded shut: they were then buried at an approved land fill site. That process has now been concluded.

In relation to a gas supply for the new project, during the negotiations ETSA advised the parties that it wished to bid for the supply of natural gas to the project. ETSA insisted that, as the major purchaser of natural gas in the State and as a joint party to the project, it had a right to match any bid to supply the gas by any other party. In order to ensure a competitive price, a bidding process was agreed whereby other gas bidders had the right to better ETSA's matching bid. That resulted in two rounds of bidding, with ETSA

having the last right of refusal. This occurred with ETSA choosing to match the final bid. ETSA is currently negotiating with Tenneco, the new owner of the Pipelines Authority of South Australia, for the construction of the pipeline for the supply of gas to the project. That pipeline will be constructed under the Port River from Torrens Island to the Osborne site using a directional drilling process and will tap into the existing gas supply loop to Torrens Island power station—all initiatives taking part in Port Adelaide, the electorate of the member for Hart.

*Mr Foley interjecting:*

**Mrs KOTZ:** I am glad that the honourable member is aware of the importance of the Minister's project in his electorate. ETSA tariffs have been adjusted from 1 July 1996, with domestic prices increasing broadly at about the range of last year's CPI. Will the Minister elaborate on the scope of that adjustment and the effect on ETSA's competitive position, and will he identify the effects of the increases (and this is important for South Australian consumers) on the South Australian community?

**The Hon. J.W. Olsen:** There are competing interests in setting electricity prices, not only to create a conducive business environment in South Australia but also to get living costs down in this State. We must bear in mind that we have to go into a national electricity market, and therefore we must be sure of our prices by the time we enter the market. We anticipate that that will occur on 1 July 1997, although the market keeps moving back: every time we get close to a start-up, the interim market keeps moving back about three months. I still anticipate that it will be 1 July 1997. When we go into that market we have to ensure that our pricing is competitive to maintain the customer base for our generating capacity within South Australia. Those dual objectives have been the background for our considering electricity prices.

Tariffs for 1996-97 have been adjusted consistent with those competitive and financial objectives of the corporation. From 1 July, electricity tariffs increased on average by approximately 3 per cent with increases to specific market segments. I will detail those, but I point out that 3 per cent is below the inflation rate of 4.4 per cent, so, in effect there was a real decrease in the cost of electricity. On average, domestic tariffs increased with the CPI this year, with an average increase of approximately 2 per cent for small to medium businesses and, therefore, a 2.5 per cent reduction in real terms for small to medium businesses. Other tariffs increased by an average of 3 per cent, so there was a 1.4 per cent reduction in real terms. Some flexibility has been introduced in pricing outcomes for contestable customers with loads greater than 5 megawatts, and they will be in the first tranche going into the national electricity market.

Access supply charges for residential and business customers increased from \$18 to \$21. ETSA's overall average selling price has decreased significantly in real terms since 1987. To illustrate this, I will quote from an analysis which compares electricity tariffs applicable 10 years ago for a typical all electric home; a typical small business, that is, a deli or take-away; and a medium industrial user with their account using the adjusted tariffs. The analysis is based on the same usage in 1997 as today. The comparison for the typical all electric house uses 1987 tariff rates and current rates based on 1 000 kilowatt hours used for power and light, and 1000 kilowatt hours used for off-peak hot water heating. Consistent electricity consumption has also been used for the other two tariff categories: 7.5 kilowatts with no off-peak for the small business, and 35 000 kilowatts per month at 40 per

cent off-peak for medium industrial businesses. The two comparisons show that, in domestic all electricity, the nominal change is 23 per cent but, adjusted for CPI (and I will use the adjusted CPI figure as being the more relevant), there has been a reduction in domestic tariffs of 16.4 per cent.

I hasten to reiterate that that is during the life of two governments, but it has been accelerated and, I would argue, increased substantially in the life of this Government, particularly with productivity and efficiency gains. Many of those productivity and efficiency rearrangements and restructuring were put in place by the former Administration. The benefits are starting to show now, and we have accelerated those productivity and efficiency gains, particularly in 1994-95. So, a domestic all electricity home has had a real change of minus 16.3 per cent, adjusted for CPI, over 10 years. Small businesses have had a 42.2 per cent reduction, CPI adjusted, over that 10 year period; and a medium business has had a minus 37.1 per cent reduction in the cost of electricity.

That has to position our small to medium businesses in the international market. It also has to position us better for the start-up date of the national electricity market, to protect the customer base for ETSA, the generating capacity of ETSA and jobs for employees within ETSA. It is a matter of meeting the national market, creating a conducive business climate, getting the cost of operating a business down, maintaining generating capacity in South Australia and maintaining jobs in the generating industry in South Australia. The largest price reductions have been delivered to business customers.

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** I would suggest that a reduction of that magnitude is not absolutely ridiculous. It is important in the repositioning of South Australia.

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** The honourable member has just appeared in the past few minutes and has not been here since the Committee started. I repeat for his benefit that, on a precedent set by Minister Klunder, ETSA and SA Water do not have to be examined but that as Minister I have indicated to this Committee that I would like the lines opened and examined. The honourable member ought to accept the benefit of that and not cast aspersions, having been here for fully 60 seconds and made no contribution whatever to the deliberations of the Committee so far.

**Mrs KOTZ:** As a supplementary question, as a member who was actually listening to what the Minister had to say, I do not believe the Minister touched on the comparisons between South Australian electricity tariffs and those interstate. Will the Minister comment?

**The Hon. J.W. Olsen:** I will compare South Australia with Victoria which, with the interconnector, will be our largest competitor. A South Australian domestic all electric home uses 9.5¢ per kilowatt hour compared with the Victorian figure of 9.7¢. In the small industrial and commercial category, South Australia uses 14¢ per kilowatt hour, compared with Victoria on 17.9¢; and the medium industrial or commercial figure is 10.4¢ per kilowatt hour in South Australia compared with the Victorian figure of 12¢. It puts South Australia ahead of Victoria and gives us the power to protect our position.

**Mr FOLEY:** I am glad the Minister has had the grace to allow ETSA to be examined today. We have one hour to ask questions, and I have been able to ask about three questions. I return to the issue of the software package. The Minister

mentioned that it was not a \$14 million contract but only a \$2.5 million contract. Information I have before me tells me that in fact the Mincom deal was for at least \$500 000 worth of software and up to \$5 million for implementation; and that the figure for the German company which the Minister seems to have selected was as high as \$14 million to \$17 million. Will the Minister explain those differences or confirm those numbers?

**The Hon. J.W. Olsen:** As I have indicated, I have already advised the Committee that the contract we are talking about is for the purchase of a software package at \$2.5 million. The member for Hart keeps talking about \$14 million, \$15 million and \$17 million—

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** The question was related to the software package, and I am indicating to the honourable member that the software package is for \$2.5 million. A contract has not been let to the company to which he referred about the implementation; that will be subject to other contractual arrangements.

**Mr FOLEY:** Moving onto the Osborne Power Station, can the Minister update me a little further on the involvement of Path Line Australia? Path Line has a contract to remove the asbestos, and there have been discussions that Path Line will be selling some of the old boilers at Osborne Power Station to Chinese interests.

**The Hon. J.W. Olsen:** As I advised the member for Newland, all the asbestos has been removed, sealed and stored. The contract is about 90 per cent complete at this stage and will be finalised in August.

**Mr FOLEY:** There were other discussions about the future dismantling of the Osborne Power Station. I am talking about the boilers that I understand were to have been sold to China, and there were also discussions of a bronze extrusion plant being put in by Path Line in this area as well.

**The Hon. J.W. Olsen:** Negotiations are proceeding between ETSA and Penrice in relation to the possible use of those boilers for steam for Penrice through to 30 June 1998. As ETSA is negotiating with a private sector company on leasing arrangements for the boilers, I am more than happy to provide information on that to the member for Hart but, given that ETSA and a private sector company are currently negotiating a commercial lease, it would be inappropriate for me to expand further at this stage. I am happy to provide some information to the member for Hart if he would want to pursue that.

**Mr FOLEY:** I understand and appreciate that. I am not about to ask publicly, but I want to know about Path Line. Path Line had bigger than Ben Hur expectations about what it would do in my electorate at Osborne concerning a \$40 million brass and copper extrusion plant and a whole lot of other potential developments on the peninsula down at Osborne. Is that company still engaged in those sorts of discussions with the Government and ETSA Corporation?

**The Hon. J.W. Olsen:** Not so much with ETSA Corporation in relation to brass production. There are two locations being considered by Path Line and its consultants, and they are Port Pirie and also the Osborne or Adelaide location. The matters are not finalised. They have been protracted negotiations, not on our part. We are pursuing the opportunities that might be there, but nothing has been finalised to date.

**Mr FOLEY:** Further to that, has the Minister been involved personally in negotiations with Path Line?

**The Hon. J.W. Olsen:** Relying on my memory, I had initial discussions with Path Line in 1994. I have not been involved in any discussions with Path Line of recent times. As to whether officers have, it might be appropriate if the member for Hart pursues this questioning when we get onto the industry line and when I will have some officers present who might have been involved in subsequent discussions with them.

**The CHAIRMAN:** This line of questioning seems to have moved away from the Electricity Trust, although it came in as an indirect reference.

**The Hon. J.W. Olsen:** Much publicity in relation to Path Line's investments in South Australia was generated by consultants employed by Path Line, not by the Government.

**Mr FOLEY:** With respect to the ETSA board, will the Minister advise the Committee of the current fees paid to board members of ETSA Corporation and its subsidiaries?

**The Hon. J.W. Olsen:** The Chairman's fee is approximately \$38 000 a year; directors' fees are approximately \$23 000 a year. I will get the exact figures, both for the Chairman and directors, and supply them to the member for Hart.

**Mr FOLEY:** With ETSA Corporation or any of its subsidiaries, do you pay an attraction allowance and/or a retention allowance on top of the normal board fees?

**The Hon. J.W. Olsen:** I will supply accurate detail to the member for Hart. My memory would indicate that no director is receiving an attraction allowance or retention fee. I think there is a fee related to the Chairman's position. It is more than 12 months since that was put in place. I think that fee is in the order of \$4 600, which is included in the total figure of approximately \$38 000 being the Chairman's fee.

**Mr FOLEY:** What is the \$4 500 for?

**The Hon. J.W. Olsen:** It is a retention-attraction fee that is incorporated in the \$38 000.

**Mr FOLEY:** Are you saying that there is a fee for a director or chairperson and it is topped up with a thing called a retention fee?

**The Hon. J.W. Olsen:** No, the Government has a position of a benchmark fee for all Government business enterprises. In addition to that, it is open to Ministers, with endorsement by Cabinet, to structure those fees within strict guidelines as recommended by the Commissioner of Public Employment based on independent consultants' advice to the Government. The fees set for directors of ETSA and the Chairman of the board are within those parameters. I point out that the fees are way below that which any interstate private sector generating company is giving both for directors and chairman's fees.

In fact, I am grateful that we have been able to attract someone of Mike James's capacity to chair ETSA at this critical time in its history, and the fees we are paying him are well below that which he would be able to attract even as an ordinary director, and an ordinary director in the private sector gets in the order of \$40 000 to \$60 000, whilst a chairman receives far greater than that. They are significantly discounted fees, but they have the same responsibilities as directors of private sector companies. Given the time commitment this board has put in place in the last year, I would argue that the State is getting extraordinarily good value for money.

**Mr FOLEY:** I am not making any reflection on the chair or the fees being paid.

**The Hon. J.W. Olsen:** I will get those figures.

**Mr OSWALD:** Relating to the structure of ETSA and the national electricity market, will the Minister provide an

update of the revision of the structure of ETSA in light of the Hilmer reforms and the proposed national electricity market? In answering the question, will the Minister indicate how South Australia's joining the national electricity market will benefit the State, and can we be sure that the competition compensation payments will flow to South Australia as a result of its joining the national electricity market?

**Mr FOLEY:** I rise on a point of order, Mr Chairman. This is a matter before the Parliament in that the ETSA legislation is currently being debated in another place and has been through this Chamber. I ask for your ruling as to whether questioning on this matter is appropriate.

*Members interjecting:*

**The CHAIRMAN:** It is not strictly before the House. It is a matter open for legitimate questioning if the Minister chooses to answer it. The answer, obviously, is at the Minister's discretion: the question is at the Chair's discretion.

**The Hon. J.W. Olsen:** I have already advised the Committee when we anticipate participating in the national electricity market. It is essential that we are best placed to go into that market and participate in the market to protect South Australia's position when the market starts. With the corporatised body we took the first step to meeting national electricity market requirements. Representatives from Victoria, New South Wales and Queensland have indicated that they want a structure for the industry that will meet their requirements, otherwise they will go to the ACCC and indicate that South Australia was breaching the COAG principles and sign off. We took a different view; however, the other States clearly put their point of view.

We introduced legislation in the Parliament to establish NECA and NEMMCO—and I thank the Opposition for its support for the NECA legislation. That has enabled us, in the time constraint given to us, to be lead legislator; we argued to be lead legislator and it was given to us. The capacity to be the lead legislator provided that we could guarantee passage: the support of the Opposition enabled us to do that. The outcome is that the National Electricity Code Administrator headquarters will now be established in Adelaide and that will create 35 jobs in South Australia. As lead legislator South Australia is given rights that would otherwise not be our province and a greater degree of protection of the electricity industry in South Australia.

It is an evolving market; there are many changes. For example, Premier Borbidge in Queensland has said that they intended to discontinue Eastlink. I notice that they are now changing their position on discontinuing Eastlink: they intend to shift it further west out of some of the environmentally sensitive electorates running along the eastern seaport. There are substantial changes in the national electricity market. But it is an important market and we need to be a participant: we simply cannot stand alone as that would not be in South Australia's interest.

**Mr OSWALD:** Will the Minister identify any possibility of further interconnection between the transmission systems of South Australia and those interstate; what is the current estimate of additional capacity needed by South Australia by the year 2000; and what other options exist to meet this expected load?

**The Hon. J.W. Olsen:** ETSA Transmissions is negotiating and investigating with the New South Wales Government the introduction of a river link option where, through the river towns running into New South Wales and connecting to generators in New South Wales, a river link could be established. On current forecasts ETSA Corporation will

require additional capacity from the power system in about the year 2000 to maintain a reliable supply; the existing SA-Vic Interconnector is limited to a capacity of 500 megawatt import of electricity from Victoria and New South Wales and 300 megawatt export from this State. Currently, any electricity that South Australia wishes to purchase directly from New South Wales is wheeled to South Australia via the Victorian transmission system which can limit the maximum availability of electricity from that source depending on the conditions within the Victorian system.

In September 1994 an MOU was signed between Pacific Power and ETSA to investigate the direct interconnection between South Australia and New South Wales which hedges our bets against the Victorian generators opening up greater capacity and which to a greater extent meets peak load requirements in the year 2000. I hope that the investigation will be completed by about March next year to enable a building phase which would take 18 months. If we were to proceed with the river link, we could have it installed prior to the year 2000 demand cycle. The estimated cost of that link varies between \$70 million and \$160 million and the investigations are continuing.

**Mr OSWALD:** My next question relates to the controversial issue of the broadband cabling installation. All members have received a considerable amount of correspondence from local government in relation to the layout of cables. Will the Minister explain the current status of proposals by the communication carriers to string pay TV cables on ETSA stobie poles?

**The Hon. J.W. Olsen:** We are bound by the Federal Telecommunications Act which was put in place by the former Federal Government and which, until June 1997, gives certain rights to carriers; that is, this Government cannot interfere with, hold up, delay or defer the roll out of cable. We have been negotiating with Optus for nearly 12 months to strike an appropriate arrangement for the roll out of cable.

I announced several weeks ago that an agreement had been reached whereby the rent per pole would be a dedicated fund for upgrading the undergrounding of power lines and cables in South Australia—the only State that has been prepared to give that commitment. We could take two courses of action. We could argue against Optus, which could ignore our argument and simply, under the Federal Telecommunications Act, string out the cable anyway; without the fee it would then go to arbitration and we would find out in the future what the revenue flow would be from stringing the cable to our present power lines. The other alternative would be that through protracted negotiations we struck a deal where the rent per pole was at the higher end of the scale and we gave a commitment that we would underground that.

I have given an indication to the Local Government Association that a minimum \$1 million net would be available and added to the \$2.9 million currently for undergrounding. I was disappointed, to say the least, when the LGA put out a press release that indicated that the revenue flow to ETSA would be \$4 million and therefore ETSA was sidelining some of the revenue flow for other incidental costs of operation of ETSA: that is not the case. The Government and I have given a commitment that the net funds from the string out of the cables and rent will be applied in total to the undergrounding. I assume the Local Government Association overlooked the fact that ETSA has to pay the equivalent of income tax, which would significantly reduce the available funds. But I repeat that all funds will be dedicated.

**Mr OSWALD:** I have a supplementary question. Why cannot ETSA overhead power lines be undergrounded along with the new cables and are there any other options which would result in an underground carrier and power cables?

**The Hon. J.W. Olsen:** You could do it if you had \$10 billion of spare cash.

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** Yes, we have.

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** Yes, I know that. There is now a new Federal Government and the Telecommunications Act is in place. The former Federal Government, as I understand it, accepted a payment of some \$800 million from Optus as part of the arrangement factored into the deal. There have been negotiations between my office and Senator Alston's office in Canberra pointing out the difficulties that we are facing. It is, however, a matter for the Federal Government and the Federal Government alone: as members are aware, a State Act does not override a Federal Act. We are asking them to take into account, when the current provisions cease at the end of June next year, the provisions that will be applied by the Federal Government at the cessation of that period and the changes that will be put in place. That is why under the current Act the carriers have such an aggressive program to have the roll out completed prior to 30 June next year. As a State we are powerless in that program.

**Mr FOLEY:** I will defer to my colleague the member for Spence. However, I apologise to ETSA officers. I have a number of questions on which I would like to have had the opportunity to question the department. We have had nearly 65 minutes and two brackets of questions: I do not understand what the Minister is concerned about, but we have had a fair amount of filibustering this morning. I will defer to my colleague to ask a couple of questions.

*Members interjecting:*

**Mr FOLEY:** We have had six questions in an hour. Estimates is the Opposition's day.

**The CHAIRMAN:** The filibustering is being extended by the questioner. He has done very well by way of questions, although by way of time taken he may feel disadvantaged. It may be in the way he structures his questions and chooses to question in a conversational style, but that is not the fault of the Chair. He is well ahead on the number of questions asked.

**Mr ATKINSON:** I understand that ETSA has granted a long-term lease as a part of its substation at Fulham Gardens, bounded by Grange Road, Mitton Avenue and Webb Street. Will the Minister inform the Committee of details of the lease or easement?

**The Hon. J.W. Olsen:** I think that I know the substation to which the honourable member refers. That likely string-out of cables is something over which we have no control. Under the Federal Telecommunications Act they can string out cable on our poles and put structures on any building or property owned by the Government of South Australia. I assume the honourable member is referring to mobile telephone telecommunications towers. Those people have the powers and the right under the Federal Act to simply go in and install.

**Mr ATKINSON:** Following that point, does the Minister say that the Federal Act will allow a mobile telephone tower to be erected on any private property in South Australia, including his home and mine?

**The Hon. J.W. Olsen:** I am advised that under the former Postmaster General's Act and the current Act the Federal Government has the opportunity to install a telephone box or other infrastructure on any property at its discretion.

**Mr ATKINSON:** Is ETSA receiving rent for the erection of this mobile telephone tower?

**The Hon. J.W. Olsen:** The officers at the table are unable to advise on specific details of the leasing arrangements on the Fulham site. I will seek further clarification on leasing of the property and supply it to the member for Spence.

**Mr ATKINSON:** Did ETSA take any steps to resist the imposition of a long-term lease on the ETSA substation at Fulham Gardens and did it take any measures to resist the erection of a mobile telephone tower?

**The Hon. J.W. Olsen:** When a Federal department proceeds on this course, it simply seeks from the State instrumentality advice on whether any technical reasons exist to preclude the installation of such equipment. It is not a matter of whether or not the instrumentality would like it: the Federal department simply seeks advice on whether there is any inhibition on the installation of that infrastructure and, having satisfied itself on that, it proceeds. We are attempting, recognising that we have no rights, I am advised, in this matter, simply to strike an arrangement, as we do with the Optus roll-out, to get a deal that at least in part gets some compensation for the State of South Australia by the use of our infrastructure. At the end of the day, if we cannot strike an arrangement, the Federal department installs, and I presume we then go through a process of seeking compensation by means of arbitration.

**Mr FOLEY:** Given the Minister's track form, this is a drawn-out process: I suggest that we move on to SA Water.

**The Hon. J.W. Olsen:** I make the point that I am here and available.

**The CHAIRMAN:** If members wish to ask questions, the times set down for the day's program are entirely flexible, as they have been through the entire period of these Estimates Committees. If any person from either side wishes to ask any question on any line, they can do so: if it means that questions are unanswered at the end of the day, so be it. The member for Spence.

**Mr ATKINSON:** Will the Minister get back to the Committee with chapter and verse on ETSA's absolute obligation to take this mobile telephone tower?

**The Hon. J.W. Olsen:** I would be more than happy to supply the Committee with a copy of the relevant section under the Federal Telecommunications Act and with details of what is required of State instrumentalities under it. I repeat that, if the member for Hart has further questions, he should ask them.

**Mr FOLEY:** I have quite a number, but will simply put them on the Notice Paper. We agreed to start SA Water at 12 noon; it is now 12.15 p.m.

**The Hon. J.W. Olsen:** The member for Hart can use the time as he wants, but if he has already prepared his press release to distribute to the media, as it seems that he has, and we will go through a process whereby, with every group that comes in, the member for Hart will repeat the same cycle to back up his press release that has already been printed, so be it. The simple fact is that the opportunity for questions is there for the member for Hart. If he wants to ask further questions on ETSA, go ahead. If the member for Hart is now finished with the line, we will go on to SA Water.

**The CHAIRMAN:** The member has indicated his intention to put the remaining questions on the Notice Paper. In case there is any suggestion that the Chair is intentionally unfair or will be unfair, I remind all members that for housing the ratio of questioning was 1.75 to 1 in favour of the Opposition; in the lines for Minister Kerin and the Treasurer

it was 3 to 1 in favour of the Opposition; and in the Premier's line it was 1.7 to 1.

**Mr ATKINSON:** What about transport?

**The CHAIRMAN:** That was outside my field—another Committee. The Chair is taking up the inference that the Opposition has suffered at the hands of the Chair. If the member for Hart wishes to begin questioning on the SA Water Corporation line and if the Minister wishes to bring in new staff will he so?

**The Hon. J.W. Olsen:** I thank the officers at the table for their assistance in responding, in particular the Managing Director, who returned from leave early to be available for the Estimates Committee today.

*Mr Foley interjecting:*

**The CHAIRMAN:** I suggest that members take a cold shower. What a bad tempered lot: it is incredible.

#### **Additional Departmental Advisers:**

Mr E.J. Phipps, Chief Executive Officer, SA Water Corporation.

Mr C. Wear, General Manager, Adelaide.

Mr E.G. Haberfeld, General Manager, Finance.

Mr P. Cooper, General Manager, Country.

Mr K. Hendry, Manager, Ministerial Liaison Unit.

**Mr FOLEY:** I draw the Minister's attention to this morning's coincidental announcement of this environmental program involving the upgrading of a number of waste water treatment plants and thank him for the advanced warning. Michels Warren contacted me yesterday to see where I would be at 10 o'clock this morning so that I could receive a kit from the Minister's office regarding the details of this announcement. It is good to see that Michels Warren is so actively employed in a bit of Government propaganda such as this. Can the Minister confirm that the moneys for this program come from the moneys funded through the environmental levy on sewerage accounts implemented by the former Labor Government in 1990?

**The Hon. J.W. Olsen:** I cannot confirm that because the statement is wrong. The environmental levy put in place by the former Government expired. The current Government extended the environmental levy for a further five years. Thus far the environmental levy has collected approximately \$71 million of which approximately \$51 million has been expended on a range of environmental programs. For example, some of the programs that have been assisted are as follows: the Adelaide Hills sewers; sludge disposal from Glenelg waste water treatment; sludge management plan; a Bolivar waste water treatment plant; coast reclaimed waste water plan; Bolivar odour control measures have been put in place; the Port Adelaide waste water treatment plant, future operating strategy; the Gumeracha waste water treatment plant, nutrient reduction program; Angaston waste water treatment; Noarlunga township sewers; Aldinga sewerage; Bird-in-hand waste water treatment plant, future operating strategy; Aldinga sewerage; inland reclaimed waste water plan; Heathfield waste water; Victor Harbor waste water; Myponga, Christies Beach, Murray Bridge, Northern towns—Whyalla, Port Augusta and Port Pirie—waste water treatment plants upgrade; Naracoorte waste water treatment plant, future operating strategy; Millicent waste water treatment plant; Barossa Valley winery waste disposal; and Hardwood irrigated afforestation trial.

The total environmental revenue to date from 1991 to 1995-96 is \$70.182 million. Expenditure to date has been



\$51.595 million of which approximately \$15 million has occurred in the past two years—about \$7.7 million, \$7.8 million each in the past two years. In relation to the announcement today of approximately \$152 million for the upgrading of those four waste water treatment plants, there will be a contribution from the continuing environmental levy but there are no carry-over funds. The cost (\$152 million) will be far greater than available through the environmental levy.

**Mr FOLEY:** How much will the environmental levy raise in the next five years?

**The Hon. J.W. Olsen:** The revenue in the first year of its implementation was \$10.2 million, followed by \$10.9 million, \$11.3 million, \$11.7 million—that was 1993-94—and it then went to \$13 million in 1994-95, with \$12.8 million being anticipated this year. I anticipate that the future revenue flow from the environmental levy will be of that order.

**Mr FOLEY:** The environmental levy will be contributing roughly between \$65 million and \$70 million over the next five years?

**The Hon. J.W. Olsen:** Not necessarily on this program, because there is a range of other programs with work in progress—and they are continuing—where there is a commitment of forward funds. In the forward capital works programs there is a range of projects where environmental levy funds will be committed. So, it is not as if the environmental levy will be raising money for the \$152 million. We will have to give consideration to the funding. For example, how do we fund the \$150 million-plus? Some funds will come from the environmental levy but the environmental levy will not cover by a long shot what we are proposing to put in place.

**Mr FOLEY:** I am pleased to see, though, that the former Labor Government's environmental levy has, in substantial part, funded the Minister's announcement this morning—such is the benefits of Government, I suspect.

**The Hon. J.W. Olsen:** If the member for Hart wants me to commend the former Government for its environment levy, I do so. The fact that we continued the program upon coming to Government must indicate that we support the concept of it, but I make the point that we still have to find a considerable amount—\$100 million-plus—to fund this program.

**Mr FOLEY:** I now refer specifically to what we are getting for this expenditure. For example, in my electorate of Port Adelaide—

**The Hon. J.W. Olsen:** The EIP.

**Mr FOLEY:** Yes, EIPs—at the end of this program the Government still will be putting waste water into the Port River. It is my understanding that, even despite the money being spent on the Port Adelaide waste water treatment plant, the nutrient level going into the Port River still will be quite high, and essentially it still will be a polluted waterway even with this amount of expenditure. Given, I might add, that the Government is spending tens of millions of dollars on the Harborside Quay housing development—in which the former Minister sitting opposite was a player—we will still be putting fairly significant amounts of less than satisfactorily treated water into that waterway.

**The Hon. J.W. Olsen:** The member for Hart poses a question in relation to expenditure and end result. Yes, there will be some discharge in the Port River, but we will reduce the nutrient and nitrogen discharge into the river and the gulf from 2 650 tonnes to 700 tonnes annually—an 80 per cent reduction in nitrogen nutrient. That reaches Environment

Protection Authority requirements by the year 2001. The Port Adelaide plant will have \$26 million spent on it to meet that nitrogen nutrient reduction discharge—a very substantial 80 per cent reduction. To go further than that would require an expenditure not of \$150 million but of some \$500 million to go to land base disposal. The problem with going to land base disposal is this: it is fine during the summer months when you can pump it onto ovals, parks, gardens and use it for a variety of activities, but the difficulty is during the winter months when you simply do not have the same capacity to pump that water out, irrigate the water or use it for a range of other services.

It is the infrastructure requirement which is needed for land base disposal during the winter months which would take it up to \$500 million. Simply, that would be beyond expectations of EPA, and beyond that which any other State in Australia is doing. In fact, the program I announced today is ahead of every other State. It makes South Australia a pacesetter in the States of Australia in going from secondary treatment in terms of discharge into the gulf to ensuring that we have this 80 per cent nutrient reduction in that program. In addition, as the member for Hart understands, we are looking at taking Bolivar water—50 000 megalitres (MFP program, Northern Adelaide Plains)—for market gardening purposes.

As we are doing that, we are currently investigating (and a draft report is just to hand) land based disposal from the Christies Beach plant, which would take it farther south for the Southern Vales area for further vineyard plantations. The greatest restriction in the Barossa Valley and the southern suburbs is the lack of available water or infrastructure from the Murray River to supply that water. Therefore, we are looking at a commercially viable way to get the water from those treatments plants so that we can value add in further primary production.

Following my recent visit to Asia and a meeting with the Eurotech company, the Bolivar plant is looking at not only the Virginia market gardeners but also the feasibility of putting in a pipeline to take the Bolivar excess beyond Virginia into the Barossa Valley, where there is a shortage of water for further vineyard production. So, we are currently investigating options for both the Barossa Valley and the Southern Vales for further land based disposal, which will be factored into this program.

**Mr FOLEY:** Supplementary to that, the reason I am questioning this is that the impression given by the Minister's announcement this morning is that our waterways will be clear and rid of significant waste water. The reality is that, even at the end of this process, as the Minister knows, the Port River will remain a highly polluted waterway and will still have many of the problems that it currently has. Notwithstanding the fact that 80 per cent of the nitrogen has been removed, the remaining 20 per cent is still such a significant figure that, for all intents and purposes, the river will remain as polluted as it was previously. That was just a statement, not necessarily a question. My question relates to the Virginia pipeline. A parliamentary committee heard evidence from the MFP in recent weeks that there were significant problems with the Virginia pipeline project, and it indicated to the committee that the quality of the waste water coming from the—

**Mrs KOTZ:** On a point of order, Mr Chairman, if the member for Hart is referring to evidence that was given to a parliamentary committee that has not yet reported to Parliament, I believe that is a breach of confidentiality.

**The CHAIRMAN:** If the honourable member is adverting to such evidence, he would be aware that it is inappropriate to release any such evidence until such time as the report has been published and, even then, the evidence does remain the property of the relevant committee. I ask the member to rephrase his question.

**Mr FOLEY:** I appreciate the sensitivity of the member for Newland—

*Mrs Kotz interjecting:*

**The CHAIRMAN:** It is not sensitivity: the honourable member is imputing impropriety to the fact that the member for Newland raised a perfectly proper point of order.

**Mr FOLEY:** No, I just said that she was sensitive.

**The CHAIRMAN:** The sensitivity lies in the release of information from a parliamentary committee, so the honourable member is perfectly entitled to take a point of order and is quite correct in doing so. I ask members on both sides to desist from making snide asides.

**Mr FOLEY:** I understand that there are problems with the Virginia pipeline project and that the water quality being generated by United Water's management of the Bolivar facility is not meeting water standards for agricultural quality, which means that at this stage the water cannot be provided to Virginia market growers. I am also advised that at this stage the Virginia pipeline is behind its deadline and will not be operational from 1 July, which I understood was necessary to enable it to obtain some Better Cities money. Will the Minister expand on whether there are problems with the water quality from Bolivar?

**The Hon. J.W. Olsen:** Let me first respond to the broad statement by the member for Hart that, despite spending \$152 million, we will still have a non-environmentally friendly marine environment in South Australia. The answer to that is that he is wrong yet again. I understand that the member for Hart wants to put down the announcement today or wants to take the gloss off it as a good news announcement, but let us put it in context. Eighty per cent of phosphorus, 80 per cent of nitrate will be removed from the water. The member for Hart cannot have it both ways, try as he will. I remember, and the member for Hart no doubt recalls, that during the 1989 election campaign I went diving in the gulf to demonstrate to the member for Hart and the former Labor Government that in the decade of the 1980s they had done nothing to clean up the marine environment. Unfortunately, at the 1989 election we were not elected and we saw another four years of inaction.

We were elected in 1993 and within two years we announced \$150 million to do something about an issue that I identified in 1989. The member for Hart might have some difficulty with this and might want to drag it down and take the gloss off it, but the simple fact is that he will not be able to, because Rob Thomas from the Environment Protection Authority has clearly indicated that this will meet EPA requirements by the year 2001. We are ahead of every other State in Australia in meeting this requirement. The \$26 million being spent on the sewage treatment plant in the member for Hart's own electorate will assist considerably in the clean-up of the Port River, so it is simply not accurate for the member for Hart to make the claim that he did. I always thought that he was a member who would give credit where credit was due. At least this will ensure that no New South Wales-type situation occurs in South Australia.

In the re-marketing of South Australia, particularly in Asia, for our aquaculture, we will be able to say to the Asian marketplace that this is the only State in Australia where we

have a clean, green, friendly environment for aquaculture produce to go to those markets. In relation to the Bolivar sewage treatment plant and the pipeline to the northern Adelaide Plains, which was the question following the statement by the member for Hart, the premise of the statement is that \$10 million of the pipeline funds from Building Better Cities might be at risk. The \$7 million has been allocated and is in a Treasury line in South Australia from Commonwealth funds towards the—

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** No, the \$7 million does not have to be spent by 30 June 1996, if that is the import of the question. Those funds are on deposit in an account in Treasury in South Australia. We will spend something like \$54 million cleaning up the water to go to the northern Adelaide Plains. That will be on the part of SA Water. A secondary treatment will be put in place by the growers or the company that we are currently negotiating with, the agreement for which will be signed prior to 30 June this year. I would be interested to look at the evidence before whichever select committee it was—

**Mr FOLEY:** I have not seen it.

**The Hon. J.W. Olsen:** Therefore, could I suggest to the member for Hart that this is a long shot bid, because my understanding, from the negotiations I have had with the MFP, SA Water, Eurotech and the companies involved, is that it is progressing. I would have liked it signed off three to four months ago. It is a complex deal, but we will get there at the end of the day.

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** It is not behind schedule at all. Here he is with his throw-away line, trying to drag us back. We are trying to get a deal in place for South Australia that is unique to Australia, a major project in the form of the MFP, an international benchmark in creating a reference site for South Australia, and the member for Hart is arguing about a couple of months delay in signing the contract. It is not delayed. The funds are in place. The project will proceed. I said last November that it was a key project and that it had to be in place in calendar 1996. We will meet that.

**Mr FOLEY:** How much is Michels Warren being paid for its four month consultancy in this PR exercise of the Government?

**The Hon. J.W. Olsen:** Whilst the officers are trying to ascertain the figure for the honourable member, I point out that the consultation process is that which was put to me by Rob Thomas of the Environment Protection Authority. He said to me, 'We want you to go through a community consultation process on this.'

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** We want to manage it so it is an open process, so that it is not seen as Government inhibiting or restricting the flow of community consultation on the EIP program. It was a suggestion and recommendation to me in my discussions with Rob Thomas from the EPA. In these things it is far easier for the Government to make a decision and then implement it full stop; it is much harder to open up a major project such as this for wide ranging community consultation. I think that that is appropriate in these circumstances. It is a major policy initiative of the Government, it is a new benchmarking initiative and there needs to be ownership of the EIP by the community at large.

**Mr FOLEY:** The Government has engaged one of Adelaide's leading public relations consultants to undertake this exercise. It seems nothing more than what has been

consistent with this Government, that is, it uses taxpayers' money for political advantage by promoting the Government.

**The Hon. J.W. Olsen:** It is clear that the member for Hart does not want community involvement and does not want public participation in this program. He did not win in trying to drag down the program on 80 per cent phosphorous reduction or 80 per cent nitrogen reduction. It is a major initiative, benchmarking Australia ahead of the other States, yet he persists in trying to drag it down by attacking the so-called cost as it relates to community consultation. As I have said, it is a requirement of the Environment Protection Authority for us to do this—and we are.

**Mr FOLEY:** The Minister has not given me the answer: how much money?

**The Hon. J.W. Olsen:** I cannot give the honourable member the figure now; I will give it to him—

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** Mr Chairman, before the member for Hart rudely interrupted, I was going to say that I will give him the figure immediately after the lunch break. If the honourable member can contain his impatience for about an hour, he will have the exact figure.

**Mrs PENFOLD:** Can the Minister advise whether the environment improvement program for the metropolitan wastewater treatment plant will eliminate the discharge of effluent to the marine environment in accordance with Liberal Party policy? In other words, what confidence is there that the proposed process will improve the environment, in particular the mangroves, seagrasses and fisheries?

**The Hon. J.W. Olsen:** The mangroves will be a beneficiary of the clean up, and not only in relation to the seagrass and the dieback of the seagrass. As a number of conservationists and environmentalists have put to us, not only does seagrass dieback impact against the sand replenishment program along our foreshore but also cleaning up of the near mangrove areas will ensure that they are not impacted against. To repeat my earlier response to the member for Hart, it is incorporating those components plus the beneficial impact as it relates to the mangrove swamps.

The mangroves are an important area, and it is a segment of the MFP project where we want to clean up the stormwater run-off and the mangrove swamp areas. Recent research work undertaken by SA Water suggests that long-term changes in the sea level, independent of land based discharges, may be the cause of widespread losses of mangroves as against the Bolivar effluent. However, those losses, which are on the seaward side, are being balanced by a similar gain of mangroves on the land-based side, and there is the clean-up which Munno Para and other councils have undertaken in the northern suburbs because the stormwater run-off has been impacting on those mangrove swamps.

**Mrs PENFOLD:** What is the purpose of the community consultation process for the environment improvement programs in respect of the metropolitan wastewater treatment plant?

**The Hon. J.W. Olsen:** I have mentioned that the community consultation program is a requirement under the EPA. We propose to have a four month community consultation process. That process will ensure that there are inputs to the community. There will be a substantial cost related to this program, and the community at large needs to understand that such a major initiative as this will require considerable Government funding. External people have become involved to undertake that community consultation process so that it is not seen specifically as Government filtering that advice

but as an external consultant participating in the operation to ensure that the process is thorough.

**Mrs PENFOLD:** My question again relates to the very important environmental aspects of the contract. Can the Minister say to what extent United Water is liable for breaches of environmental standards?

**The Hon. J.W. Olsen:** United Water has the same responsibilities as SA Water. The Environment Protection Authority issues licences to SA Water and, under contractual requirements, United Water is required to meet those licence obligations. The EPA gives approvals. The contract that we have with United Water has indemnity clauses to ensure that SA Water does not bear any final costs of any penalties or fines due to any act or omission on the part of United Water which leads to a breach of licence conditions: that is, it pays. It has the responsibility, so it pays.

The contract also has a provision to impose penalties on United Water for poor performance as well as a termination of contract provision should its performance become unacceptable over a period of time. Under the contract it is also required to develop an environmental management plan for its operations, which is aimed at achieving compliance with all applicable environmental laws, policies and approvals. That really means that we have taken some quantum steps forward because, in the past, we have not met all those requirements. But we are insistent upon doing so, and it will be achieved.

**Mr FOLEY:** Has SA Water prepared two separate valuations of assets?

**The Hon. J.W. Olsen:** Yes.

**Mr FOLEY:** Why?

**The Hon. J.W. Olsen:** There are two sets of valuations. One is the written down replacement value and, as I mentioned in my earlier answer in relation to ETSA, Government business enterprises on a coax sign-off have been required to put in place the optimised deprival value (ODV) method of depreciation, so that there is a consistency of benchmarking of Government business enterprises across Australia. That means that there will be a substantial variance between the current book market value of the assets and their optimised deprival value. They are the two valuations.

The reason for running two sets of valuations at the moment is that we are in a transitional period. Failure to run two at the moment would see a great variance in the books, where the depreciation on the ODV would see a quantum step forward in the amount of allocation depreciation in a given year that related to a book figure to meet that sign-off under the national guideline. So, it was agreed in negotiations between the Treasurer and me last year that, with the introduction of SA Water as a corporate entity and the disparity in the two valuations, we would progressively move the two valuations forward and together so there was not a shock treatment in one year.

**Mr FOLEY:** Which valuation has been provided to the Auditor-General for his assessment?

**The Hon. J.W. Olsen:** The Auditor-General has said that he will audit only one set of valuations. I will ask the CEO to respond in detail to that.

**Mr Phipps:** The written down replacement value is a very important basic value, which allows for the replacement of all the assets and for the consumption of those assets that has occurred to date. That value underpins the written-down replacement value, which the Auditor-General would obviously audit. That is also a basis for determining the market value of our assets. It determines the proportion of

market value that is assigned to the various asset categories. So, written-down replacement value is important to everybody, because it provides the basis for both sets of valuations but, also, it has to be the basis by which you determine whether you are setting aside sufficient money each year for the consumption of your assets. So, you check your depreciation based on the consumption of asset that is occurring on an optimised deprival value basis.

The market value of our assets is what we call a commercial value, which is based on the future stream of cash flows: the revenues that are coming into the business and the outflows—the expenses and the capital outlays. The depreciation on a market value basis is normally on a straight line. The Treasurer is finalising the basis, the exact form, in which our accounts will be presented. Whatever the final form in which they will be presented in accordance with his instructions, there will be full disclosure in our accounts as to the market value of the assets, the optimised deprival value of our assets and the validity of our depreciation assumptions. In the end, those accounts are cleared by the Auditor-General.

**Mr FOLEY:** I am intrigued by this. Which set of valuations is used to calculate the return on investment, particularly given the benchmark set down by the Audit Commission that certain rates of return on assets must be achieved? Which set of numbers are we working on?

**The Hon. J.W. Olsen:** That refers to the optimised deprival value—the higher of the two figures.

**Mr FOLEY:** What is the difference between the two figures at this time?

**The Hon. J.W. Olsen:** The difference is approximately \$2 billion versus \$5 billion, depending upon the community service obligations that have to be factored into the valuations. The member for Hart would appreciate that we have major infrastructure that does not meet a commercial rate of return. The Government has made a commitment that instrumentalities such as power and water will continue to have a statewide price. Therefore, we have to identify in our accounts the effect subsidy in the provision of water to country areas. That subsidy is of the order of \$25 million including Murray-Darling Basin commitments. There is a CSO in the provision of water to country South Australia. The total estimate, including country water, irrigation and drainage and the Murray-Darling Basin Commission, is between approximately \$25 million and \$31 million. That has to be factored into the valuation of the assets in the optimised deprival valuation method.

**Mr FOLEY:** Which set of valuations is used to calculate the State's overall balance sheet? Much play was made of the Audit Commission report of 1994. According to that report we had a \$10 billion black hole, conveniently stated. When we try to work out the asset valuation of our State balance sheet, I am interested to know which number we use, given the size of these numbers; \$2 billion to \$5 billion are pretty big numbers.

**The Hon. J.W. Olsen:** That matter should have been addressed to the Treasurer, because the Treasurer strikes through the performance and charter agreements the rules for all the trading entities, whether they be the SA Ports Corporation, ETSA, SA Water and others that will become trading instrumentalities or Government business enterprises. The member for Hart is confusing operating, investment and capital factors, which must be separated out. It is a complicated equation. I would be more than happy to make available some officers to have further discussions with the member for Hart if he wants to pursue the issues that are involved in the

current method of asset valuation. The board, charged with the commercial charter, has put points of view to me as Minister, and I am facilitating discussions with the Treasurer in relation to these matters.

The agenda has been driven by the Hilmer reforms, Government business enterprises, the valuation methods that need to be put in place to have consistency across Government business enterprises (GBEs) across Australia, upon which NCC and others can make judgment upon performance of those various GBEs, and the commercial trading principles that are put in place. I am more than happy for detailed briefings to be made available on the asset valuation. The CSOs have to be factored into this. It is a matter of identifying each CSO, the method of valuation of the cost of the CSO and how transparency of each CSO is incorporated in both the books of SA Water and the books of the South Australian Government in transfer to identify what those costs are to meet the Hilmer reforms.

**Mrs KOTZ:** In a recent edition of the Messenger Press *Leader* of 19 June, the front page headline stated, 'Government plant polluting Torrens over a decade'. The article refers to a State Government-owned sewage treatment plant at Gumeracha. The Conservation Council has made several comments in that article that are quite derogatory to the Government and quite negative. The spokesperson for the Conservation Council, Ms Leue, stated that she had to praise any reclamation of water and any re-use of water, but the article covered four columns, and every other comment thereafter was quite negative, with the main theme of the article stating:

We have always thought it was farcical of the Government to impose a tax on ratepayers in the catchment area when the perpetrators of pollution into our waterways is primarily government agencies and government institutions.

Will the Minister comment on that article?

**The Hon. J.W. Olsen:** I would be delighted. Here is a classical example of someone taking good news and converting it into bad news. One of the statements of Cheryl Leue was:

I do have to praise any reclamation of water and any re-use of water, but . . . all they're really doing is covering up the fact they're a polluter themselves, and they're allowing industry to pollute.

Do not visit upon me the sins of the former Government and inaction for a decade of the 1980s. At least give credit where credit is due: we are committing funds for the upgrade of these plants. At least acknowledge we are doing something about cleaning up our waterways, gulfs and rivers.

The Gumeracha waste water treatment plant for land based disposal currently disposes of approximately 25 megalitres of treated waste water per year into the River Torrens, which passes nearby the plant, and that has been occurring for decades. It is not a new phenomenon. On 15 March 1995 we incurred expenditure of \$400 000 in commissioning a totally land based disposal from the plant. Under the scheme, recycled water will be applied to an established pine tree plantation about 1.2 kilometres from the plant operated by Primary Industries SA. The long-term security of the scheme is assured, as the land that the forest occupies is owned by SA Water and is part of the Gumeracha weir buffer zone.

A formal agreement is being finalised between SA Water and Primary Industries for the establishment and operation of the scheme. A contract was let in May 1996 for construction of the work comprising a new pumping station, rising mains to the forest, a fully automated reticulation control system and a forest reticulation system which includes 64

kilometres of dripper pipe work. Works on site are due to commence in June 1996 and to be completed in August 1996. Perhaps we could ask Cheryl Leue to come to the commissioning of that plant where she might at least acknowledge what we have put in place rather than denigrate an important step forward in cleaning up our waterways.

We ought to put it in this context. The average annual discharge of reclaimed water from Gumeracha waste water treatment plant is, as I have mentioned, 25 to 27 megalitres. That represents less than .2 per cent of the total river flow at the discharge location. Reclaimed water has been discharged into the river only after chlorination. That seems to have been overlooked. The discharge from the waste water treatment plant contributes only .66 per cent of the river's total nitrogen load and only 1.96 per cent of the total phosphorous load upstream of the Gumeracha weir.

A number of studies have been undertaken to identify alternative management options for the plant since 1991. I will not go through the full list, but they have been considerable. With respect to the credibility of the Conservation Council of South Australia, when we actually take a step to clean up the waterways, take an initiative that has not been undertaken for decade, people such as Cheryl Leue should at least acknowledge that and not try to pull it down. It would seem to me that there is a political agenda in this, not an agenda to recognise that a major new policy initiative has been put in place to clean it up. I would say to Cheryl Leue, 'Why not give credit where credit is due, rather than attempting to turn good news into bad news?'

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

**The CHAIRMAN:** There is still no official line open; we are considering SA Water. As the Minister intended to respond to a question from the member for Hart, he can do that when the honourable member asks his next question. The member for Newland.

**Mrs KOTZ:** What are the intentions for reuse of sludge from the waste water treatment plants; what has happened since the spill of waste water at Bolivar in February 1996; and what actions have been taken to prevent a recurrence at Bolivar and other plants?

**The Hon. J.W. Olsen:** The metropolitan waste water treatment plants produce approximately 21 000 dry tonnes of sludge per annum, and a further quantity of approximately 300 000 tonnes is currently stockpiled at the Bolivar waste water treatment plant. Reuse of sludge in South Australia must be in accordance with the guidelines produced by the Environment Protection Authority, which guidelines, although currently in draft form, are due to be finalised shortly. We are now trying to meet those requirements in an operational sense. These guidelines have been prepared in cooperation with and input from other organisations. Once the guidelines are finalised SA Water intends to call tenders for the purchase of sludge stockpiled at Bolivar. The view is that considerable interest for the material will be shown by producers of artificial soils, compost and soil conditioners. The main opportunities for sludge reuse appear to be using it as a soil constituent on non-food chain crops, landscaping and forest and mine site rehabilitation. Members may recall that some of it has been used in the regreening of the Botanic Gardens area.

The incident involving the spill was thoroughly investigated by SA Water and United Water under the auspices of and cooperation with the Environment Protection Authority. The

following measures have since been put in place to prevent a recurrence at Bolivar: first, modifications have been made to provide additional fail safe controls and improved alarm reporting in the event of any future equipment failure (which it was); a holding pond has been constructed on site as a final back-up measure to constrain overthrows of up to four megalitres in capacity; and operational procedures have been upgraded to minimise the risk and consequences of any further serious failure of this type.

No environmental incidents have occurred at Bolivar since February 1996. In addition, the following measures have been put in place: environmental incident contingency plans have been prepared outlining urgent remedial actions; and reporting requirements in the event of any environmental incident have been reviewed and upgraded by SA Water and United Water—and they are presently with the EPA for approval.

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** I am sure that part of it will be to advise the Minister.

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** Environmental incident reporting procedures within United Water have been reviewed and upgraded, including telephone calls to SA Water, the holder of the licence.

I mentioned prior to the lunch break the requirements, the financial penalties in place and the performance requirements of United Water: they are the same for SA Water, the licence holder.

**Mrs KOTZ:** I would like to move into the area of contracting out and look at economic development. The House has heard much about the benefits that the United Water contract will bring to this State. Will the Minister advise of any export benefits arising from the contract, in particular export orders, and, apart from export orders, will he say what other industry development benefits have so far arisen from the United Water contract?

**The Hon. J.W. Olsen:** A number of contracts have been negotiated. It is significant that today we have a representative from the World Bank in Adelaide who will be meeting industry representatives and participating in a forum on behalf of the South Australian Government-SA Water in presenting a paper to the 600 to 700 delegates at the Northern Territory Expo of the Asia-Pacific region endorsing what we have done in terms of development of the export market.

A number of projects and orders have been put in place to date and I will indicate the location, value and the enterprise which has won the contract:

- In New South Wales a contract to the value of \$400 000 to Pope Motors;
- Paiton (Indonesia), \$134 000 contract, Veith GAF;
- Da Chang (China), \$207 000 contract, AMEC-Mayfield;
- Da Chang, \$155 000 contract, Ottoway Engineering;
- Pathum Thani (Thailand), a number of contracts: \$161 000, South Eastern Fluid Control; \$360 000, Alfa-Laval; \$30 000, Metco; \$70 000, Thompson, Kelly & Lewis; \$5 000, Universal Fasteners; \$23 000, Champion Compressors; \$62 000, Mono Pumps Australia; \$245 000, Cuno Pacific; \$208 000, Alfa Laval.

That is a total sum of \$2.09 million in actual contracts to date. I notice, Mr Chairman, that a company in your electorate was the beneficiary of one of these contracts and is in the running for a second contract. It is not only small-medium businesses in the metropolitan area that are benefiting, but regional areas are also benefiting from the contracts.

In addition, PICA Activated Carbon Australia, a subsidiary of United Water partner CGE, has identified lands for establishing a processing and packaging plant for activated carbon. The establishment of this plant represents an investment of approximately \$2 million. The company will employ approximately 10 people and have an annual turnover of about \$5.7 million. PICA has the objective or strategic aim of developing a market in the Asia-Pacific region for the use of carbon in advanced water treatment and food processing. PICA has sent 300 tonnes of South Australian coal to Germany for testing to see whether there is a potential source of granulated activated carbon for use in water treatment and food processing. These tests are an important step towards establishing an activated carbon production facility in South Australia which, if the feasibility and pilot study are successful, would see 100 people employed and an investment of \$30 million.

**Mr FOLEY:** We are now six months into the first year of the contract. You indicated that approximately \$40 million of exports per annum from South Australia was required to meet the conditions of the contract. You have listed \$2.09 million, which is far short of the target of \$40 million per annum. Will \$37 million be spent in the second half of the year?

**The Hon. J.W. Olsen:** The minimum export requirement under the contract is \$628 million with a target of \$1.479 billion over the course of the 10 years; the start-up year was \$9 million in the contract, so we are well on track towards achieving that. Major contracts are currently being negotiated in Manila. At short notice people went to Manila last Thursday, and that matter is progressing satisfactorily at this stage. I will be making some announcements shortly in relation to industry assistance to meet export objectives, that is, industry capability preparedness to meet the opportunity that will be presented to it.

I said before that I would answer a question asked before the lunch break. I indicate to the member for Hart that it was agreed that a public consultation program would take two to three months (this is the agreement between EPA and SA Water). I will read into the record an instruction from the EPA to SA Water as follows:

The authority requests that you provide a firm commitment to this process, indicating also on the plant schedules requested in point 1 when it is to take place. It is the opinion of this authority that this phase of the program should take place as soon as is possible.

Correspondence from the authority states:

The authority had previously stressed that one of the main objectives of the program was to present the information contained in EIP to the community but also offer alternate and additional solutions that may cost more than SA Water has presently budgeted at this stage but which the community would be prepared to fund.

That was subsequently written into the licence agreement issued by the EPA to SA Water and point 66.129 of the EPA licence states:

The licensee (SA Water) shall develop and implement a program acceptable to the Environmental Protection Authority to consult with the community affected by the pro environment improvement program.

So, there was simply no choice for SA Water but to proceed with the community consultation process, and it is, in fact, a licence condition of the EPA to SA Water. The total budget for the consultancy process comprises two steps. The question was related to Michels Warren in particular, which has been contracted to undertake the project on behalf of SA Water in two stages: stage 1, \$57 000; and stage 2, \$169 000.

**Mr FOLEY:** Relating to the exports issue, I want to come to a total understanding of exactly what is in the contract for the exclusive arrangement that United Water has. The Minister has consistently told the Parliament that United Water will have sole and exclusive rights over CG and Thames to bid for export work in Australia, New Zealand, Papua New Guinea, Indonesia, Vietnam, India, the Philippines, Malaysia, Pacific Islands and Thailand and in agreed Provinces or projects in China. Does the Minister still stand by that claim?

**The Hon. J.W. Olsen:** Yes, that is the thrust of the contractual commitment. I have answered questions *ad nauseam* not only in this Parliament but elsewhere. The CEO has presented information to the select committee, which is now all on the public record, about the contractual commitments based on United Water.

**Mr FOLEY:** I will come back to that, but I am trying to understand the nature of these agreements in terms of their exclusive nature. Let us take the market in Thailand. The Minister is saying that CG and Thames cannot bid for any project in Thailand?

**The Hon. J.W. Olsen:** You are trying to misinterpret.

**Mr FOLEY:** I am reading what you said—'sole and exclusive rights'.

**The Hon. J.W. Olsen:** You are selectively wanting to reinvent and misinterpret, as is the Opposition's wont, and we have seen that on a number of occasions in relation to—

*Members interjecting:*

**The Hon. J.W. Olsen:** We can have this knock down drag out discussion for another couple of hours on this issue if members want. We can have a repeat of evidence given to the select committee *ad nauseam*. We can repeat what we have said in the House of Assembly *ad nauseam*, but it is futile. The simple fact is that the record contains full explanations—they are in the evidence of the select committee. The member for Hart knows them; they are in the *Hansard* record for him to see, and I have nothing further to add to what is already on the record. The member for Hart has complained about the amount of time available for questions. I suggest that he does not repeat questions that have been asked *ad nauseam* in the select committee and that we get on to some new and interesting stuff that he might want to know about.

**Mr FOLEY:** I will disappoint the Minister because I will continue on this line.

**The CHAIRMAN:** The member for Hart has had three questions and the call is to the member for Morphett.

**Mr OSWALD:** As a result of the United Water contract, has the Minister any further information he can provide on international firms committed to establishing operations in South Australia?

**The Hon. J.W. Olsen:** A number of international firms are committed to establishing in South Australia. With the BOO project we have put in place (and I hope the system will be finalised in the not too distant future) 11 water filtration plants to cover the Adelaide Hills, Barossa Valley and River Murray towns. The preferred consortium with which we are negotiating is North-West Water (or United Utilities as it is now known), which encompasses the AMP Society and Bechtel Corporation. When the contract is concluded (hopefully in the not too distant future) we will be able to explain its economic development component. I have mentioned the example of PICA establishing here, having identified a site doing testing in relation to some coal to work out whether in food processing and water filtration there are further opportunities.

**Mr OSWALD:** What is South Australia's involvement in the Northern Territory Expo 1996 in Darwin late this month, and will the Minister advise the Committee of any benefits arising from this involvement?

**The Hon. J.W. Olsen:** I went to Expo last year, and it surprised me what a small Government like the Northern Territory Government can achieve. It had greater registrations than the Federal Government and in some areas was outperforming the National Investment Trade Outlook Conference in Melbourne, which had the support of the Federal Government. With the memorandum of understanding signed between us, that is, the Governments of South Australia and the Northern Territory, we want to pick up on the linkages that the Northern Territory Government has with the BIMPEAGA region (Brunei, Indonesia, Malaysia, Philippines and East Asia Growth Area).

At foreign affairs level they have signed off a memorandum of understanding. The Northern Territory does not have a large manufacturing base and in the past has been sourcing much of the goods and services from Queensland and Western Australia. Under the MOU we have signed they will seek, first, those goods and services from South Australia. Something like 1 000 delegates will be participating in Expo, which started today and will run for the next few days. Delegations from the region I mentioned, including China, Hong Kong, Vietnam and Papua New Guinea, will be participating. With the concurrence of the Northern Territory Government we are hosting an international water industry seminar—the Water Gateway seminar. A keynote speaker will be from the International Finance Corporation—a member of the World Bank Group located in Washington—who will present views on the way ahead for developing and financing water and waste water systems in Asia.

In addition to that, three international speakers from Indonesia, the Philippines and Thailand will present case studies and describe initiatives being undertaken in those countries. I will also be involved in the process of talking about what we have put in place in South Australia and looking at the export market opportunities. In addition—and jointly with the Northern Territory—a power and water capability statement will be launched.

**Mr OSWALD:** What is the South Australian Government doing to promote SA Water's initiatives and the capabilities of the South Australian water industry to potential and private sector clients in Asia?

**The Hon. J.W. Olsen:** That is occurring on a number of fronts. First, APEC has invited South Australia to attend a round table conference and workshop in Seattle from 24 to 26 July. South Australia will be represented by the CEO, Mr Ted Phipps. Infrastructure is an important agenda item for APEC leaders and that conference. To that end, that round table conference is being held in Seattle to discuss those issues. We have been invited to participate and contribute a case study on infrastructure best practice based on the Adelaide water contract with United Water.

The invitation from APEC recognises the interest in the contract that we have put in place in South Australia. In addition, following a visit to the United Kingdom earlier this year, and at the invitation of the British Government, plans are now in place for a mission later this year of industry and Government representatives to promote a South Australian initiative and to identify those British companies that have the potential to invest in the South Australian water industry. Those companies are under the banner of British Water. Some 400 companies have grown under the United

Kingdom's system development of its water industry. Michael Heseltine promoted the Partnership 2000 conference in Australia two years ago. That was based on the principle that Australian companies should use the United Kingdom to enter the European community, and United Kingdom companies should use Australia to enter the Asia-Pacific region. This initiative really builds on that model.

The British Government has invited us from a Government and industry perspective. Some six to eight people will visit the United Kingdom in October for the purpose of progressing the discussions that I began in February this year. In addition to that, and at the expense of the British Government, it will send out a number of industry companies which, with South Australian based companies, will look to put in place partnerships, strategic alliances, the transfer of technology and financing arrangements so that they become established in South Australia with the objective of having opportunities in Asia.

In addition to that, there is a World Bank infrastructure conference in Jakarta from 1 to 3 September which will address principally the infrastructure financing requirements to put in water and wastewater systems. The conference will focus on the reasons for the lack of progress in the private sector and public infrastructure compared with the needs of the region. We believe our model has something to contribute. They are looking for case studies, and discussions have been held between the World Bank and SA Water in relation to participation in that. Whether it is the United Kingdom, APEC or the World Bank in Indonesia, those three examples indicate that there is recognition of what we have put in place. We have much more to do to develop the industry, but at least the foundation is in place and significant bodies internationally now recognise what we have achieved.

**Mr OSWALD:** The key to any major project work in Asia is the knowledge and ability to assist clients in arranging project finance. What is the South Australian Government doing to support South Australian firms in acquiring this knowledge and ability?

**The Hon. J.W. Olsen:** I indicated briefly in an answer a moment ago that Mr Declan Duff, who is from Washington, arrived in Adelaide at lunchtime today. He is from the International Finance Corporation, which is a member of the World Bank group. He is visiting Adelaide to talk to water industry people later this evening on the role of the International Finance Corporation and how it can assist in arranging project finance. He is a senior executive in the infrastructure department. He is the keynote speaker at the water seminar being sponsored by us in Darwin on Thursday. As a result of his visit, hopefully, South Australian firms in the water industry will understand that finance is essential to any decision in a developing country to set up infrastructure and how the IFC can help arrange that finance.

Mr Duff's participation in Darwin on Thursday will demonstrate, particularly to international visitors from the near Asia region, that we understand their problems and that we are aware of the constraint on finance that opposes the development of water and wastewater infrastructure opportunities. Those members of South Australian industry attending the seminar should obtain an up-to-date and authoritative briefing. Surely, you can have no-one better than someone from the IFC World Bank group talking about infrastructure and the financing arrangements that need to be put in place.

Having signed this contract last year, its operational date on 1 January, it is not a matter of sitting back and saying,

‘Okay, where will it all happen?’ It is a matter of us facilitating and encouraging and then ensuring that there are drivers to guarantee that the commitments locked into the contract are delivered.

**Mr FOLEY:** How much will the Minister’s objective to secure these export numbers be affected by the Federal Liberal Government’s decision to abolish the DIFF scheme?

**The Hon. J.W. Olsen:** I have told the Federal Government, Industry Minister Moore and others, including the manufacturing industry, that we are talking about not only the water industry but also the motor vehicle industry, the manufacturing industry and, in fact, the whole industry sector in South Australia. The DIFF scheme was valuable and important and a big contributor to export opportunities for companies out of Australia. In addition, a range of other schemes are also important for the export development of industry in Australia. I have requested a meeting of industry Ministers for the purpose of discussing these schemes prior to a final decision being made—whether or not the Federal Government responds to that request is another matter.

It would seem with the MFP at least that the Expenditure Review Committee is driving the agenda. I understand that it is in the process of rethinking some of the initial announcements. I hope that is the case. I have at every opportunity with John Moore, the Federal Minister for Industry, pursued what are important supports to export companies and will continue to do so. I hope that we have a meeting of Industry Ministers prior to that decision, although I would have to say that that is not looking prospective or hopeful.

**Mr FOLEY:** Perhaps export orientated industry did not realise how good they had it under the former Labor Government, but that is another issue. The Minister might also mention to his four Federal Cabinet colleagues in South Australia the importance of some of these matters.

**The Hon. J.W. Olsen:** I assure the honourable member that each one of them has been made aware certainly of the view of the Government of South Australia—and we have a consistent view in this Government about support programs that the Premier and I have pursued. In relation to the MFP, I certainly pursued vigorously the four Federal Cabinet Ministers from South Australia on that point. However, at the end of the day, it was the Expenditure Review Committee that made the decision on the \$3 million to MFP, and Cabinet then signed off on that.

**Mr FOLEY:** But it made the decision, not the ERC. The ERC makes recommendations to Cabinet.

**The Hon. J.W. Olsen:** That is what I just said.

**Mr FOLEY:** That was not my question; that was an interjection from the Minister. I want to return to the issue of the markets. The Minister talks about my going on about this *ad nauseam*, but the reason for that is that we cannot get a consistent answer from him. I want to improve my understanding of the exact nature of the contract in terms of export markets. Taking a case study of Thailand, the Minister is recorded in *Hansard* as follows:

United Water Industries have sole and exclusive rights over CGE and Thames to bid for export work in. . . Thailand.

The Premier has also said in Parliament that CGE and Thames cannot bid for any other work in Thailand unless it is through the bid vehicle United Water. In the recent edition of *Engineering SA* the Chief Executive Officer of SA Water also talks about exclusive rights in the bid vehicle United Water, but he does not mention Thailand. In fact, Thailand is under the category of ‘Other countries’ where CGE and

Thames Water will use their best endeavours to offer United Water the opportunity to participate in identifying, bidding for and carrying out elements of projects. So, it is a very qualified participation. Is Thailand in or out of the contract?

**The Hon. J.W. Olsen:** Seven hundred questions have been asked on this contract. Over 100 of those questions in the select committee have been asked in relation to this contract. They have been asked of the company, they have been asked of the Chief Executive, they have been asked and responded to in detail, and I simply say that the member for Hart should look at the record and the answers to the questions he already has. I am not going to repeat them.

**Mr FOLEY:** I find that extraordinary. The Minister is refusing to answer—

**The Hon. J.W. Olsen:** The honourable member complains about our wasting time: the member for Hart is wasting time repeating questions that have already been asked.

**The CHAIRMAN:** The Minister has given a perfectly rational explanation, which the Chair comprehends. The manner in which the Minister responds is the Minister’s responsibility. I advise members of the Committee that repetition is not commended in the House or in Committee. We are under the Standing Orders of the House. The Minister has given the same response on three occasions today.

**Mr FOLEY:** The Minister has refused to answer the question. I am trying to reconcile statements in the House by the Minister and by the Premier with those of the Chief Executive Officer of the department involved. It is simply a case of my asking, on behalf of those people who would like to know, what is the specific nature of the contract?

**Mrs KOTZ:** Don’t you read *Hansard*?

**Mr FOLEY:** I am. I have had three different answers and I am trying to find out which answer is right. If the Minister is stonewalling and refusing to answer, I cannot do much about that. I do not know what he has to hide.

**The Hon. J.W. Olsen:** I have absolutely nothing to hide, certainly from the honourable member, because he has not laid a glove on this contract yet. He has had a bit of a go about the process and about an envelope arriving four hours late. The Solicitor-General gives it a tick; the Auditor-General gives it a tick; and the companies gave it a tick and walked away. However, the member for Hart still persists, and the select committee persists. In fact, I am told that Opposition members are briefing the media and telling them that the select committee will stay until the next election. That is fine: it can stay there until the next election; and it can ask questions until the cows come home if it wants.

The simple fact is that, once a question has been asked and answered, there is no point in asking it again and again. That is what the member for Hart wants to do. The member for Hart has no new questions, no new initiatives, no further fact finding. So, let us get on to the next line for investigation. It is futile simply repeating that which has already been asked and answered.

**Mr FOLEY:** Mr Chairman, are you in control or not? Who is asking the question and making the statements?

**Mr ATKINSON:** What was that? Where does that come into Standing Orders?

**The CHAIRMAN:** The member for Spence is looking to make a quick exit. The Chair will not accept impertinence from the member for Spence or from the member for Hart. The member for Hart has challenged the Minister for not answering a question. It was no more than that: it was a statement from the member for Hart. The Minister has thrice without betrayal responded to the Committee. The member



for Hart still maintains that the Minister did not answer the question. I simply point out that the Minister, like the Chair, is drawing attention to the fact that there is a tremendous amount of repetition both within and without the Committee.

The Minister maintains that answers have been given aplenty, in both this and other forums. I cannot change the Minister's answer, whether the member wishes me to or not. As the Minister has responded, the member for Hart is entitled to ask another question.

**Mr FOLEY:** Can Kinhill bid for work in Thailand at present or does it have to bid through its bid vehicle, United Water Industries?

**Mr Phipps:** Kinhill Engineers is, I think, Australia's largest firm of consulting engineers. It is a company in its own right and it can bid anywhere in the world for a contract in its own right. The particular thing about this contract is that it is an output related contract. It focuses on outcomes, and with regard to economic development the key contractual outcome that is required in this contract is that exports of \$630 million will be achieved from South Australia over the next 10 years, and that best endeavours will be used to seek to achieve \$1.4 billion worth of exports. That is the contractual requirement, to get that level of output, of export numbers. That is the single contractual requirement.

There are other measures in the contract, which I guess you could call inputs, which are aimed at facilitating that achievement of exports, with various requirements to relocate companies here, etc., and also to have United Water participating in bidding in the Asian region. That is the general fact. But, as has been said before, whilst United Water is the bidding vehicle for CGE and Thames in the areas that have been specified and referred to by the Minister in answer to questions in Parliament, it is not difficult to see an exception where it is in the best interests of South Australia for that exception to occur. For example, if French or British financial assistance were being provided to finance a project in a particular country, obviously, a British or French firm would have the best opportunity of winning that contract.

So, it would be pointless United Water's being the bidding vehicle and losing out on a bid. What is the benefit then to South Australian exporters? The real commitment in this contract is the commitment to the level of exports. For example, Thames has been in Indonesia for a long time now and is involved in feasibility studies for the Indonesian Government in Jakarta. Obviously, it is in the box seat to win a significant share of private sector involvement in Jakarta in the future.

When the bids finally come onto the market, there is no point interposing United Water into that when the relationship has already been established and South Australian exporters stand to gain very substantially from the success of CGE or Thames in projects that have already been in the pipeline, where the relationship has been developed. So, the whole focus of this contract is really about export outcomes for South Australia. That is the key. Whether Thames, CGE or United Water put in a bid in a particular situation, it is the commitment to source out of South Australia to achieve the export targets that is the key. That is the issue that will add wealth to this State.

**Mr FOLEY:** Supplementary to that, the Chief Executive Officer has contradicted his Minister. This is the whole essence of what I am getting at. The Minister can roll his eyes and filibuster all he likes, but this is the statement made by the Minister: 'United Water had sole and exclusive rights over CGE and Thames to bid for export work in [in this

example, Indonesia]'. The Premier has said: 'The two parent companies have no rights to tender against United Water for the vast majority of the Asian area, including Indonesia.' We now have the Chief Executive Officer telling us that, if Thames was already established in Indonesia, it would be logical that Thames tender for the work. The point I am trying to clarify is this continual confusion over who has the rights.

*Mrs Kotz interjecting:*

**Mr FOLEY:** Well, I am confused.

**The Hon. J.W. Olsen:** The member for Hart tries to selectively draw red herrings across the trail. What he ignores is what the contract states: 'The sole and exclusive vehicle by which CGE and Thames Water will tender for projects in Australia, New Zealand, Papua New Guinea, Indonesia, Vietnam, India, Philippines, Myanmar, Pacific Islands and agreed provinces, and/or projects in China.' That is what is in the contract. That has been said in the select committee; it has been said in this Parliament; and I have repeated it here now. I have quoted from the contract. It is consistent with what the CEO has just told this Committee. I do not know how many times the member for Hart wants us to repeat it, but there is no wedge he can drive in in relation to this matter.

**Mrs PENFOLD:** The Manufacturer of the Year awards, which is conducted by the South Australian Centre for Manufacturing, is an ideal way of recognising excellent performance in manufacturing. Has any thought been given to creating a specific water industry category in 1996?

**The Hon. J.W. Olsen:** Yes. Last year, in recognition of what manufacturing is to the economy of South Australia, I arranged for the Manufacturer of the Year awards to be a stand alone dinner, not an add-on to the Chamber of Commerce and Industry dinner. Whilst that disappointed some, I think it was important to give manufacturing the profile, and it was a very successful profile of the Manufacturer of the Year.

This year, because of the importance of the emerging water industry, we will include a category to identify a company related to the water industry that ought to be acknowledged. United Water and SA Water will join other organisations including Silicon Graphics, Westpac and Cathay Pacific in sponsoring the awards. With this water industry sector award added to it, I think it will give recognition to an industry sector that we are trying to build on and establish in South Australia.

**Mrs PENFOLD:** If we are to be in front in the world, our research and development in all fields is imperative. What progress has been made under United Water's commitment to research and development?

**The Hon. J.W. Olsen:** Thames and CGE have committed \$500 000 each to research and development: that is, \$1 million in the first year has actually been put into research and development. United Water's R&D manager arrived in Adelaide in January to work full-time with United Water's research and development effort: that was a requirement. The money component is locked into the contract, and in the first year it met that.

The funding commitments by Thames and CGE to the CRC for water quality treatment at the Centre for Ground-water Studies are continuing. Discussions have opened up with the universities and other research organisations to identify further research projects. United Water is developing a framework to prioritise the research projects it will support. United Water is also determining what aspects of the existing metropolitan water and waste water systems could be

improved by research and technical assistance, in particular the way in which, by the use of various chemicals, we might be able to get a better quality of water coming through the taps for South Australians.

**Mrs PENFOLD:** Have arrangements been finalised for appointments to United Water's international advisory board?

**The Hon. J.W. Olsen:** Yes; once again under the contract there was an agreement to establish an international advisory board. The board will provide advice to United Water in relation to business development and to identification and development of some business opportunities and the strategic alliances in the Asia-Pacific. The South Australian Government's nominations to that board have been Ted Phipps (CEO of SA Water) and John Cambridge (from MISBARD).

**Mr FOLEY:** I will not continue with that previous line of questioning except to say that it has never been an issue of dispute as to what is in the contract—we clearly do not know what is in the contract: it is about how the Government has chosen to portray the contract in the Parliament. I would have thought that we had plenty of evidence which we have proven repeatedly that the presentation of this contract in the Parliament has differed somewhat from the actual detail of it.

I refer now to the Auditor-General's report into the events surrounding 4 October. Does the Minister agree or disagree with the conclusion of the Auditor-General that the events of 4 October 'did not adequately exclude the possibility of an improper interference, thus raising concern about the integrity of the process'?

**The Hon. J.W. Olsen:** The Auditor-General was referring to possible perceptions that might be created in the community. Those perceptions were presented and established in the community at large by the Opposition and its tactics over the issue. There is absolutely no doubt—

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** It is not a disgraceful comment: it is an accurate comment because you and Opposition—

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** If you read the whole Auditor-General's report, you will clearly see the qualifications that the Auditor-General puts in it. You will also clearly see that the Auditor-General talks about perceptions that could be created where there might not be seen to be fairness and equity in the process when in fact he said that there was, but it was the public perception that was important. That is what the Auditor-General was talking about, and the member for Hart knows full well that to be the case.

What we have had in this process is the Opposition talking about and trying to get a public acceptance of the fact that it was a tender process not a request for proposal, and that there was not adequate explanation of RFP versus tender. The Opposition constantly promoted to the media and to anyone who would listen that this tender that was received four hours later would have, therefore, given an unfair advantage to one party over the other.

The Solicitor General and the Auditor-General have said that that is not true, that that is not an accurate statement to make, yet the Opposition has persisted with that point of view. Therefore, the perception might have been created in some sections of the public that this was not a fair and equitable thing, because they took the view that it was a tender closing at 5 o'clock where you open the envelope, pick the best price and award the contract.

That is not what an RFP is about. The Opposition knows that it is not what it is about. The Auditor-General goes into quite some detail to explain that an RFP is something that is clearly put in place internationally; it is a way in which you can enhance a contract. In fact, the RFP process in this instance enhanced the bid to the extent of greater than \$20 million in the interests of South Australia. The beneficiary is the public of South Australia as a result of this RFP. The Auditor-General's report states:

Based upon the results of the audit review, there is no evidence to suggest that events that occurred on 4 October regarding—

1. The lodgment of the submission by the potential contractors,
2. The receipt of the United Water submission 4½ hours after closing time, or
3. The opening, copying and distribution for evaluation of two of the submissions prior to the receipt of the submission from United Water

are tainted with any illegality, corruption or impropriety.

They are not my words but those of the Auditor-General—I would have thought somewhat unequivocal words in terms of reporting to the Parliament. He goes on to state:

The contractual arrangements adopted by SA Water for this project were soundly based and exhibited a high standard of probity. Furthermore, there is no evidence that would suggest that the decisions made by the personnel of SA Water and each of its consultants were made other than in good faith.

That was an independent umpire reporting to the Parliament, unequivocally and quite clearly. I quote from the executive summary of the Auditor-General's report, where he states:

There is no evidence to suggest unfairness by SA Water [in respect of this Government's processes]...In fact, in the case of SA Water it would be unfair to that authority not to acknowledge the action it took to ensure what, in its view, allowed fairness to all parties involved.

Let us clarify once and for all in the mind of the member for Hart that more than 200 questions were asked on this issue before the select committee. The select committee heard evidence from Mr Burke, the Solicitor-General, the CEO (Mr Phipps) and Mr Killick, *ad nauseam*. In addition to that, we have had the Solicitor-General's report and the Auditor-General's report. The member for Hart can ask a whole series of questions. The simple fact is that he is going over old ground, there is nothing new in these questions and the Auditor-General has recommended how we might adopt procedures in the future to ensure that there is no misconception. It is impossible to halt misconceptions being established by those with the political drive to establish them.

**Mr FOLEY:** I have to pinch myself. The Minister's response, attitude and performance in this whole exercise reminds me of one or two former Ministers and even a former Premier whom the Minister and some of his colleagues are so ready to criticise over their responses to certain lines of questioning in previous Parliaments. We will see what happens in the future. I want to make very clear that the Minister chooses to quote the Auditor-General's report selectively. I think it is absolutely without parallel for him to suggest that this report is a complete and utter vindication of SA Water's handling of the water contract: it simply is not. I shall quote it. If the Minister wants continually to support the line of his officers, that is fine, but I will read to him what the report states (and perhaps members opposite should listen to this), as follows:

In the opinion of audit, the procedures adopted for the receipt, opening and distribution of best and final offers on 4 October 1995 as part of the outsourcing process had a tendency to increase the risk of issues of integrity being raised as a matter of public concern. On the basis of an objective analysis, in the opinion of audit, this was a

real risk and could not be described as a fanciful or far fetched possibility.

So, the Auditor-General supports my legitimate right as the shadow Minister to raise these matters as issues of concern. If the Minister suggests that that is simply politicking and grandstanding, I propose that he go back and think about that again, because that might well have been a defence used by former Ministers when they were in a bit of strife in this Parliament.

**The CHAIRMAN:** Does the honourable member have a question?

*Mrs Kotz interjecting:*

**The CHAIRMAN:** Thank you, the member for Newland.

**Mr FOLEY:** I do have a question; that was the preamble to my question.

**The Hon. J.W. Olsen:** I will respond to the preamble and then we will get on with the question. The member for Hart has the advice of the Solicitor-General and the Auditor-General that has ticked off on the process. No quoting by me or the member for Hart can vary the tick-off, that is, the agreement—the tick for the contract and the process. It is as simple as this. This is a massive \$1.5 billion contract. Last year, it was the world's largest non-IT contract signed off by Government. I would have expected some acknowledgment that the innovative, creative style of South Australia and the public servants who drove the process and put it in place deserved some recognition in the positioning for industry for this State in the future, rather than the petty approach that we hear from the Opposition. The Auditor-General has answered all the honourable member's concerns. The public concerns he has raised have been put back where they belong, not by me but by the Solicitor-General and the Auditor-General.

We can have no greater authority than to say at the end of the day that this process has been fair to all the parties. I will read the Auditor-General's report again if the honourable member wishes. The member for Hart can politic for as long as he wants on the issue. I will go by the Auditor-General's and Solicitor-General's sign-off on this process. I am proud of the officers in this organisation who were prepared to drive a policy initiative of the Government, many of whom in the initial stages did not agree with the policy initiative of the Government, who worked extraordinarily long hours to put it in place and who to their credit have had the Solicitor-General and the Auditor-General give them the sign-off on the process they put in place. Certainly, things can always be improved in a process of this nature. We have said that the Auditor-General's comments will be implemented in any future process, but at least give credit where it is due for the performance to date.

**Mr FOLEY:** Again, I point out that—

*Mrs Kotz interjecting:*

**Mr FOLEY:** Excuse me.

*Mrs Kotz interjecting:*

**Mr FOLEY:** I have a question.

**The CHAIRMAN:** The whole session has been repetitive. I am not sure whether the honourable member is not verging on a substantive motion. He is very close to alleging impropriety on the part of someone. Obviously, the Minister and the Minister's officers are in his sights, for one reason or another. If that is what—

*Mr Foley interjecting:*

**The CHAIRMAN:** I am simply telling the honourable member that, if he wishes to allege impropriety, he must do that by way of substantive motion in the House. The ques-

tions are extremely repetitive and are directed towards a single end. It is pretty close to the time when we should stop being repetitive. The honourable member is making more statements than he is asking questions. The honourable member has the floor.

**Mr FOLEY:** I want to make a comment in response to your allegation, Sir. I have not suggested impropriety on the part of the Minister or his officers. There is nothing—

**The CHAIRMAN:** If the honourable member had done so he would have been called to order.

**Mr FOLEY:** Excuse me, Mr Chairman; I will make this point. I have never made and will not make any allegation of impropriety against the Minister or his officers. This is about process. For you to suggest that I have impugned the character of the officers here or the Minister on the issue of impropriety is wrong, and that is an outrageous suggestion to make. I am quoting from the Auditor-General's report. My comments are those contained within the Auditor-General's report.

**The CHAIRMAN:** If the honourable member wishes to dissent with the ruling of the Chair, he can move a substantive motion.

**Mr FOLEY:** I think it is an outrageous suggestion for the Chair to think that I was commenting on the impropriety of any officer. I am not doing that: I am discussing process.

*An honourable member interjecting:*

**Mr FOLEY:** No; if the Chairman wants to make comments like that, I will respond.

**Mrs KOTZ:** I rise on a point of order, Sir: I refer to Standing Order 136. If the member for Hart has any objections, as he appears to have, he should look at Standing Order 136, which provides processes of objections to the rulings of the Chairman of Committees.

**The CHAIRMAN:** The honourable member should move a substantive motion, in writing.

**Mr FOLEY:** I just do not like the suggestion that I have accused anyone of impropriety. I have never done that in my questions. It is not repetition. Was the Minister aware that the request for proposal process did not have any formal guide—

*An honourable member interjecting:*

**The CHAIRMAN:** By way of interjection, the member for Spence says, 'He may well do it.' I said, 'Be my guest. It is at your discretion.' The Chair is not gagging anyone; the Chair is simply pointing out protocol. There are procedures under which things can and should be done in the House. We are acting under the Standing Orders of the House of Assembly.

**Mr FOLEY:** Just don't imply that I have said something that I have not said, Mr Chairman. That is my point.

*An honourable member interjecting:*

**Mr FOLEY:** The Chairman does not have a right—

**The CHAIRMAN:** The Chairman is in charge of the proceedings of the House, the member for Hart.

**Mr FOLEY:** I will ask a question now if I can, Mr Chairman.

**The CHAIRMAN:** Yes, of course. You have been asked to, several times.

**Mr FOLEY:** Thank you. Was the Minister aware that the request for proposal process did not have any formal guidelines, and that the contract, described by the Minister for Infrastructure as the largest contract of its type in the world, was at the time being conducted without guidelines? Given the amount of taxpayers' money and the property involved, did that concern the Minister? That is an issue from the Auditor-General's Report.

**The Hon. J.W. Olsen:** That is not an accurate statement and I will ask the CEO to respond to that question. I just point out again to the Committee that, with respect to questions on RFP versus the tender proposal, over 54 questions have been asked to date, so let us have the 55th, 56th and 57th, if you like.

**Mr Phipps:** In relation to guidelines for the process, the decision to adopt an RFP process is agreed by the Cabinet. The request proposal document itself set out the approach that would be followed in relation to the negotiations. Very comprehensive guidelines and procedures for the evaluation of the initial proposals from the potential contractors were developed. These were approved by the board of SA Water following close consultation with and oversight by a steering committee involving the Under Treasurer, the CEO of MISBARD, myself and the head of the Office of Public Sector Management. In addition, there were procedures for the conduct of the parallel negotiation process and the selection of a preferred potential prime contractor and for the closing of the contract. There was, in effect, a very comprehensive process established for the conduct of the procedures all the way through.

In relation to the handling of submissions from the various proponents, those procedures were based on certain fundamentals recommended by our advisers, and all these procedures were followed all the way through. But I answered a hundred questions on this issue in the select committee and explained this to committee members.

**Mrs KOTZ:** With respect to SA Water and United Water, particularly in consideration of some of the continued gross misrepresentations of the Opposition and the Labor Party in this State, would the Minister express once again very clearly, and perhaps extremely slowly, the services and functions for which SA Water continues to be responsible and those for which United Water has responsibility?

**Mr FOLEY:** This is not repetition?

**Mrs KOTZ:** I do not believe so. That question has not been asked today, so it is not repetition.

**The Hon. J.W. Olsen:** SA Water and, therefore, the Government have retained control of the pricing of water and waste water services to customers. We have also retained the responsibility for billing and collecting rates. We have retained ownership of all the infrastructure assets and funding of all the necessary capital replacement and improvements. We still control the long-term planning for water and waste water infrastructure required to meet future growth and increasing community expectations.

We also continue to interface with land developers in the expansion of assistance to service such new subdivisions. We still control and maintain the assets associated with the supply of bulk water through the River Murray system, and that includes all the metropolitan reservoirs and the pumping of water from the river. SA Water also has complete control over areas outside the defined boundary of the contract, for example, the Adelaide Hills and all country regions, including Stirling, Aldgate, Bridgewater and other country areas.

United Water has been contracted on a fee for service basis, paid monthly in arrears, to undertake the management, operation and maintenance of water and waste water systems, and it has the responsibility to manage the delivery of the capital works. They are the project managers of capital works approved by SA Water.

**Mrs KOTZ:** How is United Water performing under the contract? Has it achieved the contractual performance standards, and have the promised savings been achieved?

**The Hon. J.W. Olsen:** Yes, they have. The contractual commitments are in place and are being delivered and honoured. United Water has performed well from a start up of 1 January. When the contract was signed, there was a very short period from contract signing to start up. It has taken on much of the knowledge gained by former SA Water employees. Only this morning at the Glenelg waste water treatment plant, I met two people who were SA Water employees and have transferred to United Water. They have confirmed with me, as have others with whom I have discussed it, that whilst hesitant and anxious about the change they are enthusiastic about their new work environment. That is the way I would describe it. I would ask members to go and talk to some of these people involved in the transfer and seek their response.

The contract contains many specific performance standards. United Water has been able to achieve these, with one or two exceptions; Bolivar was one back in February. In the major areas of water quality, it is delivering filtered water to Adelaide of a quality that at least matches and in some cases improves on the water delivered over the previous 12 months. The quality of effluent from the waste water treatment plants has been maintained, and we are working together with the environmental improvement program that was announced in putting that program in place.

United Water has been able to achieve its performance in the first six months whilst delivering savings of some 20 per cent, as identified in the contract, in the operation and maintenance of the waste water system. To have achieved a virtually seamless transfer from 31 December to 1 January in a business with approximately half a million customers has been remarkable. In summary, I would put it this way: the water still runs out of the taps, the loos still flush, the price has not gone up, and most people would not know the difference.

**Mrs KOTZ:** Would the Minister tell the Committee how SA Water can ensure that United Water will meet the obligations for which it has contracted to provide, and are there any financial penalties for non-performance?

**The Hon. J.W. Olsen:** The terms of the agreement are quite specific in requiring United Water to provide a level of service to at least that delivered by SA Water as a minimum. Prior to the contract, there was a six month benchmark where we checked the performance of SA Water over six months. Its best performance over six months was the benchmark that United Water had to achieve or better. If it does not achieve it, it pays a financial penalty which is factored into the monthly fee for service and the financial payments to it for its service. In some instances the level of service required is greater than that which SA Water ever delivered.

The contract contains both general and specific performance agreements. United Water reports formally on its performance against the requirements of the contract on a monthly basis. SA Water is entitled to audit United Water's performance monitoring systems and data; we can audit the collection data systems upon which it is supplying that information to SA Water. The agreement provides for financial penalties to be imposed for failure to deliver the required service or meet the benchmarks that have been put in place.

**Mrs KOTZ:** Compared with SA Water, how many people does United Water employ to carry out the same functions; has this affected any level of service; and is United Water carrying out all the work with its own labour?

**The Hon. J.W. Olsen:** Approximately 335 employees transferred from SA Water to United Water; where appropri-

ate United Water has also employed other personnel from SA Water in specialist areas. SA Water has an additional 200 employees undertaking this work who have been offered either voluntary separation packages or redeployment within other areas of the Government work force. The contract requires United Water to provide at least the same level of service to the customers as previously achieved by SA Water—and I mentioned that in the previous answer.

**Mr FOLEY:** Will the Minister confirm that the price being paid to United Water under the water contract is fixed for only 5½ years and will then be renegotiated?

**Mr Phipps:** The overall characteristic of the pricing formula is that it locks in the savings of the first 5½ years for the life of the contract. There are resettings of the pricing formula throughout the period of the contract, but they are done in a way which locks in the savings for the life of the contract—that is the fundamental. Mechanisms are also geared so that the level of savings will increase.

**Mr FOLEY:** Whilst there is a renegotiation point at the 5½ year mark, are you saying that the price paid by the Government will not be renegotiated upwards?

**Mr Phipps:** The Government at any time could introduce a new initiative to the contract which might increase the cost as a consequence of its deciding that it wanted something done. Environmental improvement programs, for example, represent new and substantial circumstances which will obviously add to operating costs of treatment plants in the future, because we are aiming to achieve a higher standard of environmental treatment than was in operation at the time the contract was signed. Similarly, through the National Health and Medical Research Council guidelines, increasingly higher standards in the water quality are required over time. These cannot be foreseen at this time but, when they come into effect, those circumstances will lead to a change of scope or a change of outcome required in the contract. In the context of today's conditions applying, the formula in the contract is geared to lock in the savings that were initially bid for the life of the contract; that formula represents a ceiling, if you like, as you negotiate from time to time during the contract.

**Mr FOLEY:** There were reports of difficulties associated with spare parts and stores to the value of approximately \$2 million. Has an internal audit been undertaken by SA Water to identify significant amounts of spare parts and stores at the point of handover; if so, will you provide details?

**Mr Wear:** At the beginning of the year we undertook stock checks on all major and minor plant, stores and computing equipment, and records of those stock lists were compiled. We have since undertaken further stock checks at the time of settlement and sale of some of these items to United Water and we are confident that nothing is missing: the numbers have been reconciled.

**Mr FOLEY:** On what basis is United Water International paid; how often is payment made; and how are the payments calculated?

**The Hon. J.W. Olsen:** I have twice advised the Committee today that it is monthly in arrears.

**Mr OSWALD:** How will SA Water control the spending of capital for which it has funding responsibility as opposed to maintenance, which is a United Water responsibility?

**The Hon. J.W. Olsen:** The contract clearly defines maintenance through descriptive activities, responsibilities and examples. It also clearly defines the justifications necessary to enable a capital works project to be approved. The approval of all capital works is at the discretion of SA Water and the South Australian Government. United

Water is to develop the annual capital works program, which will be approved by SA Water; in other words, project manager of that capital works program. We have an indicative forward capital works program that will ensure that at the end of the contract the infrastructure will be better than when the contract started.

**Mr OSWALD:** What is the impact of United Water on the cost of water and waste water connections?

**The Hon. J.W. Olsen:** Under the contract it is required to manage the delivery of capital works through a competitive tendering procedure that was put in place. I mentioned a moment ago the project managers, but there will be a tender process for calling for those capital works. It can undertake some of the construction and new connections with its own work force. That is done at competitive rates: it is a balancing exercise. It provides flexibility to United Water and also allows monitoring of the contract industry rates. The existing industry rates are factored into the process upon which you make the capital works commitment. Currently, due to the competitive nature of the construction industry, the cost of connections is slightly below that of last year. That might be a cyclic process, it might be as a result of current economic conditions, but through improvements in management, design and contracting process it is predicted that further efficiencies and savings can be—and I am sure will be—realised.

**Mr OSWALD:** I refer to human resources. Approximately how many SA Water employees were impacted by the outsourcing contract? In answering the question, will the Minister advise the Committee whether sufficient personnel remain to manage the outsourcing contract and to manage the retained functions?

**The Hon. J.W. Olsen:** Approximately 600 SA Water employees were impacted by the outsourcing contract: 335 gained employment with United Water and approximately 268 elected to take redeployment. Of those 268, 65 will remain with SA Water, 40 will take permanent placement and 163 will take a TVSP by 30 June this year. Prior to commencing the outsourcing contract in January 1996 a management team was established to monitor the operations of United Water to ensure that compliance with the agreement was maintained. The team comprises technical and fuel specialists and has been in place since United Water assumed responsibility for the operation of the metropolitan area. Provided the performance of United Water continues to be maintained at its present standard, the size of the contract management team is considered adequate for the foreseeable future.

Last week I met with the human resource transitional team that looked at the management of the redeployees. SA Water, Clare Bosley and the team that she assembled in terms of resource management in this area are to be commended—they did an absolutely outstanding job. I hope that SA Water prepares a case file for future reference for other agencies here and elsewhere. It was a quantum change for the people involved. There was great anxiety, as security of tenure was being removed. They had an uncertain future.

Those going to United Water did not know what was being offered and, in some instances, they did not want to take that step forward. Much of the work force had developed a whole range of skills but they had never compiled a CV—the training they had gained over their working life had never been identified. SA Water assisted these people by sitting down with them one by one and asking, 'What have you done and what have you achieved?' In this way it helped each employee develop their own CV. Some employees were absolutely staggered by the skills they had worked up.

Last week I met a chap from the Ottoway workshops. I remember going there in relation to apprenticeship training prior to the contract being put in place, when I had an interesting time after the shop steward bailed me up. This chap was one of the people involved in that demonstration. He has since been retrained and now has a white collar job. It was quite moving to hear that chap say that he thought he would never get out of the workshops at Ottoway, because he never thought something else would become available to him. If the Opposition wants to have access to some of the background, I am more than happy to make it available. How the process was managed is important. The officers approached it from a human resource viewpoint, having real concerns for the people and assisting them through a difficult decision for the employees and their families. You cannot have a discussion with them without being impressed.

**Mr FOLEY:** I refer to Australian equity in the United Water contract. What is the specific provision in the contract that guarantees achievement of 60 per cent Australian equity, and what is the content of this provision?

**The Hon. J.W. Olsen:** I advise the Committee again that in the House of Assembly and in the select committee there have been 83 questions on this subject. We have canvassed this matter *ad nauseam*, and the Opposition and the—

*Mr Atkinson interjecting:*

**The Hon. J.W. Olsen:** And so have the public servants who have appeared *ad nauseam* before the select committee. The CEO has appeared on four occasions. On one occasion the Opposition called for the sacking of the CEO, contrary to some of the statements made in the Chamber today.

*The Hon. Frank Blevins interjecting:*

**The Hon. J.W. Olsen:** And worth every cent of it, given that a dividend of \$81 million will come to the Government of South Australia. In response to the member for Giles, who interjected in order to get his presence here today on the record, some years ago SA Water was costing taxpayers \$40 million a year. It is now scheduled to contribute a dividend of \$81 million. It is a \$120 million turn around from a cost to a contribution in the space of a few years. If SA Water and ETSA had not performed that they have in recent years, with the difficult financial circumstances in which this Government was placed in areas such as health and education, the policy options for the Government would have been draconian.

*The Hon. Frank Blevins interjecting:*

**The Hon. J.W. Olsen:** The member for Giles wants me to commend him for the process started by the former Government. On a number of occasions I have said that in many instances power and water initiatives were commenced by the former Government. I do not detract from that but acknowledge it. However, I also point out that there was an accelerated pace of reform and benefit for South Australians following the end of 1993.

**Mr FOLEY:** What contractual penalties or provisions will apply if United Water International fails to make sufficient effort to achieve 60 per cent Australian equity?

**The Hon. J.W. Olsen:** A number of these questions have been answered before the select committee. I point out yet again that ETSA and SA Water do not have a budget line and do not have to appear before the Estimates Committee. At your invitation, Mr Chairman, and with my agreement, representatives from both ETSA and SA Water are here to answer questions.

*Mr Atkinson interjecting:*

**The Hon. J.W. Olsen:** I agree, and that is why they are here. However, they do not have to be here because there is no budget line. They are here because I think they should be here. Could we at least have questions that have not been canvassed repeatedly in other forums—either the select committee or the House of Assembly? Let us get on to some new subject areas. Surely there is something the member for Hart would like to ask that has not been asked before.

**The CHAIRMAN:** The Chair is disadvantaged in that I can only rule on repetitiveness within the Committee and cannot rule on repetition elsewhere.

**Mr FOLEY:** This is extraordinary. Given the size of the expenditure involved, for the Minister to be as arrogant as he is today in terms of saying that these agencies are here today only through his good graces, I find extraordinary. I will continue to ask questions. They are not repetitive and, if they appear to be, it is because we are not getting the answers. I refer to Ian Kortlang's involvement and the market research he has undertaken. Can the Minister tell the Committee why he is so opposed to the market research being made available? Why is it something about which the agency should feel concerned?

**The Hon. J.W. Olsen:** The member for Hart knew the answer to this question before he even asked it. It is *sub judice*—members opposite are pursuing it before the courts. The honourable member knew I was going to say that, so I have given him the answer. I am reminded that there are 83 questions on this topic before the select committee. The member for Hart says I am displaying arrogance—

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** If the member for Hart interprets—

**The CHAIRMAN:** The Minister does not have to respond to interjections of any kind, least of all that kind.

**The Hon. J.W. Olsen:** Thank you, Mr Chairman. I say to the member for Hart that I am not making those comments from any arrogant base at all; I am simply trying to point out the facts. Despite the fact that there is no budget line, I agree with the member for Hart that the agencies ought to be present—and they are. I agree with him. We agree—that is not trying to be arrogant at all.

**Mrs PENFOLD:** Will the Minister outline how United Water has performed in meeting water quality guidelines?

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** I was trying to pick up the interjection from the member for Hart so I could respond. I am having difficulty picking up some of the interjections, Mr Chairman. Perhaps it is inappropriate for me to pick them up, anyway.

**The CHAIRMAN:** It is inappropriate to respond to interjections. It is even more inappropriate to interject.

**The Hon. J.W. Olsen:** In response to the question from the honourable member, to date United Water's performance with respect to the range of health related aesthetic water quality targets specified in the agreement have been satisfactory, and they have been met. Furthermore, United Water has equalled or exceeded South Australia's performance for those subject areas over the 12 month period of the outsourcing contract. United Water certainly has undertaken prompt and good remedial action in respect of any water quality problem that has arisen and has introduced several new initiatives to improve the quality of the water supply to customers.

On several occasions in my discussions with the board I have sought its support for improving the quality of water supplied to South Australians. There may be a basis—and

this is where some research and development is being done at the moment—for saying that the different application of chemicals to treat the water can improve the water quality. I have indicated to United Water that a key objective I see as a result of this process, particularly the research and development component, is better quality water for South Australians.

**Mrs PENFOLD:** Why are more people noticing chlorine odours in their water since United Water assumed operation?

**The Hon. J.W. Olsen:** The chlorine may be more noticeable to some customers at present due to interim measures being adopted by United Water to look at the microbiological quality of Adelaide's water. Interim measures include enhanced coagulation at selected water treatment plants, flushing and swabbing of mains and the provision of additional chlorinators added to the system at different points to ensure that disinfectant chlorine residuals persist in the networks. The implementation of a water quality improvement program, other than in isolated instances, will obviate the need for such chlorine boosting in the future. The more plants you are able to put in to inject at different points means that you do not have to increase the dosage level at primary points to enable chlorine to disinfect the full length of the pipe; that is, if you put in interim measures along the pipe you can bring down the level of chlorine that is injected. That process is being assessed currently, once again to improve the odour and the aesthetic components of water delivered to Adelaide.

**Mrs PENFOLD:** After the contract with United Water commenced, what improvements were made to the retained services provided to customers?

**The Hon. J.W. Olsen:** The restructuring of retained customer service in Adelaide will achieve better service response times to customers, improve work processes for employees and better business performance. New business guidelines are being introduced to permit the following: front-line customer service; officers to make service decisions in the best interests of SA Water and its customers; and empowering people to make decisions. The first service transaction to be modified in this regard relates to account inquiries about estimated water consumption. One hopes that this small commercial approach will reduce significantly incoming letters. An increasing focus is being given to the handling of complaints. Customer research is conducted to show clearly the negative impact complaints in respect of customers overall perception of SA Water.

The first stage is to gain an understanding of the issues giving rise to a customer complaining about their expectations in the way of a response. Corrective action and a more effective approach to complaint management will then be introduced. An effort is being made to ensure the use of outgoing work cycles—for example, accounts to predict incoming workloads, such as telephone inquiries. For instance, if you adjust one cycle, such as the outgoing contact with customers as a result of accounts being sent, you can modify the process of accounts coming in by modifying your billing time. Therefore, you are better able to match the service to a customer inquiry by simply putting in place your own measures. Rather than sending accounts out in one hit, which requires an entire customer service section to look after the inquiries, you even out the distribution of accounts over the year. As a result, you even out the incoming inquiries over the year, thus reducing the cost of operating that section.

**Mr FOLEY:** Given the controversy that surrounded the intention of United Water International to subcontract the

entire management, operation and control of Adelaide's water system to a wholly foreign owned joint venture company, United Water Services—of which some five weeks later the Minister was not aware—the push through company structure, a new structure, has been put in place whereby United Water International will subcontract to United Water Services for technical advice. Can the Minister advise the Committee on the sum of money United Water International will pay United Water Services for that technical advice? The reason for the question is to determine whether or not the new company structure is a mirror of the original two company structure.

**Mr Phipps:** At the time this issue became a controversial matter in the public arena, the arrangements between United Water and United Water Services were still under negotiation. I remember that very clearly—no decisions on that issue had been made. The fact is that all the responsibilities between SA Water and the contract are with United Water International. United Water International owns all the assets of the United Water International business, all its plant and all its equipment. United Water International is the employer of the people.

United Water International is the one that is actually carrying out the work here in Adelaide. It is United Water International that is maintaining the assets, operating the treatment plants and delivering the service to customers, so it is United Water International in every respect that is carrying out the work that we see being done in Adelaide. It is United Water International that is carrying out the international and national bidding for new contracts. So, our contract is with United Water International as the doer of all the work and the employer of all the resources. Of course, United Water International can ask someone else to do some work for it or to provide some expertise from time to time, but the price that it might pay a third party to provide advice is not really an issue of fundamental concern to us unless it is in an area that is in a particular price category where it would be fully transparent.

Our concern is that we get all the work done to meet the standards in the contract of water quality and waste water quality—to ensure that all those standards are correctly achieved as specified in the contract—and that the assets are fully maintained at the price that has been negotiated in the contract. We are now achieving this work that was previously done by SA Water at a cost that is approximately 20 per cent below, and that is our main concern—that we are achieving the objectives of the contract at a much lower price than would have been happening if we had carried out the work ourselves.

If United Water International were to contract any other party for some advice, it would not really concern us how much it costed, because we would be getting what we contracted for in any case—delivery of service at a specified price, which is a substantial saving on what was previously happening. So, we are not focused on that issue.

**Mr FOLEY:** It may not be a concern to the Chief Executive Officer but it is a concern to the Opposition. Whilst I appreciate that, from an operational point of view, it is not relevant to the performance of the contract, the issue at hand was whether or not the profits of the contract were being repatriated directly to France and to the United Kingdom. Whilst that may not be an operational issue, it is certainly a political issue as far as the Opposition is concerned. Will the Government provide a schedule of export targets? The

Minister said that the year 1 target is \$9 million. Will you give us an export schedule for the life of the contract?

**The Hon. J.W. Olsen:** They are details contained in the contract, but I will seek them for the honourable member. I have given the total figure of \$628 million, and I have given the year 1 figure. Provided that there are no commercial confidentiality difficulties, I will be happy to supply those figures for the member for Hart.

**Mr FOLEY:** It is an issue of monitoring of this contract that gives me particular concern in a public and totally transparent sense. What will the Government put in place to ensure that we have proper accountability and an ability as a Parliament, at least, to monitor the performance of the contract, both on the export target front and, obviously, on the delivery of services front?

**Mr Phipps:** There is a comprehensive reporting regime in place whereby the contractor reports to SA Water in two parts: on the operations side of the contract and on the economic development. On the operations side, each month the contractor reports on its performance against all the performance measures that are specified in the contract. That covers financial and performance information in terms of customer service standards, outputs, asset management and so on. All the information that is provided is auditable by SA Water. SA Water does not have to audit everything, but it has the right to audit. So, we have comprehensive monthly reporting on operations and three monthly reporting on economic development, because it is less what I would call a here and now situation. Water quality is a here and now issue, but building up economic development is not a day by day or week by week issue, so the detailed reporting on that is quarterly. So, those reports come in.

In addition, the board exercises scrutiny of SA Water's management of the contract, and we report to the board each month on the performance of the contractor against the performance targets in the contract. That information, in turn, goes to the Minister. So, a very comprehensive reporting regime is in place, consistent with orderly management of the contract. At any time the Auditor-General or the internal auditor of SA Water can audit a particular aspect of the operations of the contractor. Of course, the contractor is very open in the provision of information to SA Water and we would not expect, nor are we having, any difficulty in getting full and open access to everything we need.

**Mr FOLEY:** As a supplementary question, I appreciate what the Chief Executive has just said, and that is obviously a fairly structured internal reporting mechanism. My question was really what can be made available publicly, and I do not for one moment suggest that I need to have, nor is it appropriate for the Opposition to have, a complete running list of every operational aspect of the contract. How will the key fundamental issues of service delivery, adherence to price on the export side and whether they are meeting the export objectives be made public for me, so that we do not need to draw it out in these sorts of committees?

**The Hon. J.W. Olsen:** That is certainly a legitimate question and one that we would want asked—benchmarking the contract. I am more than happy to have it incorporated and it has been agreed that it will be undertaken, as is the norm, with the annual reports to Parliament. All those areas will be covered and reported to Parliament on an annual basis, so the details will be there for the Opposition and the public generally in performance outcomes.

**Mrs KOTZ:** What initiatives are being adopted to improve efficiency and productivity associated with customer

service; has any action been taken to improve the waiting time when customers ring the head office telephone number for an account inquiry; and has any consideration being given to the training of front line staff who are involved directly in customer service transactions?

**The Hon. J.W. Olsen:** The head office telephone room is to be developed into a professional call centre. The centre will have an adequate number of highly skilled people able to respond to and resolve the majority of calls during the first call without any further action on the part of the customer—and one of the objectives is to have the inquiry dealt with first up. Business cases are to be prepared on a number of initiatives to do with billing and the payment of accounts—such as contract delivery of accounts, alternative payment options—to determine which procedures are more convenient to customers and which encourage earlier payment.

Mobile technology is to be provided to plumbing and drainage inspectors to improve their flexibility in the field and their productivity and access to corporate data. Ownership and accountability for complete service processes are to be clearly designated and the new customer service structure is based on service processes. Performance measures and service standards are being developed.

Further, substantial effort has been given to improving telephone hardware, telephone call management software and the working environment at the calls centre. Updating the skills levels and the business knowledge of the staff working in the telephone room has been a high priority. Response times are consistently close to or in excess of the target response performance of answering 90 per cent of calls within 60 seconds. Average response times are continuing to reduce, for example, from 69 seconds in January down to 26 seconds in April.

Three additional work stations have been created outside the telephone room to be used as overflow stations to cope with peak work flows. No customer complaints relating to difficulties experienced in accessing the inquiry service have been received over recent months. A learning and personal development framework for the customer service group has been developed. The framework provides a comprehensive and coordinated structure for planning learning for individuals and their teams and represents a professional approach in career development.

The framework is founded on a competency-based approach which is consistent with national training directions. Employees wishing to demonstrate that they have achieved the necessary competencies are able to undertake an assessment and, if successful, are paid at a higher level of classification whilst they work in the telephone room. So, there is skills training, development and application of higher pay in response to performance of employees. A specific room has been established as a focus for customer service learning. That is being equipped with appropriate learning facilities and materials and has been used for teams and individuals for both structured and self-management learning processes.

**Mrs KOTZ:** Have there been any improvements to the service relationship between SA Water and the development industry?

**The Hon. J.W. Olsen:** Yes, account managers have been appointed within the branch which services the development industry. This is consistent with the Government's wanting to have a conducive business climate that is responsive and flexible to industry. They provide an individual point of contact for private sector companies involved in developing



land and providing water infrastructure. Specific individuals are assigned, as in the SA Water contact, for major projects of State significance, so a designated officer can pursue initiatives. The account manager concept will be extended to the Revenue Services Branch to build effective service relationships with major account customers and key business sectors. SA Water's relationship with the Australian Institute of Conveyancers has been strengthened to assist greater understanding of those issues.

**Mrs KOTZ:** Who will benefit from the Government's initiative to improve the operations of the Gumeracha waste water treatment plant?

**The Hon. J.W. Olsen:** It is a project that has win, win, win to it. Not only does the river benefit with regard to less discharge but there is land-based disposal for SA Water onto pine plantations. The whole community benefits: the River Torrens; the Torrens environment; Primary Industries South Australia benefits because of the 64 kilometres of irrigation drippers that are to be put through the area under land based disposal; and the business community because of the contract that has been let for the installation of this system. A local small-medium business in South Australia has won the contract and it is a beneficiary of the Gumeracha scheme. It has to be a win for the community in all respects.

**The CHAIRMAN:** The voluntary question period on ETSA and the EWS has expired.

Minister for Industry, Manufacturing, Small Business and Regional Development and Minister for Infrastructure—  
Other Payments, \$13 240 000.

#### Membership:

Mr Quirke substituted for Mr Atkinson.

#### Departmental advisers:

Mr W. Steele, Acting Chief Executive Officer, MFP.

Mr D. Ryan, Corporation Secretary.

Mr K. O'Dea, General Manager, Commercial.

Mr K. Aufderheide, Financial Controller.

**The CHAIRMAN:** I declare the proposed payments open for examination, and I refer members to page 38 in the Estimates of Receipts and Payments.

**Mr QUIRKE:** I will ask a few questions about the downstream impact of the decision of the Federal Government to support the MFP in every way except financially. What will be the implications of that?

**The Hon. J.W. Olsen:** We are disappointed that the Commonwealth's decision on 5 June was not to continue the seed funding, which in the past has been \$4 million a year. We knew that the MFP branch within DIST in Canberra was to be disbanded, saving approximately \$1 million. We made representations to the Federal Government and Industry Minister Moore. I understand that the Industry Minister recommended to the Expenditure Review Committee in Canberra that \$3 million be made available for MFP in the course of next year, given that the BIE report had indicated that a number of the key projects that were identified as being required of MFP were in the delivery phase and that it would be important for that to continue. Despite that, the Commonwealth Government did not continue the funding, and I note that with some disappointment.

As the BIE report stated in 1994, a project of this nature requires long-term seed funding, and the Federal Government or State Governments cannot expect to get the returns they

want in a major new initiative such as this without understanding that internationally there is a long lead time for the establishment of key projects. The report also stated that in the past the Federal Government had been tardy in contributing sufficient funds to give the project the fair go it deserved. Despite that and this current report recommending interim funding, that is, phased-out funding over the next two years, the Commonwealth decided not to continue funding.

The real question is where we go from here. The ministerial statement to the Parliament indicated that the State Government would continue. There has been substantial investment. It has not been the Commonwealth that has put the key money into the MFP: it has been the State Government of South Australia and always has been. The Commonwealth has been on the sidelines, putting in pocket money and expecting to have 50 per cent of the say, control and direction. If there was an impediment to the MFP, it was its dual responsibility to the Federal and State Governments.

The dual responsibility led to a circumstance where (as the saying goes) it was accountable to everybody but responsible to no-one. The diffusion of those lines of responsibility did not assist in the early stages, as with a number of factors that have been addressed by MFP in recent times. In going on from here, the State Government has given a commitment that the same amount of capital expenditure will be available next year as in the current year. As I have indicated, we have appointed a new CEO who takes over on 1 July, and there are clear parameters of operation. His position will be reviewed on 1 April next year, based on performance.

*Mr Quirke interjecting:*

**The Hon. J.W. Olsen:** This is about performance based deliveries. Let me assure the honourable member that the drivers are there, and I will be pursuing those drivers. As I am sure the staff of MFP want, we will seek to get some real runs on the board to achieve a return for the very substantial investment that taxpayers have put in. This is about delivery now and getting some real deliverables on track. MFP has been involved in some very exciting initiatives in its establishment. Some of those are yet to come to conclusion, but they are well on track and we will get there in the course of the next year.

**Mr QUIRKE:** What happens now? Effectively, there are two boards here: what will happen to the Federal component of the board as we have come to know and love it and the other international board that had a lot to do with the Federal Government? What happens to the structure of these two organs now?

**The Hon. J.W. Olsen:** That is certainly a legitimate point to raise. The international advisory board was appointed by the former Federal Government. The composition of the International Advisory Board is outstanding. Some of the people on that board represent some of the largest international trading companies throughout the world. That board's composition is a good mix of European and Asian members. I would like to retain linkages with those board members in some advisory capacity, but how that is to be done is yet to be determined. The Prime Minister's letter to the Premier and the Industry Minister's correspondence with me indicate that they are prepared to open up several parameters for discussions. Whilst as the honourable member says there is no cash in, there is however an agreement that the Federal Government will give assistance for access to programs on merit and Federal Government badging (for want of a better description).

These are matters that I am to pursue with the Federal Industry Minister, John Moore. I have sought a meeting. The Acting Chief Executive has given me the parameters of what would be desirable from our point of view for Federal Government support badging, that is, embassies, Austrade, international linkages, how they can badge and assist us in the process of taking these demonstration sites as an international reference demonstration site and getting support, and trying to maintain some linkages with the International Advisory Board. The State Government will not be funding the International Advisory Board as it has been doing in the past. So, we will need to look at what new structure would be put in place. I advise the honourable member that to date those discussions have not taken place with John Moore. As soon as they have, and as soon as a structure is agreed, I will be more than happy to advise the honourable member and the House.

Given the Federal Government's withdrawal of funding, the current State board consists of 14 which, in my view, is simply too large. It is not necessary to have 14 people and the associated costs, let alone the decision making and the process of operation of the board. I propose to seek Cabinet support for introducing legislation to reduce the size of the MFP board in South Australia from its current 14 down to seven, and I would hope to introduce that legislation in the next few months—for which I would hope there would be Opposition support—so that Parliament can give consideration to that prior to 21 October, which is the date that a number of board members are due for retirement in any case. It would be efficient operating if we were able to process that legislation by October, so that we could then position the new board from the new year on. It would be smaller in size, the structure would be reduced and it would have a quite clear and specific focus.

**Mr QUIRKE:** With respect to some statements made the other week, will the Minister give an assurance that the MFP will still be required as it is by legislation to report to standing committees of this House?

**The Hon. J.W. Olsen:** That is a matter that has not been considered by the Cabinet. It has not been considered in the Party room, and I am therefore unable to give a determination on that. Yes, MFP like all other Government instrumentalities, has a responsibility to advise of progress and to report and respond to parliamentary questions, but I would go on to say that, in my view, MFP has spent far too much time simply responding to the parliamentary requirements rather than some of the initiatives it ought to be getting on with and undertaking. If we are going to streamline and narrow down the organisation, in my view that matter needs to be considered. The Cabinet, the Government and the Party room have made no determination on that particular issue.

**Mr QUIRKE:** The Minister ought to be aware of the fact that there was an earlier revision of the number of committees to which the MFP reported. As I understand it, it now reports to two standing committees. Although I cannot speak as the shadow Minister, I would make it very clear that I would not be in favour of any further revision involving those committees. If that is the case, we will battle it out, not only in here but further up the corridor where we will have somewhat more success. As to the MFP getting on with its job, I wish it well on that. How much has this whole thing cost us? When the financial year finishes to all intents and purposes this Friday, how much money will we have put into the MFP so far?

**The Hon. J.W. Olsen:** It is in the order of \$100 million to 30 June this year, which is consistent with a number of statements I have made.

**Mr QUIRKE:** We do not have a lot to show for it, do we?

**The Hon. J.W. Olsen:** My opening remarks indicated that there has been a long gestation period for this project. I have said publicly on numerous occasions that it is too long in my view. I am about trying to redress that. I point up to the Committee that it took about 18 months to bring about some board changes that led to staff changes that enabled the process to commence. The member for Playford will well understand the point I am trying to make. The dual role of responsibilities was an inhibitor in the early stages to bringing about what I thought was necessary structural change in the early days of the MFP. That is history; that is in the past.

As to the honourable member's comments about things to show for, I would hope that, by the end of the next financial year, we will have something to show specifically for the investment of funds. I can assure the member for Playford that I am a driver to bring about that dividend, a return for the taxpayer's investment, and I have no doubt from the staff's point of view that is exactly what the MFP staff also want to achieve and show for their commitment over a number of years.

**Mrs PENFOLD:** Will the Minister advise the Committee of the consequences of the withdrawal of Federal funding, specifically relating to the national and international status of the MFP project?

**The Hon. J.W. Olsen:** Clearly we are disappointed with the decision. Whilst the South Australian Government was not entirely satisfied with the content of the BIE report, it should be noted that BIE did endorse continuation of funding over the next two years—\$3 million and \$1.5 million—and a phase-out of Federal Government support.

In South Australia's view, the Commonwealth's help until now for the MFP has been less than overwhelming. That is my reference to pocket money that was being chipped in. As a result, the project has suffered speed: that is really the point being made by the member for Playford, and I concur with that. Even so, the project has met some agreed milestones set out in the Commonwealth-State agreement at the end of last year with the then Federal Minister, who set down some parameters for performance, outcomes and benchmarks that had to be achieved.

In my discussions with the board and staff I have made it as plain as I can that the delivery of these projects is non-negotiable: failure to deliver on these projects in the timeline that has been suggested means that MFP will not continue in the future. In my view, that would be a sad day for South Australia: it will not get maximum return on the \$100 million expended to date. A clear and deliberate position has been put down: this is delivery time; and, if there is no delivery, there is no funding and the ledgers will be ruled off. There is no equivocation or misunderstanding at either board or staff level in respect of that view.

**Mrs PENFOLD:** Will the Minister outline the specific status of the MFP stage one development, and what will make it different from other developments?

**The Hon. J.W. Olsen:** Cabinet gave some consideration earlier this year to the Delfin-Lend Lease proposal that had been signed off on the parameters. Cabinet was not prepared to accept any liabilities in the negotiating phase between Delfin and Lend Lease; they had been negotiated and put in place by the former board. There was a renegotiation of the position between MFP and Delfin-Lend Lease, and agreement

was reached: there was no liability on behalf of the Government thus far during this phase. We are proceeding without any liability. That was a renegotiation of the original heads of agreement entered into by the former board.

I understand that a proposal in a modified form—and I will indicate what I mean by ‘modified’ in a moment—will go to the MFP board in the course of the next eight weeks. If the MFP board endorses the proposal, it will then be forwarded to Cabinet for consideration. Cabinet has indicated that within 90 days it will accept, reject or amend the proposal as submitted to Government—there will be a definitive response from Government within 90 days.

The Government will not accept or endorse another urban development. This is not another West Lakes or Golden Grove and, if that is the proposal that comes off, a cross will be put alongside it. This is about matching the University of South Australia’s innovative, creative, smart Adelaide city; the campus of the university interacting with MFP, interacting with the companies to be located on the MFP site; involvement of companies such as Telstra in the Delfin-Lend Lease deal; and putting in place the ‘smart city’ concept and leading edge wiring up. We will look for those aspects in any presentation which is made to Government, and I am sure that the board will look for those aspects in the presentation.

In February this year, a week was put aside for further consideration of the concept, the proposals and what we wanted to achieve to ensure that it moved away from ‘urban development’ and met the objectives. The objectives are a ‘smart city’ concept, demonstration reference site concept, a project that could be marketed internationally. I could further expand as to the concepts to be developed in respect of the design, but that answers the parameter of the question unless the member wishes me to detail further specifics.

**Mrs PENFOLD:** The MFP documents refer to ‘cluster development activity in the northern region’. What does that mean?

**The Hon. J.W. Olsen:** The objective of cluster development is economic development in specific areas such as IT&T; it is a designated site. Motorola is located there; and the EDS Training Centre is considering locating at Technology Park. That process engages leaders from industry and Government to implement a growth plan or development plan for key industry clusters. The aim is to foster development of new generation leaders, entrepreneurial leaders; sponsor a group of CEOs; and to provide guidance and support to local management teams.

Collaborative Economics, which has pioneered the technique in Austin, Texas and Silicon Valley, has been engaged to advise on the process. The end product will be a strategy blueprint with business and Government jointly committed to creating the cluster development. That project is being overseen by a team from the Employers Chamber; the MFP is involved, along with MISBARD; and the Department of Information Industries, the South Australian Development Council and the universities are involved as a team working collaboratively together. The Premier released the IT 2000 strategy, which is the innovative base or innovative effort, if you like, to attract and grow information technology companies. The EDS-Asia-Pacific Training Centre is part of that process. The Delfin-Lend Lease modern, urban design ‘smart city’ concept will try to interact those areas.

I can talk about the global economy and what we need to interact with, but my answer demonstrates that we are trying to create a world-class, information based economy requiring

the building of a world-class economic community in that area. Technology Park is the driver for that. Technology Park in the early 1980s was clearly the leading edge within Australia. You could argue that that is no longer the case since money has been poured into a number of technology parks elsewhere around Australia. We have to pick up the pace. This is a project by which we can pick up the pace and put in place a concept that will be important.

**Mr QUIRKE:** I have raised with the MFP a question about one of its tenants on the land next to the wetlands. The former Dean rifle range, which still exists, is a tenant of MFP. This organisation has sought my assistance, and I have spoken to Mr Steele about the matter. As I understand it, the Government made the commitment, through various agencies, including the Office for Recreation, Sport and Racing, that the South Australian Rifle Association, having been a tenant on this land for well over 100 years, would receive assistance to relocate.

As I understand it, the MFP board has advanced \$270 000 to effect this relocation which, according to a consultant employed by the Office for Recreation, Sport and Racing, is \$600 000 short of achieving that goal. Will the Minister assure me and others that SARA will not be put out onto the street and, having made this offer, that this is not the end of the process by which this organisation will be—in the words of the Government six or eight years ago—‘looked after’.

**The Hon. J.W. Olsen:** What do you mean ‘looked after’?

**Mr QUIRKE:** I am told that there are written commitments that this organisation would be relocated. It is possible for SARA to fall between two stools: the Office of Recreation, Sport and Racing on the one hand and the MFP on the other. I want to be assured that the MFP, having made this offer—which is considerably short of what is required—has not come to the end of the process. Will an attempt be made to resolve the issue and meet the legitimate costs of relocation?

**The Hon. J.W. Olsen:** The MFP and its officers will attempt to resolve the matter satisfactorily in the interests of all parties. I can give no commitment that a figure will be plucked out of the air; nor can I say what the funding commitment ought to be. We are not in the process of funding a Taj Mahal for anybody to be relocated into, and I know that is not what the member for Playford would be asking. It will be a fair, equitable and reasonable position. The board has approved in principle some \$270 000 for the purchase of a new site, which I understand is anticipated to be \$70 000 with \$200 000 as a contribution towards relocation costs.

I am advised that there are no specific commitments in writing between the MFP and the board, but I accept in good faith that negotiations ought to go forward. I give a commitment that in good faith negotiations will be pursued to try to achieve a satisfactory resolution in the interest of all parties. It may be that at the end of the day there will not be agreement on the dollar allocation. That might present difficulties at the end of the day. We are not to that point, but I give the member for Playford the commitment that negotiations will be held in good faith to try to reach a satisfactory outcome.

One of the impediments has been whether the Commonwealth Government will sell the site at Lower Light. We received advice today that the Commonwealth Government has now agreed to sell the site at Lower Light. As of today there is now another location. Arrangements are being put in place for a meeting with SARA. I understand that the purchase price for the Lower Light site is \$72 000, so with the \$70 000 allocated in principle nobody will argue about

\$2 000. The next step is the negotiations between the MFP and the board. Arrangements are to be made for a meeting to be held where officers will negotiate in good faith.

**Mr QUIRKE:** I thank the Minister for his answer. It relieves some of the tension amongst the various clubs that make up SARA. I suggest that the argument was never about the question of the land. There are about four or five other issues that need to be resolved, and I welcome the Minister's assurance that the MFP will help work through some of those issues, given that some do not involve money. One of the key issues in respect of the parcel of land is the question of the construction of the safety barriers and, in particular, the earth bunkers.

A consultant employed by the Department of Recreation and Sport indicated that the construction of these bunkers will require in the region of \$800 000. Obviously these figures are at an early stage, and the question here is whether the MFP is prepared to sit down with the Department of Recreation and Sport and SARA to organise and facilitate the proper removal to Lower Light and to ensure in the meantime that a licence is placed over the land now available from the Commonwealth as quickly as possible because, with the past couple of attempts at relocation, someone else jumped in and bought the land and ratcheted up the price 10 fold.

**The Hon. J.W. Olsen:** I understand that, with the procedure on the land and in discussions with the Commonwealth, as of today there is verbal agreement. Contracts are being drawn up between the Commonwealth and South Australia. Upon those contracts being drawn up, I understand that a 99 year lease will be entered into with SARA. With regard to the Department of Recreation and Sport, my preferred course of action is for the MFP and the Department of Recreation and Sport to have discussions about this matter, namely, that the Government agencies discuss it and report through the board to me.

Picking up the point about the disparity in of some of the costs involved, I point out that we will work through that issue, and we will then have discussions with SARA. I give the member for Playford a commitment that I will ask MFP officers and Department of Recreation and Sport officers to work through the issues and come to a consolidated position in Government before having discussions with SARA.

**Mr QUIRKE:** I welcome that as it is a satisfactory way to proceed. Who won the contest earlier this year? There was a radio contest to determine what the MFP was all about. I did not hear any more about it.

**The Hon. J.W. Olsen:** I was unaware of this new marketing initiative. Someone drew the matter to my attention. It may have been the member for Playford. I was reassured that the prize was not paid for by the MFP but by 5AA.

**Mr QUIRKE:** Well done.

**The Hon. J.W. Olsen:** I was interested and relieved to receive the information. I do not know who won the prize. It was a dinner at Mount Lofty House with some of the DJs from 5AA. I do not know who won the prize and I will not make inquiries because, as we did not pay for it, it is not relevant.

**Mr OSWALD:** Will the Minister outline progress on setting up wetlands on the MFP core site and explain the advantages of these wetlands?

**The Hon. J.W. Olsen:** The wetlands, when completed, will be the world's largest man-made urban wetlands. Presently engineering work is complete on the Barker Inlet wetlands, which takes about a quarter of Adelaide's storm-

water run off. Work is now starting on Magazine Creek in the Ranger Wetlands, which will take a further 10 per cent of Adelaide's stormwater. The Barker Inlet has already won an award for excellence from the Professional Engineering Association. It covers 172 hectares and treats water flowing into the Barker Inlet environment. It improves the quality of water discharge to the estuary and provides flood protection to surrounding areas. In conjunction with better management practice further back in catchment, the wetlands will enhance and protect the fragile coastal mangrove environment. Within two to four years there will be a successful purification of stormwater, and that purification is already occurring. The area will continue to improve as the intensive planting project is put in place.

Work on Magazine Creek and the Ranger Wetlands is now well under way, and construction will proceed during the next financial year. The wetlands have demonstrated the Government's commitment to the green element of the MFP vision. The project is 95 per cent complete. When the greening of the areas has had a chance to mature and gain height, the people of Adelaide will feel rightly proud. The transformation in that area has been staggering. I invite people who have not driven along Deviation Road to do so and look at how different it is. The trees and the general development of the area have made a staggering difference compared with its appearance in the past.

At a meeting of the NTIOC conference in Melbourne last year I had discussions with the head of the Prime Minister's Department in Brunei. It has a range of mangroves, stormwater run off and degradation of the environment. We have sent video clips showing what we have done here. That is what it is all about. It is about putting in place an international demonstration reference site, taking it overseas and saying, 'This is what we have done. Come and have a look at what we have done and we can project manage and engineer something for you.' Therefore, this project over the next five years has the capacity to start contributing to a self-funding MFP that we want to put in place.

**Mr OSWALD:** What lessons has the MFP learnt from its involvement in the New Haven estate?

**The Hon. J.W. Olsen:** I understand the honourable member's interest in this project.

**Mr FOLEY:** And mine.

**The Hon. J.W. Olsen:** And the member for Hart's interest. The member for Hart will not mind me acknowledging the key role that the former Minister played in piloting this project through to completion and start up. I have no doubt that he was pleased and proud to be a participant in the opening of the New Haven village.

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** Rightfully so. As members would know, the New Haven estate was the result of a national competition jointly sponsored by BHP and the MFP to raise the standard of housing design and building methods throughout Australia. It was a way of showing the housing industry and the public how house and streetscape design might look in an MFP urban development. It was to show the way forward in medium density and new approaches to affordable, environmentally sensitive, energy efficient housing in a community oriented setting. The design incorporates key elements such as a main road, railway station and public park. Clearly, the project is MFP inspired and developed and owned by the South Australian Housing Trust. It is one of the projects in which the MFP has been involved, which has come to fruition and which is successful:

it is there and is a demonstration site. The first 14 homes in that area are now complete—and I am sure they are good constituents of the member for Hart. A further 11 houses for stage 2 are nearing completion.

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** The member for Hart says, 'They are not selling that well.' I might add, neither is real estate generally within South Australia; it is not unique to the New Haven village. It is systematic of the economic circumstances and the housing industry in particular in South Australia. That situation was brought about, in part, by the aggressive program in the lead up to the last election where there was an accelerated housing development program that went beyond demand in housing. The forward demand in South Australia was met for two or three years within a one year period, which, in the main, has brought about the current circumstances in the housing industry in South Australia.

*The Hon. Frank Blevins interjecting:*

**The Hon. J.W. Olsen:** It was. I understand why your Party did it: you were heading towards an election campaign so you turned the ratchet right up, got building and construction going well ahead of demand—

*The Hon. Frank Blevins interjecting:*

**The Hon. J.W. Olsen:** I like to be. The member for Giles would understand that we need to be objective. I cannot give you credit for things that you did not achieve.

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** I am tempted but I shall not, because it is irrelevant to the proceedings before this Committee—and I am sure the member for Hart has some legitimate questions he wants to ask at the moment. The innovative concepts that have been built into New Haven are as follows: no waste or stormwater will leave the site; waste water will be recycled; average household consumption of energy is down by some 30 per cent; water consumption is reduced by some 25 per cent; tests on solar and geothermal heating solution will be carried out; a remote meter reading for electricity and water has been trialled through the area; and sludge bricks were used with 5 per cent of sewage sludge. I have no doubt that, as the market picks up in South Australia, so will sales in New Haven. It is a model village: it is a concept worthy of support.

**Mr OSWALD:** Can the Minister advise on the progress of the Virginia pipeline scheme and if and when construction is likely to start?

**The Hon. J.W. Olsen:** We are in the final stages of negotiating with the preferred bidder Euratech. SA Water has committed \$32.5 million to the specific scheme, and \$54 million for Bolivar in particular and upgrading the water at Bolivar to meet the requirements for recycling. I make the point that there are three bases upon which you clean up water: first, to meet the EPA requirements to go into the gulf—and we are doing that; secondly, to meet the requirements for land based disposal and the growing of vegetable products—and the process we have in place will meet that; and, thirdly, to clean up water for aquifer recharge, which is a different concept—and that is what the honourable member referred to. I should not pursue that because that has been included in evidence given before a select committee, which is not the basis of discussion before this Committee. They are totally different concepts and issues from those we are talking about. A recharge of aquifer—

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** No, it is not, because in the Bolivar scheme we are not proposing aquifer recharge. That

would be an ultimate stage that we might reach some time in the future based on the pilot project with Federal Government support and State Government funding that we are putting in place down south. It is a pilot study to look at aquifer recharge that is, storing in winter for summer use. If that is successful, we can look at implementing that in other areas for land based disposal. Clearly, that will be a far more expensive process considering the extent to which you have to clean up water to recharge aquifers. There are quite stringent requirements to achieve that objective. The pilot project is in place and we will look at the outcome in relation to whether we can do it in other areas.

As I said earlier, I expect there will be sign off on the Bolivar project by 30 June this year—we are assured that the Commonwealth funds are fine for the project—and then we can start building and constructing the pipeline scheme. The water emissions and the quality of that water is apparently not holding up the signing off of the agreement.

**Mr FOLEY:** I point out that the New Haven development, which is within my electorate and which was opened by the then Minister for Housing, Urban Development and Local Government Relations, was launched by the former Premier, Lynn Arnold, whose timing was also interesting: it was the day Paul Keating called the 1993 Federal election. We were very much a part of launching that project. Is the Minister aware of reports and can he confirm that the consultant Kortlang and Associates has been hired by a group of South Australian business people to lobby Federal and State politicians and Government officials opposed to the Delfin Lend Lease expansion of the MFP?

**The Hon. J.W. Olsen:** I cannot account for the accuracy of press statements. If the press statements are right, that is the case. As I was not involved in the commissioning of them, nor was MFP, I cannot attest to the accuracy of those press reports.

**Mr FOLEY:** Are officers of the MFP aware of such activity being undertaken by Kortlang?

**The Hon. J.W. Olsen:** I am advised by the acting Chief Executive Officer that they have no confirmation. They might be of the view that Kortlang is doing work. If they are, that is a matter between that company and the Hickinbotham group which, I presume, is the group to which the member for Hart refers. What the arrangements are between the Hickinbotham group and Kortlang is a matter for them and not something that I can be held responsible or accountable for before the Committee. I simply do not know.

**Mr FOLEY:** If such activity was occurring, would you as the Minister responsible for delivering the project be concerned?

**The Hon. J.W. Olsen:** I do not think that is a matter upon which I ought to pass judgment. It is not for me to be accountable for who employs what private sector company to undertake certain activities. If there are groups that are intent on raising the profile of this project, I would simply hope that any issues they raise have at least an accurate base, not otherwise.

**Mr FOLEY:** Given the intimate association between Kortlang and other agencies within your responsibility, it seemed odd that this was occurring in the MFP, but I accept your answer. My second question relates to the downgrading of the board from 13 to seven members. Whilst I do not expect that you can talk about individuals *per se*, will it still be the Government's intention to ensure that there is sufficient national representation on that board—the key national figures who are at present part of the MFP board—to ensure

that we keep that national focus on it and, for that matter, even a Commonwealth Government representative? Will that still be an element of the board?

**The Hon. J.W. Olsen:** The Government has not given consideration to that and I do not think it is appropriate for me to put on the record my personal views or what I might be recommending to the Government for consideration. It is my responsibility to announce the Government's deliberations after its making those deliberations. In my previous answer to the member for Playford, I indicated what I sought as an important role for the international advisory board and some linkages being maintained in that area. In addition to that, if the member for Hart looks at the establishment of both the SA Water board and the Electricity Trust board, he will see that I have included nationally based people on those boards to give a national perspective to the decision making. That is important. If we are going to be key players in a national marketplace, the board ought to reflect that and consist of people who bring that perspective to board deliberations.

**Mr FOLEY:** The decision of the Federal Government to withdraw funding is a clear indication that the Federal Government does not see it in national terms. I want to ensure that it is not downgraded to a purely State based project. We need that national focus on the board.

**The Hon. J.W. Olsen:** Just on that point, the Federal Government has designated an officer in the Department of Industry, Science and Technology (DIST) to be the MFP liaison contact officer. Whilst it has disbanded the unit—which I think consisted of 10, although I am not quite sure why, and I saw no reason to have that unit within DIST—a Mr Trembath, who is a current board member, is a senior officer of DIST in Canberra and is the designated responsible officer for MFP matters in Federal departments. So, whilst the unit has been disbanded, I am pleased to say that a very senior officer is being maintained as the liaison contact point between the MFP and the Federal Government.

**Mr FOLEY:** My final question is purely as the local member, whose electorate after the next election will take in 99.9 per cent of the MFP. It is always useful for the local MP to be at least supportive of the project. I have a few problems in my electorate, particularly on the peninsula, with the condition of a number of parcels of land that are vested in the control of the MFP. I would hope that, with land vested in the control of the MFP, there are programs to ensure that we utilise, remediate or maintain that land in good condition. There are a few parcels of land that are, quite frankly, in an appalling condition.

It is not the MFP's fault, but successive Governments have allowed degraded land to continue to be degraded, and it is now vested in the MFP. Can I have some form of commitment that we can look at a program of improving the quality of some of this land, because it is right in the middle of residential parts of my electorate? It is purely self interest.

**Mr Steele:** The original land that was the subject of the agreement between the Federal and State Governments defined the core sites, which are the sites to which I think the honourable member is referring. We were required to prepare an environmental impact statement, which is a public document and is an environmental plan that describes an ongoing process of remediating the land from any contamination and restoring it to some value. Through the wetlands projects, the Garden Island project and work we are doing in places like Snowden Beach, we are certainly demonstrating that.

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

Dr Glen Simpson, Managing Director, SAGRIC International.

**The Hon. J.W. Olsen:** In welcoming Dr Simpson, might I congratulate him on becoming a father for the second time at four o'clock this morning.

**Mrs KOTZ:** I also offer my congratulations on behalf of the Committee. In addition to the provision of technical services on a commercial basis, I understand that under many of its contracts SAGRIC International is also required to source and supply significant quantities of equipment and supplies. Will the Minister provide details in that area and on the export of health related goods and services that occur through international contracts undertaken by SAGRIC International?

**The Hon. J.W. Olsen:** Over the past 10 years SAGRIC has been responsible for the procurement and supply of in excess of \$130 million worth of equipment and supplies in addition to its core business of commercial technology transfer, principally on behalf of Government. The equipment and supplies have been predominantly sourced from South Australia. SAGRIC International, together with its systems provider linesmen, is currently working on contracts that include the specification of procurement in excess of \$650 million worth of goods and equipment.

In relation to the honourable member's question on health, SAGRIC has been contracting South Australian health services overseas for more than six years. The company has completed or is currently completing in excess of \$40 million in health contracts, mainly in the fields of primary health care and community health. Health contract opportunities in the Asia-Pacific region are expanding rapidly, and SAGRIC is now working closely with MISBARD and the Centre for Manufacturing to provide additional equipment export opportunities to the South Australian manufacturers and suppliers of health equipment and products. A handbook of health providers has been compiled and recently launched by the Centre for Manufacturing. SAGRIC is working with the centre to provide information on its health equipment supply contracts to these providers and to further develop export opportunities within the State.

**Mrs KOTZ:** Does SAGRIC International provide commercial opportunities for South Australian Government agencies to export their technical capabilities to other countries?

**The Hon. J.W. Olsen:** Yes. Since 1989 SAGRIC has been working successfully with a number of South Australian Government agencies in the commercial export of its technical capabilities as the conduit for the export component. In particular, technical training in education sectors has delivered in excess of \$100 million in contracts to South Australia. In addition, many thousands of foreign students were brought to South Australia through TAFE-SAGRIC International programs in the early 1980s. South Australian land administration technology has been exported to more than 20 countries and has resulted in contracts worth more than \$65 million since 1984. We are currently looking at the possibility of drawing on the experience, systems and networks of SAGRIC International to assist other agencies with their international commercialisation plans.

**Mrs KOTZ:** I understand that SAGRIC International and TAFE have established a Centre for International Fellows. Will the Minister explain how this operates and outline the benefits of the centre to the State?

**The Hon. J.W. Olsen:** The Centre for International Fellows (CIF), which is based at the Torrens Valley Institute, is a joint activity of SAGRIC and TAFE. The centre caters for overseas fellowship students, particularly those undertaking specialised courses associated with international programs managed by SAGRIC. The centre designs and implements courses, arranges industry placements, facilitates course accreditation, provides accommodation and looks after the welfare of international fellows whilst they are here.

In the past four years the centre has grown to have a high national and, in many countries of the region, a high international profile. For example, in 1995-96 the centre managed over 300 fellows and is currently forward booked for over 150 students in 1996-97. These fellows bring in more than \$1 million per annum in direct revenue to CIF and many multiples of this and economic benefits to the State of South Australia, as well as enhancing regional relations and profiling the State to the future decision makers in Asia.

Clearly, what we have to do is remarket, reestablish and refocus the Asian countries on South Australia and what we have to offer. Whether it is sophisticated manufacturing, advanced educational programs or health care services, we are the international best practice in this State. The trouble is that the Asian region, to the extent that I think it ought to, does not understand that. Programs such as CIF, other programs that SAGRIC is putting in place and the contracts that we have in the Asian region all assist with the development of a profile of the State and the outstanding educational institutions and resources that we have in South Australia.

I guess it is a matter of ensuring that South Australia gets on the shopping list of countries in the region which are looking for goods and services. We have to get them thinking about South Australia's providing these goods and services. The linkage and the credibility that SAGRIC has established in the region is a considerable start for us in achieving that objective.

**Mr FOLEY:** How dependent is SAGRIC on access to Commonwealth export programs such as the DIFF scheme? How will SAGRIC's performance be impeded by the Commonwealth Government's reported withdrawal from that scheme?

**The Hon. J.W. Olsen:** My answer to this question will be the same as my answer earlier: this program, like the motor vehicle industry and a range of other programs, will be impacted negatively if the Federal Government proceeds with its abolition. I have made those points to the Commonwealth Government. Dr Simpson has put to me several specific case examples of current contract opportunities and negotiations, and I have brought them to the attention of the respective Federal Ministers in an endeavour to ensure that we do not forfeit some contract opportunities overseas.

**Mr FOLEY:** If reports out of Canberra are correct that this scheme has been abolished—and I appreciate that you have made representations, ineffectually at this point, to the Federal Government (we talked about it earlier in relation to water, and you said that it is difficult for you to pin it down because a non-government entity would be accessing the program)—what impact will this have on SAGRIC's performance?

**Dr Simpson:** The DIFF scheme held considerable promise for the expansion of our business in the future. We were working on two programs under DIFF. Fortunately, we had not invested heavily in those programs, and they will not proceed. We will now have to put more resources and effort into looking at alternative avenues for diversification in the future.

**Mr FOLEY:** The Opposition has been a consistent supporter of the operations of SAGRIC, which is a very useful arm of Government and I think it is one that is understated in terms of what it delivers. From what I have experienced I think it does a very good job. I hope that all Cabinet Ministers appreciate SAGRIC as much as I do, as the shadow Minister, and as much as I know my colleagues do, although I can think of at least one member who sits around the Cabinet table and who was not been a big supporter of SAGRIC, but that was in his previous life in private industry.

**The Hon. J.W. Olsen:** I will make sure that the member for Hart's ringing endorsement of SAGRIC is communicated to all.

**Mr FOLEY:** I think that 12 Ministers would agree with it, barring one person. Concerning the dividend (the actual dollar return) to Government, what is happening on that front? I notice in the budget papers that this year there is no provision for a dividend. Is there any expectation of a direct capital dividend to Government?

**The Hon. J.W. Olsen:** No, there will be no dividend from SAGRIC in the current year. With the exiting of MRad and some exiting of innovation management and restructuring, certain costs have been incurred; and, with board approval, SAGRIC is undertaking some restructuring. It is putting in place a plan that will look at a number of aspects: dividend return; the expectations of Government in the future, based on average contracts written; and the investment of some of those funds for the purpose of economic development, that is, pursuing further markets and opportunities and the reinvestment of those funds in an economic development unit. They are matters which the Government will be considering over the next six months. There will be no dividend this year, principally as a result of some restructuring and the exiting of MRad.

**Mr FOLEY:** Do you envisage a redefining of the role of SAGRIC, both organisationally and its market focus? SAGRIC has tended to broaden its activities over the years when it has had to venture into new markets, for example, education. I have a feeling that at times we do not fully utilise, say, in the export of educational services, SAGRIC's expertise. It would appear to me to be an ideal agency to coordinate that sort of activity. Do you see an enlarging role?

**The Hon. J.W. Olsen:** I see a clearly focused role for SAGRIC. In exiting innovation management and MRad they were not core functions of what SAGRIC should be doing. As I understand it SAGRIC accepted Government direction of those functions rather than necessarily wanting to pursue them. They were not core functions. There was substantial exposure and that exposure has been expunged by the exiting of MRad. The member for Hart would be aware that I individually apprised the Opposition of the process that we are undertaking. SAGRIC will be pursuing core functions, that is, the technology transfer from South Australia to the export market opportunities. A professional organisation like SAGRIC can be used more in an enhanced and clearly focused role for the future. Its commercial performance is to be a priority; it is a return or dividend on funds committed.

The other matter is economic development for South Australia through technology based service exports, and we are looking at the coordination of a whole of Government approach to international commercialisation of South Australian public sector technology. That is something that the Government will consider. On behalf of the Committee I thank Dr Simpson for his deliberations and appearance before the Committee today.

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

Manufacturing Industry, Small Business and Regional Development, \$48 411 000.

**Departmental Advisers:**

Mr J. Cambridge, Chief Executive Officer.

Mr M. Krasowski, Financial Controller.

Mr J. Hallion, General Manager Planning and Coordination.

Mr D. Swincer, General Manager, Regional Development.

Mr J. Frogley, General Manager, Business Investment.

**The CHAIRMAN:** I declare the proposed payments open for examination and refer members to page 43 of the Estimates of Receipts and Payments and pages 243 to 246 of the proposed payments.

**The Hon. J.W. Olsen:** In introducing the budget estimates for the department I wish to make some opening remarks, and I guess the Opposition will not mind my speaking on this for a few minutes. Recent improvements in business climate now make South Australia one of the more cost competitive locations in which to do business. This has been achieved through a rigorous approach to public sector reform, which has seen the corporatisation of major Government trading enterprises such as ETSA and SA Water and the sale of commercial business assets, including the State Bank, Pipelines Authority, SGIC, etc., with those asset sales bringing in \$1.6 billion.

The Government has sought not only to maximise the financial benefit for the State from the asset sales but also to achieve economic development benefits. In addition to asset sales, the Government has undertaken a widespread contracting out strategy aimed at producing significant productivity improvements and delivering services at reduced cost to Government. The department has been a strong advocate of microeconomic and public sector reform, and has contributed in a significant manner to the Government's policy determinations.

The Government recognises that improving business climate alone will not achieve the growth targets. Accordingly, we have adopted an economic development strategy comprising five key elements. They are: enhancing and developing competitive South Australian enterprises which are responsive to changing international markets; building an attractive business environment; encouraging new investment; improving productivity and encouraging innovation; and improving infrastructure. Essential to that is the Government's commitment to small business. The department has undertaken a strong support role in enhancing policy initiatives through its secretariat role for the Small Business Advisory Council. In addition to that, a range of initiatives has been put in place. Initiatives in these areas include expanding the Business Licensing Information Service to cover local government. The department has played a key role in supporting the development of these initiatives, which are real benefits to the State's 64 000 small businesses.

During the year, in conjunction with the Federal department (DIST), the department hosted the APEC conference. The APEC opportunity involved integrating three major elements: a ministerial meeting, a business forum and an

exhibition. Chris Schacht assisted significantly in ensuring that we overcome the prejudice on the eastern seaboard against holding such a conference in one of the smaller States of Australia. More than 1 200 people from APEC member countries participated in the entire event, and it set a standard for future APEC events. The department played a key role in hosting the event and the ministerial meeting.

The department administers a number of grant and tax rebate schemes that are available to exporters to assist them in increasing their overall level of exports. Through the Business Centre, a key operating division of the department, these schemes are targeted to assist small and medium firms that are entering new export markets or expanding in existing export markets. The centre is now a 'first stop shop' for small business. This has been achieved by consolidating the department's AusIndustry client managers, the ISO (Industrial Supplies Office), innovation management, small business advisory services and regional support to the Business Centre. This initiative has simplified access for business to many of the Federal and State programs. The department also manages the network of overseas offices.

In 1996 the department established an international business division. That division will enhance access by South Australian companies to international markets and will improve our linkages with foreign investors. Additional funds of \$200 000 have been provided to establish a new State representative office in Jinan, China, as part of the State Government's commitment to improving market access in Asia.

Over the past 17 months approximately 140 South Australian companies have been involved in trade delegations. The Brunei trip will bring to 176 the number of companies that have been involved in trade missions, resulting in direct export contracts worth some \$47 million written for South Australia. The department's Sydney office provides a further example of our department's accessing opportunities for local industry in trying to secure major opportunities for business in South Australia out of the Sydney Olympics opportunity. In line with the Government's focus on promoting regional development, the department will provide a further \$750 000 in 1996-97 in support of the State's 15 regional development boards.

In addition to that, funding will be used to continue the employment of business advisers. Not all regional development boards have business advisers. We have put in place a mechanism where there is now a business adviser for every regional board in South Australia. During the year, the department was renamed and restructured to focus more upon the manufacturing and traded services sector of the economy and to support local government. This refocussing has involved the transfer of the investment attraction roles for information and telecommunications technologies and back offices to the newly created DII, as well as economic forecasting to the Department of Treasury and Finance.

In line with the department's increased focus on manufacturing, we have increased the allocation to the Centre for Manufacturing from \$1.6 million to \$5.1 million. This increased funding will see SACFM provide enhanced capabilities to South Australian manufacturers. The centre has an important role in providing special project and program support for the foundry, tooling and water-related industry sectors. These sectors have been designated by the Government as a growth industry.

In relation to manufacturing technology, SACFM supports industry through its silicon works centre and advanced



manufacturing facility. The silicon works centre, a joint venture with the US company Silicon Graphics, aims to become a world leading centre in computer applications for manufacturing. The centre at SACFM is the only one of its kind in the South Pacific region. The advanced manufacturing facility is at the leading edge and has been in place for some time. The centre's budget allocation for foundry and tooling programs will rise to a total of \$900 000 in 1996-97, from \$565 000 in 1995-96. We take the view that a strong and viable foundry and tooling sector is vital for the growth and development of that industry.

The 1996-97 expenditure will be directed towards high impact enterprise improvements for targeted companies and to encourage the establishment of a large tool and die manufacturing capability within the State. From a business investment perspective, the department has had a number of substantial successes in 1995-96, including the Westpac National Loans Centre and the Penrice Cogeneration plant.

I am pleased to advise that today I have issued a press release in relation to that cogeneration plant. As of today, we have finally received ATO sign off. All the finances for the various companies involved in the project have now concluded, and I am pleased to announce to the Committee that the 180 megawatt, \$170 million cogeneration plant, the first of its kind in Australia not to have any Government funding, will now go ahead. Construction is scheduled to start in August this year, and it will come on stream finally in 1998. It is a win for all companies involved in the project.

I indicate that, in the press release in which the companies have participated in releasing in the past hour, they pay credit to the department for the way in which over two years it has facilitated the introduction of this project. There have been many hurdles on the way to bringing this project to fruition. The CEO, John Cambridge, and officers of the department facilitated and directed the different private sector consortia and Government agencies to bring about a successful conclusion. It is benchmarking amongst other Australian States—benchmarking in that not a dollar of Government funding was injected to get this project up.

As I advised the Committee previously, the cogeneration plant that we will now see, having been given the go ahead this afternoon, will assist Penrice in its production costs for steam and will bring about maintenance and the possible development of that project in the future. The 1996-97 budget for the department reflects the needs of industry. The departmental operating costs have been reduced from \$12.6 million to \$12.2 million. The allocation for new programs is at \$15.65 million, down from \$26.8 million. The reduced allocation reflects the cessation of new appropriations specifically for the Adelaide Airport runway extension.

**Mr FOLEY:** It is with some disappointment that the Opposition noted the ministerial reshuffle that occurred some months ago with the creation of the Department of Information Industries which, in doing so, saw a significant reduction in the responsibilities and effort of the old Economic Development Authority. I made this point during the Premier's Estimates Committee. The Opposition is opposed to the creation of the Department of Information Industries, and we flag quite clearly that, in all future policies of the Labor Party, we will move to reinstate a Department of Industry along the lines of what it was prior to this recent division—

*Mr Oswald interjecting:*

**Mr FOLEY:** Well, it may be, and perhaps the gentlemen presently at the table will be a bit long in the tooth by the time

it comes around, but we will certainly reinstate it. I say that for a very important reason. Regardless of politics, the important point is that we are a very small State with a very difficult economic road along which we must travel. We have a lot of threats, with very limited opportunities, and we need to have a totally focused economic development apparatus. We need an agency that is responsible for the full breadth of economic development; we do not need to create a department to look after one or two specific areas. It is a nonsense and, to the best of my knowledge, it does not happen in any other State in this country. I cannot understand why it is being done in a small State like South Australia.

As I said to the Premier, I can understand the need to have a unit to manage the major EDS outsourcing contracts and whatever, but this notion of having a Department of Information Industries duplicating the effort of the old EDA is a nonsense. To have Government officers bumping into each other at Adelaide International Airport, one heading off from the Department of Industry and the other from the Department of Information Industries, is quite silly. It will send mixed messages to the investment market and will complicate the attraction of overseas investment, not to mention what Austrade and perhaps some of our embassies in Asia will think of having these two separate departments.

Whilst I do not ask the Minister to comment on that, it is important to put on the public record that, as important as bureaucratic changes can be in the economic development of a State, this is a very bad move and one that will cause significant problems in the management of the Government's economic development strategy. As I said, I can flag quite confidently that a future Labor Government will reinstate what we had and abolish a singular secular department such as the Department of Information Industries. Noting the transfer of resources from the old EDA to the Premier's Department of Information Industries, can the Minister provide the Committee with the number of full time equivalents and the corresponding dollar value of resources transferred to this new department?

**The Hon. J.W. Olsen:** Six full time equivalent staff have been transferred to DII, along with operating funds of \$470 000 to cover their transfer. In addition, 1.5 positions went to Treasury and Finance for economic forecasting, with a \$63 000 transfer in operating funds.

**Mr FOLEY:** As a supplementary question—and you could nearly knock me down with a feather—did I hear the Minister correctly? Has the old EDA lost its forecasting and economic evaluation component to Treasury?

**The Hon. J.W. Olsen:** I indicated that in my opening remarks. A total of 1.5 positions have been transferred from the former EDA to Treasury and Finance.

**Mr FOLEY:** We will now have Treasury providing forecasts about the structural adjusting processes of our economy. That is a hoot; that is a real hoot. They are the people who so successfully managed the State's involvement with banking and finance institutions and the SGIC. I can only wonder what their advice will be to Government in respect of the economic development of the State if they are the sole agency. If the Minister thinks that I have a low opinion about the State's Treasury, he is right, I do, and I will continue to have a low opinion. Does the Minister have any capacity within his Department of Industry to predict—

**The Hon. J.W. Olsen:** In relation to industry level advice, we have some reduced capacity but an appropriate capacity for the department's needs.

**Mr FOLEY:** I have a supplementary question. A capacity which suits the needs of the department might well be useful for officers in the department, but I would have thought that strategically it is important to have a forecasting capacity outside of Treasury to ensure that we have an agency which can offer some counter advice or supplementary advice or more specific advice as it relates to industry and the impact on industry as against the State's finances.

**The Hon. J.W. Olsen:** On the latter point, the department has seven people who give advice on industry analysis and industry sectors so that the department can respond to the needs of industry. That capability is certainly there within the department.

**Mr FOLEY:** I need to investigate that matter further, but it would appear that there is some capacity within the Department of Industry and Manufacturing: we are not solely reliant on the forecasting ability of the State Treasury which, given its track performance, is not very good—in fact, it is woeful. Is the Minister concerned about the potential for duplication and fragmentation of the State's investment attraction efforts and the accompanying potential for confusion in the minds of members of the business community? Is the Minister finding it difficult to explain the new structures and arrangements to industry both in South Australia and on his international forays, given his key role in issues like back office functions? In fact, it was the Minister who got BT and Westpac for us. Is this situation causing you any pain?

**The Hon. J.W. Olsen:** When we go overseas we put the view that it is the Government of South Australia. The location of the resource, the facilitating and the servicing department is not of relevance to companies based in Singapore and Hong Kong. All resources of Government are deployed to bring about a successful outcome. During any of the trade missions, the range of speeches given by the department or me on behalf of the Government always talk about the Government of South Australia and what the outcome ought to be. In relation to the role of DII versus the role of the Industries Department, there is a clear differentiation in role. If an inquiry is received, we will facilitate it; we will ensure that the right people pick up the inquiry and pursue it successfully for South Australia.

**Mr FOLEY:** I have a supplementary question. I take it from what the Minister is saying that he is very much a team player and it does not matter at the end of the day who is responsible for whatever, providing that it benefits the State.

**The Hon. J.W. Olsen:** The beneficiaries have to be the people of the State of South Australia.

**Mr FOLEY:** I agree completely.

**The Hon. J.W. Olsen:** Would you like me to list our achievements and successes?

**Mr FOLEY:** No, don't.

**The Hon. J.W. Olsen:** They are numerous and long where the interests of South Australians have been to the fore.

**Mr FOLEY:** No.

**The CHAIRMAN:** I do not think he asked a question: it was more by way of a statement.

**Mr FOLEY:** Thank you, Sir: I now have the protection of the Chair. I am making the observation, Sir, that it is important that we have team spirit within Government and that we do not have individual Ministers wanting to take personal pride and personal glory for industry attraction initiatives.

**The Hon. J.W. Olsen:** We all have a great deal of pride and satisfaction about the successes for South Australia—even the Opposition does.

**Mr FOLEY:** We do—limited as they are at present in Opposition. The South Australian Development Fund is very important. Will the Minister explain how the fund is now divvied up in respect of the birth of Department of Information Industries? I have no doubt that officers sitting in that department would like to get their fingers around the honeypot. Will the Minister explain how that has been split up if, indeed, it has been split up?

**The Hon. J.W. Olsen:** Discussions are taking place at officer level to put in place a mechanism to achieve the objective.

**Mr FOLEY:** What is the objective?

**The Hon. J.W. Olsen:** The objective is the one that the honourable member outlined; that is, the South Australian Development Fund providing assistance to industry.

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** Yes, okay. The assistance comes from several areas. The secretariat for the Development Fund is the Department of Manufacturing, Industry, Small Business and Regional Development. That is the secretariat which will continue to have interaction. The Department of Information Industries has a development role. The Development Fund prepares the proposal, negotiates with the company concerned, and then puts in place the proposal, which goes through the secretariat within the department and then to the committee—in this case IDC. The responsible Minister (me in relation to the Department for Industry, Manufacturing, Small Business and Regional Development and the Premier if it is information industry related) then takes the proposal to Cabinet.

**Mr FOLEY:** I have a supplementary question. The SADP is of limited size; a significant amount of that fund is committed to payroll tax rebates. The fund is somewhat reduced. Is a certain proportion earmarked for information industry attraction functions or general manufacturing functions? Competition for the dollars concerns me. Should we be looking at expanding the size of the fund?

**The Hon. J.W. Olsen:** The figure last year in actual support for industry in that area was about \$6 million; this year there has been a budget allocation of \$5 million. The allocation will be between the Department of Manufacturing Industries and the Department of Information Industries.

**Mr FOLEY:** What proportion would you be seeing?

**The Hon. J.W. Olsen:** That is subject to budget considerations.

**Mr FOLEY:** Very team spirited.

**The Hon. J.W. Olsen:** Of course.

**Mrs PENFOLD:** I refer to page 240 of the Program Estimates and the statement 'to facilitate the creation of an internationally competitive business climate across South Australia'. How has the Department of Manufacturing, Industry, Small Business and Regional Development progressed the upgrading of Adelaide Airport?

**The Hon. J.W. Olsen:** The upgrading of the airport is the Government's key infrastructure priority. The Adelaide International Airport is vital to the economy and clearly provides facilities for international flights, supporting tourism, providing export air freight capacity and contributing to the State's international image. Investment is urgently needed to upgrade the infrastructure at the airport to enable it to adequately support economic development. The former Prime Minister indicated that an upgrade of facilities at the

airport will proceed, consisting of the 572 metre runway extension and a diversion of Tapleys Hill Road at a cost of, I think, \$44 million. The Commonwealth will fund any shortfall between the South Australian Government's already declared commitment of \$20 million and the cost of the extension. An EIS prepared by Rust PPK has been released.

The Coalition's election platform foreshadowed leasing Adelaide International Airport in the first tranche of leases expected to commence in August-September 1996 for completion in mid 1997. The department has commenced detailed briefing of the potential operators. The State has advanced with both Qantas and Ansett plans for an integrated international domestic terminal, consolidated on the one site, and is negotiating with the Commonwealth for its support to allow the department to proceed. A Commonwealth working group has been established to fast track the assessment of the South Australian proposal and I hope a decision is not too far away. Officers of the department have been involved in extensive negotiations with Ansett, as I have on several occasions. The department has also had extensive negotiations with Qantas. I will be having discussions also with Qantas next Tuesday in an endeavour to facilitate the matter.

We have had detailed discussions with the Federal Airports Corporation and with the Commonwealth Government, which is supportive of the thrust of the State Government. This is a golden opportunity where Ansett and Qantas are required, under the current lease agreements, to submit plans for upgrading of the tin sheds at the airport. They have to submit those plans by 30 June and have refurbishment completed by the end of 1997. They have to commit funds to it. Rather than commit those funds to upgrade existing facilities, we see it as an opportunity for Qantas, Ansett, the State Government and the FAC to put in place a new integrated domestic international terminal that will present the image of South Australia that we want and give us facilities that are second to none in Australia to meet our requirements. The negotiations have been quite extensive, good progress has been made and I am confident of a successful outcome—pending discussions next Tuesday—hopefully in the not too distant future and maybe within the next month or two.

**Mrs PENFOLD:** I refer again to page 240 of the Program Estimates. How does the South Australian Government promote South Australian innovation?

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

**Mrs PENFOLD:** How has the South Australian Government promoted South Australian innovation?

**The Hon. J.W. Olsen:** As I have mentioned, Innovate SA has provided an umbrella for a whole range of events relating to the innovative nature of South Australia. Major community events were well attended. The Waite campus had an open day which attracted more than 4 000 people. Organisations involved in the North Terrace technology trail included ARTLAB, the State Library and the Museum, and there was a great level of interest shown there. Visions at the Levels (MFP Australia, the University of South Australia and some Technology Park tenants) attracted between 10 000 and 15 000 people, while more than 850 people toured the wetlands and over 400 visited the School of the Future. Firms including Motorola received a good response to their tours. Feedback from a number of businesses showed similar levels of interest in IT and the Internet. There have been a number

of interesting spin-offs of Innovate SA activities. There has been a heightened level of debate in the media generally about technology, research development and South Australia's capabilities for innovation.

I think it is an unfortunate fact that in South Australia we seem to have to convince South Australians of what we do well, because we are too self-effacing and tend not to acknowledge achievements. There is an attitude amongst South Australians of almost cringing at being successful. We ought to be lauding those companies that have been successful for decades and individuals who have done an outstanding job in new innovations with technology, research and development. We can hold a candle to anyone in the world in this regard. Innovate SA was an endeavour which the department facilitated. It came from an idea of Janet Forbes at a cocktail party to welcome Motorola. Remarks were made about some of our innovations, and she said that we ought to showcase the innovative capacity of South Australia. That is how the Innovate SA program was born and put into place. Generating pride in ourselves is what we do, and we are starting to remarket South Australia in respect of its capabilities.

#### **Membership:**

Mr De Laine substituted for the Hon. Frank Blevins.

**Mrs PENFOLD:** What action has the department taken to promote South Australia's competitive business climate to potential interstate and overseas investors?

**The Hon. J.W. Olsen:** The department has prepared a comprehensive investment strategy entitled 'The case for South Australia'. The objective is to stimulate awareness and remarket this State, its economic prospects, and translate that interest into increased levels of investment. Fundamental to that is a proposal to accept a whole-of-Government approach which will require a commitment to the strategy and participation in its implementation by Government agencies with responsibility for economic development. So, there must be consistency of theme across those agencies with regard to economic development. The campaign encourages direct marketing activity using an investment attraction kit produced by the department. That kit comprises an interactive multimedia presentation system and three high quality booklets outlining the State's commitment to business, a competitive business climate, and key growth industry sectors. The multimedia system (in a CD-ROM format) and the three booklets will be publicly available from about July 1996.

During 1996-97 the department will prepare a database of interstate and overseas prospects. This database will be used as a basis for a direct marketing campaign with a view to attracting investment company service centre relocation. A culmination of the investment attraction kit and direct contact by departmental officers will be used to facilitate investment decisions. It is a generic kit, but it is proposed that the department completes publications relating to water, food, health and automotive sectors to complement that generic booklet.

The State's strategic location in the Asia-Pacific Rim, well developed industry, a highly skilled work force, first class infrastructure and low cost of living make it a good choice for company relocation and we have the business climate, about which I have talked previously, in terms of State taxes and charges, factory and office rental, gas, electricity prices, water charges and professional service costs—which are markedly below the Eastern seaboard and significantly below the Asia

region. Our construction costs are 45 per cent below the Eastern seaboard and 45 per cent lower than construction costs in Bangkok, for example. In relation to planning approval time, we are working on improving that, although compared with some it is good. In relation to telecommunications, we have the benefit flowing from the telecommunications outsourcing contract for business. And so the list of reasons goes on to support the case for South Australia.

One of the concerns that certainly came to me in some of those first trade missions was that when you represent Adelaide they say, 'Well, where is Adelaide?' The best description I could give was, 'Well, it is half way between Perth and Sydney.' That really underscored the need for us to remarket, reposition and get a focus on at least a shopping address for Adelaide as a supplier of sophisticated goods and services. The trade missions and other activities which we have undertaken are starting to achieve that. For example, the fact that SA Water has been invited to the APEC conference in Seattle is a very significant step forward in identifying South Australia and what we have done. There are also the other forums taking place in Asia, the fact that the New South Wales Public Accounts Committee has looked at what we have achieved and said that we are outperforming other States, including Victoria, and the fact that the Queensland Government is sending people to South Australia to look at the way in which the department is operating, how we have put in place our investment attraction program and the like.

*Mr Foley interjecting:*

**The Hon. J.W. Olsen:** We will not be giving trade secrets away. Despite the fact that the Opposition asks me constantly and through the media and press conferences what we are doing, we have consistently refused to do it—well, Actil comes to mind. We have refused to pursue that in a public forum because it is commercially confidential. We do not want to give away those 'trade secrets' and we will not. The formula we have in place now is working well and we want to maintain that competitive advantage. But as the Government moves forward in time, so we get the telecommunications benefits that flow on, so our water prices are dropping and our electricity prices are 33 per cent, 22 per cent for industrial, commercial, small, medium business respectively.

They are the advantages that we are now cutting out ahead of the other States, which means that they will have to do a hell of a lot work in a very short time to catch up. We are starting to cut out the competitive advantage. We are starting to get back to the Playford era of a reason to put your factory in South Australia versus the other locations and be able to absorb the transport costs to the consumer markets whether it be the Eastern seaboard of Australia or Asia. Unless we constantly pursue that with real vigour and achieve it, then our manufacturing base and our other industry sector base will be at risk in the future. All other countries are pursuing aggressively international competitiveness. If to stand still is to go behind, to stand still is to fail. What we have to do is keep pushing that benchmark out all the time.

**Mr FOLEY:** The economic development program is something in which I have particular interest, having played a role in convincing former Premier Bannon that he had to take on the Treasury boffins and at least allocate a significant proportion of money towards economic development well in excess of what Treasury had been prepared to make available previously. Will the Minister explain the disbursement of EDP funds in this year's budget as against the previous year's budget? What sort of allocations have been made in terms of where the money is to flow? I assume that, as Minister, you

still have responsibility through your agency for the disbursement of EDP funds?

**The Hon. J.W. Olsen:** I have responsibility as the Minister for Industry, Manufacturing, Small Business and Regional Development.

**Mr FOLEY:** As far as it impacts on your agencies, what have you noticed?

**The Hon. J.W. Olsen:** I mentioned in my opening remarks—

**Mr FOLEY:** I did not listen.

**The Hon. J.W. Olsen:** The honourable member obviously missed that during discussions or at some stage. New program funds are of the order of \$15.65 million, and that is down from the \$26.87 million applied last year. However, the reduced allocation reflects the cessation of a new appropriation specifically for the Adelaide Airport runway extension, because that was in the EDP through this department agency and logically is not needed again. We are trying to put in place, with the Federal Government, a system whereby our allocation of \$20 million for the runway is returned to us. We then propose to use that money for the infrastructure upgrade and, when that is leased, get a return of that money. That is the sequence of events we are attempting to work through at the moment with rigour.

**Mr FOLEY:** Does that account for that complete reduction?

**The Hon. J.W. Olsen:** Yes. The airport allocation was \$10 million. It was an allocation of \$10 million each year for two years, which makes \$20 million—\$10 million plus \$15.65 million is \$25.65 million, and—

**Mr FOLEY:** There is a difference of \$2 million. Where has that gone?

**The Hon. J.W. Olsen:** It is a \$1.3 million difference.

**Mr FOLEY:** Where has that gone?

**The Hon. J.W. Olsen:** In the total sum of things, it is almost irrelevant.

**Mr FOLEY:** It is late at night; I will let the Minister get away with that slip. What is the allocation for the manufacturing and modernisation program for this financial year as against last financial year?

**The Hon. J.W. Olsen:** Under the bilateral agreement between South Australia and the Commonwealth on the AusIndustry program we signed off with the former Federal Government. That saw the winding up of the old NIES program, and the manufacturing and modernisation program was part of that round of expenditure. That program was wound up when AusIndustry was introduced. The bilateral agreement between South Australia and the Commonwealth put in place AusIndustry, which will now be honoured by the current Federal Government, but the funding for the Centre for Manufacturing, under which the programs were in effect delivered previously, will increase from \$1.6 million to \$5.1 million.

That funding includes the manufacturing and modernisation program of enterprise improvement programs, which includes the tooling program, and the foundry precinct, which we are developing and to which we have allocated \$2 million. Allocations have been made to the advanced manufacturing technology program (\$330 000) and to the productivity program (\$325 000).

**Mr FOLEY:** What is the current level of staffing of the Centre for Manufacturing?

**The Hon. J.W. Olsen:** As of today, 29 people.

**Mr FOLEY:** As a result of the restructuring of the Centre for Manufacturing, and given the Minister's comments, will

he give me a comparison of the expenditure for the appropriation for the centre last year as against this year?

**The Hon. J.W. Olsen:** It is \$1.6 million versus \$5.1 million, a 218 per cent increase.

**Mr FOLEY:** There are a few mirrors in that.

**The Hon. J.W. Olsen:** No, \$1.6 million versus \$5.1 million—no mirrors—it is a 218 per cent increase.

**Mr FOLEY:** You must be applying part of the manufacturing modernisation program towards the recurrent budget of the centre; would that be right?

**The Hon. J.W. Olsen:** No, I just noted that the manufacturing modernisation program was an old scheme, part of NIES, wound up when the Keating Labor Government—

**Mr FOLEY:** It was not part of NIES. It was something established separate from NIES.

**The Hon. J.W. Olsen:** No, it is an enterprise improvement program associated with the National Industry Extension Scheme (NIES).

**Mr FOLEY:** As against federally funded.

**The Hon. J.W. Olsen:** I fully understand that. I am saying that you had better start comparing like with like. If you want to compare things, compare apples with apples. The fact is that NIES was wrapped up by the former Federal Government and replaced by AusIndustry, which we have signed off on agreements. The AusIndustry program will continue with matching funding from the State of South Australia and the Commonwealth. Whilst the current Commonwealth Government reviews its options, the bilaterals will stick; therefore there is matching funding for AusIndustry over three years. Funding for AusIndustry is \$2.358.

In responding to the Engineering Employers Association and the Chamber, we have looked at tooling and foundry being absolutely critical components of manufacturing. They are the source funds, the foundations of the manufacturing industry. They have made strong representation to us over the past two years in relation to upgrading tooling skills and the development of tooling skills and foundry, getting foundries out of residential areas where they are restricted from 24 hour operation because of noise pollution and the like, and putting them in a single precinct where you have a large, key foundry operator.

You then locate in that precinct a number of smaller foundries, and we will assist foundries moving out of residential areas into a foundry precinct. Hopefully, from that we will get far more efficient foundry operations, so that we build up a foundry industry in this State to feed the manufacturing industry. The silicon workstation, which we put in place at a cost of about \$900 000 last year, with an operational cost of about \$325 000 to \$350 000 a year ongoing, is another commitment to assisting manufacturing industry in South Australia; and the AMF is still there, with operational funding is as before.

**Mr OSWALD:** My questions relate to page 242 of the Program Estimates. How has the Government assisted the automotive industry?

**The Hon. J.W. Olsen:** The automotive industry clearly is a key industry for South Australia and for the economy. Amongst the assisted package they have included:

- support for upgrading skills and technology in toolmaking and foundry, and I have canvassed the funds we have committed to that;
- production analysis and improvement program for component suppliers;

- looking at quick die change competition for component suppliers, benchmark performance, international performance;

- facilitation of investment by existing and new automotive companies;

- support for the Australian Centre for Automotive Management, based in Adelaide;

- support for the major new investment programs by both vehicle manufacturers, which will expand production volumes for export markets; and

- funding for the establishment of a cast metals precinct, \$2 million in the budget this year and \$2 million over the next five years to build up this cast metal precinct so that we do it properly.

At the retail level the Government has introduced a number of reforms to streamline regulation affecting vehicle dealers and service station operators. Of course, that has brought about some benefits. We see the \$1.4 billion General Motors second production line for the Vectra; we have the \$525 million investment by Mitsubishi; we have Lear Seating putting in place a seating facility in South Australia; and we have a new paint technology company established off Grand Junction Road. In addition, we are looking at some export opportunities for automotive component suppliers and we have embarked on discussions in a number of countries to dovetail in to where those countries are putting in a national car plan and how we might assist with automotive component supplies. There is the review of the car plan, which the Productivity Council will undertake later this year. We put in a group to look at what we will present to the Federal Government about what it ought to be doing with tariffs and support measures for the motor vehicle industry in South Australia. That is a good summary.

**Mr OSWALD:** I congratulate the Minister and his officers on what obviously has been a busy year.

**The Hon. J.W. Olsen:** Thank you.

**Mr OSWALD:** As to business investment, what action has the Department of MISBARD taken to encourage economic activity in this State? Having heard what you have done for the car industry, how have you expanded into other areas?

**The Hon. J.W. Olsen:** We have undertaken activities in a number of areas to encourage growth and development of internationally competitive businesses. I have talked about the costs related to those businesses and how, despite financial constraints, we have driven business costs down to create a competitive advantage. The department provides a comprehensive and integrated range of enterprise improvements, investment promotion, trade development, and support and assistance to South Australian business through the Business Centre, the Centre for Manufacturing and the department. We have upgraded our overseas offices and almost weekly I get letters from business people talking about our representatives overseas and what they are doing in facilitating linkages between our companies and companies overseas. I will not single anyone out, other than to say that across the board I am getting really good feedback from businesses.

The overseas reps are now on a 12-month business plan with quarterly reviews and they write to me monthly on the number of companies they have helped and what they have done with that. They are not just left on their own: they have to report on a regular basis on their track record and what they are doing. They come back once a year in a system where they go through a debriefing with the department and then we open up for several days so that any company

wanting to have discussions with the representatives overseas can do so here in South Australia rather than having to go overseas to undertake those activities. I have mentioned what we have been able to achieve with a range of companies investing in South Australia. We have also put in place a Small Business Advisory Council to assist. We have looked at delegations at a range of conferences; for example, we assisted 10 companies to go to Cebit '95, the world's largest IT based company. A number of Government agencies went over.

A number of measures within Government agencies in a technological sense are leading edge and they have gone to some of these meetings. We have sponsored 20 companies to Hofex 95 in Hong Kong in May last year. I refer also to the Business Asia Conference last year also held in May. Through the department's Regional Development Unit we have also gone out into country areas of South Australia. Over the last two years we have given direct support through advice and assistance to 134 firms in country areas of the State. Financial incentives to those firms totalled \$9.3 million; and financial contributions to the Regional Development Boards in addition to that, to underpin the operation of those boards throughout the region, totalled about \$781 000, and that has helped deliver \$242.5 million of business investment and created 505 new jobs. Importantly for country areas in South Australia they have retained 716 jobs in industry sectors and individual businesses throughout country areas of South Australia. As I mentioned earlier, we have established a business adviser with every regional development board. A business adviser is now employed for the purpose of assisting small to medium business through business problems in country regional areas of the State.

**Mr OSWALD:** Still on business investment, will the Minister report on the competitiveness of the South Australian economy and any initiatives to improve competitiveness in this State?

**The Hon. J.W. Olsen:** One of the great advantages this State has had for 40 years is our industrial relations record. We have had the best industrial relations record of any State in Australia for 40 years. It is a great selling point. It is a conservative, skilled and reliable work force. I do not think we should underestimate that as a selling point, because we certainly use that in marketing South Australia. Our labour costs per employee are about 5 per cent below the national average, which is another advantage. Taxation, cost of living, house purchases and transport and power costs are lower in South Australia. As I mentioned earlier in the examination of ETSA, we are below Victoria in all segments of the market now and will continue to be so. When vesting contracts come off in Victoria it might be an interesting result in that State; our competitive advantage might even take another step forward.

In manufacturing and communication, Adelaide as a location provides a 20 per cent cost advantage compared to Melbourne and Sydney. In the services sector Adelaide offers a cost advantage of 30 per cent over Melbourne and 49 per cent over Sydney, with escalating costs of operation, rents and so on. Whereas in our first year of Government we offered seed money to get the Westpac and the BT and Link Communications on board, having got them in we then have a capacity when we go overseas to talk about the companies that have come to Adelaide. It begs the question why they came to Adelaide; we have our foot in the door and we can then market what we are on about. That first year of Government was very important in getting some of those companies

in to make people sit up and listen to what we had to say in marketing South Australia.

In connection with the escalating costs on the eastern seaboard, late last year Fortune 500 clearly identified that the growth cities in the United States are the lifestyle cities, not New York, Chicago and similar cities. People such as software engineers are looking for quality of life and career opportunities—a lifestyle component with the career opportunities. Therein lies one of Adelaide's great opportunities for success in the future. With Link, BT and the Westpac deal we have started to open the door. People are looking at us as companies around Australia are having to go through the next round of getting their costs of operation down to be internationally competitive. In many respects they have implemented the easy cost saving measures; now they have to look at the hard rationalisation and consolidation of operations. Whereas in the past they might have had three or five duplicated facilities, that will not be the case in the future. Telecommunications have enabled them to hook in to one location, such as Port Pirie, which deals with Telstra's operated assisted calls for all Australia. It is the operators in Port Pirie who do Telstra Australia's operated assisted international direct dialling.

*An honourable member interjecting:*

**The Hon. J.W. Olsen:** Yes; 27 or 28 people are employed for that task with Telstra in Port Pirie. That is one example. The Westpac deal is another example, where Westpac here is linked to every branch of Westpac throughout Australia. Wherever you go to make an inquiry about a mortgage with Westpac it comes into Adelaide, is processed here and goes back to the bank manager who says to the customer there and then, 'This is the deal.' The transfer arrangements are all done here in Adelaide.

Whereas in the past we had the problem of asking Westpac to come to Adelaide and it would say that 85 per cent of its call base was on the eastern seaboard and there were call and cost disadvantages, now that we have done this telecommunications outsourcing deal with AAPT, as of 1 July that impediment will be eliminated. Once again, that outsourcing contract has created another opportunity for competitiveness for the State. I have mentioned the program's enterprise improvements which we are trying to put in place to try to underpin that. Some exciting opportunities are emerging for us.

**Mr FOLEY:** I was interested to hear the Minister talk about the underpinning of our economy with the likes of the back operations of BT, Westpac, Link Communications, the telecommunications contract that has just been awarded, EDS and other like companies. I do not know what the Minister has done wrong, but that would all come under the operations of the Department of Information Industries. I find it difficult to reconcile why the Minister no longer has responsibility for all those things about which he clearly feels so passionate and which he has played a significant role in obtaining.

The single largest economic incentive package given to an employer to establish an operation in South Australia is Australis. Never before in the history of this State has a package of this magnitude been offered to a company. It is important that I ask some questions. How many people are employed at Australis Media in South Australia?

**The Hon. J.W. Olsen:** When I was last there, it was about 335 or 350, and some of the part-time people are not continuing with it. It is well around that number. Our incentives for Australis are linked to employment numbers: if they do not have the employment numbers, they do not get

the incentive packages; therefore, we do not pay. We have protection with the building. Given the demand for buildings, should worse come to worse, I am given constant advice that the position of the State is protected. However, I do not think it will come to that position. It seems to me that Australis will go to extraordinary lengths to refinance and re-establish its current arrangements with this United States company. A commitment was given to me by the Chairman (Rob Price) only a few months ago that it will be continuing its operational base in Adelaide.

**Mr FOLEY:** Will the Minister provide exact employment numbers and a break-up of full-time and part-time employment? That is important.

**The Hon. J.W. Olsen:** Perhaps the member might like to make a simple call to Australis and ask it; that is all I will do.

**Mr FOLEY:** No. The reason for these questions is important, that is, whilst I accept the argument that some of the incentive is employment based (and obviously I am restricted in what I can say publicly, being a member of the IDC), I have intimate knowledge of the incentive program and it is just not employee based; nor is it just the monolith of a facility at Technology Park, which is not all that saleable in terms of other applications.

**The Hon. J.W. Olsen:** It has the training element in it, and that is linked to the number of employees. Whether these people stay with Australis or seek other job opportunities, skills development opportunities are no different from the education training that we undertake through TAFE and universities. It is about development of skills for the people of South Australia to open up a range of job opportunities.

**Mr FOLEY:** But as we know, Minister, there is also a significant component of underwriting of other aspects. I am not permitted to go into full detail.

**The Hon. J.W. Olsen:** It has not fallen over yet, despite encouragement from many areas, and let us hope for South Australia's sake that it does not fall over. I do not think it will and I hope it will not do so.

**Mr FOLEY:** Is the Minister confident that Australis will meet the employment target mentioned at the time of his announcement of the Australis deal of 750 jobs by 1998-99?

**The Hon. J.W. Olsen:** I will have to seek advice from Australis. I cannot answer that, as I cannot answer the exact number on the payroll as of today. However, I will attempt to get the information for the honourable member.

**Mr FOLEY:** How many subscribers does Australis currently have?

**The Hon. J.W. Olsen:** I have no idea. That is surely a commercial matter for Australis. I read in the paper that it was about 140, and I have no doubt that the member for Hart also read it in the paper. I assume there is some accuracy in that report.

**The CHAIRMAN:** The honourable member fails to give reference to any line for any question that he has asked. I can appreciate that up until 4 p.m. today, but since 4 p.m. we have been on specific budgetary lines. These are commercial questions.

**Mr FOLEY:** No, they are not, Mr Chairman. They are related to the South Australian Development Fund, which is funded by the budget, and Australis is the single largest incentive-based attraction offer given to any company in this State's history. It is more than legitimate for me to be asking key questions such as this because the whole incentive package was designed around committed employment numbers and committed subscriber numbers. That was part of the deal entered into between the Government of this State

and Australis, and it is important that I ask these questions. It is related to the South Australian Development Fund, under the agency.

**The Hon. J.W. Olsen:** I will respond to the questions in this way. It is not the single largest incentive package put together in South Australia's history. The member for Hart would well know that the Australian Submarine Corporation deal was by far the biggest, and my department is still paying for that and will continue to pay and draw down by Treasury for some considerable time. So, let me establish that point.

**Mr FOLEY:** Are you criticising that one?

**The Hon. J.W. Olsen:** No, I am making a statement of fact, given your inaccurate statements to this Committee. I am just correcting the record. The other point is that, whilst I have been trying to cooperate with the member for Hart in answering his questions about a commercial enterprise, as the member has identified to this Committee, these matters are now part of the Department of Information Industries, not the Department of Manufacturing Industries, and I will simply hand over the *Hansard* transcript to the Premier and that department to respond to the member for Hart in due course. If he would just list all the questions, I will transmit them to the Premier for him.

**The CHAIRMAN:** If the Minister is correct in saying that he is not responsible specifically for that line, the questions should have been asked during another ministerial inquiry, and it is therefore inappropriate for the Minister even to offer to obtain information on another Minister's line.

**Mrs KOTZ:** I relate my question to page 242 of the Program Estimates. Under 'Issues/Trends' is the following statement:

Level of current SA investment is insufficient to meet required growth targets. Government intervention is required to lift investment levels.

Where does the Minister envisage major investment opportunities arising during the next 12 months?

**The Hon. J.W. Olsen:** We have identified a number of priority industry sectors for which investment will arise. They include food, automotive, defence, advanced electronics, water and health. The department is in the process of developing specific investment attraction strategies that relate to these key sectors. We recently completed a detailed stocktake of the food industry in South Australia, and the next step will be to identify the most promising investment opportunities and match these with overseas investors, both private and corporate.

The department also intends to place greater emphasis on supporting reinvestments by local industry. The point ought to be made that over 53 per cent of investment attraction is to existing South Australian industry to rebuild or expand their current operations. It is not to so-called interstate and overseas companies. Therefore, the last two years have been effectively local, and there are significant opportunities for increased investment by companies that are already established in South Australia, and we are working through that particular enterprise improvement program.

**Mrs KOTZ:** I again identify the area in the Program Estimates in which the member for Hart attempted to suggest that some form of bias was involved in the asking of questions. I take offence at the honourable member's comments. The question to the Minister is—

*Mr Foley interjecting:*

**Mrs KOTZ:** That is reflecting on the Chair, which is even worse. Which are South Australia's priority countries for targeting trade and investment initiatives?

**The Hon. J.W. Olsen:** Where we have our overseas representatives tends to underscore our targets. Japan is likely to remain our most important trade and investment partner in 1997, despite a predicted slow down in its rate of economic growth. The USA is a major Australian investor and is predicted to stay second in importance to South Australia behind Japan. China has been modelled as growing rapidly in importance to South Australia, particularly as an export destination. I understand that the Premier referred to that during his appearance before the Estimates Committee.

The United Kingdom, traditionally a major investor, is expected to fall slightly to fourth place in the ranking. Europe—in particular France, Germany and Sweden—will remain an important source of investment. Indonesia's predicted high economic growth and an increase in South Australian exports to that destination has caused that country to rise rapidly in its importance to South Australia.

Hong Kong is important to South Australia in both the export and investment spheres, particularly during 1997 as we see the transfer of Hong Kong back to Chinese control and territory. In effect, Hong Kong will be the gateway into China. Taiwan, like Hong Kong, is expected to become more important in relation to trade and investment. Singapore is expected to remain an important export destination, and more importantly as an investor in South Australia in the longer term. Malaysia is expected to become more important in trade and investment in due course. They are principally the countries and rankings at which we are looking for trade and investment.

**Mrs KOTZ:** Can the Minister allude to the role of the Department of Industry, Manufacturing, Small Business and Regional Development in business skills migration?

**The Hon. J.W. Olsen:** The business skills migration program is administered as a separate function within the International Business Division of the department. This recognition will be reflected in the department's 1996-97 corporate plan which will identify the appropriate strategies requiring it to enhance South Australia's economic development through business migration. Figures provided by the Federal Immigration Department identify that 70 business skills migrants arrived in South Australia in 1994-95. This represents an approximate funds transfer of \$70 million in the first 12 months. The largest number of arrivals, 43 per cent, came from Hong Kong; China, 22 per cent; Malaysia, 10 per cent; and Taiwan, 8 per cent. The number of registrations (intent to migrate) for the period January to March 1996 is 28. That represents a 90 per cent increase on the corresponding period for 1995.

From the United Kingdom and Europe 25 business migrants have been processed for migration to South Australia, representing a total possible funds transfer of \$34.8 million. Of these business migrants, one expects to employ 15 people by the end of the year 2002 in manufacturing mechanical seals. One has just purchased the world-class Hazelmere Park homestead and equestrian centre at Echunga for \$1.1 million. Another is investing in an existing printing business with the possibility of expanding it. The department is currently a certifying body for the Federal Government's regional sponsored migration scheme. I am reminded by the CEO, Mr Cambridge, that we are one of only two States which have that accreditation from Canberra.

The RSMS allows Australian employers in regional or low growth areas to fill skilled permanent vacancies in Australia with people who are not Australian permanent residents, if the employer cannot find suitably qualified people in

Australia. The RSMS is a pilot scheme which ends in November 1996. The department, together with OMEA (Office of Multicultural and Ethnic Affairs) and DIMA, made a presentation to all tenants of Technology Park in October 1995 encouraging those firms with recruiting problems to consider employing qualified applicants from overseas under this category.

I note that in Hong Kong tomorrow the Premier is making a presentation on business migration skills. When I was last in Hong Kong we also undertook a presentation for a business skills migration program and we had approximately 60 people attend, particularly young people, when we had expected perhaps a dozen or 20 people. Joyce Mack, in the Hong Kong office, is now following up on those people. That may go towards meeting Motorola's needs, because it has openings for 33 or 35 software engineers today at Technology Park. We need people with the qualifications and skills to meet the demand that has outstripped supply at the moment.

**Mr FOLEY:** I refer to Australis Media. Whilst the Minister has indicated that that is now the responsibility of the Premier, it was the responsibility of his agency for the preceding 12 months and it is covered in the estimates book. Is the Minister aware of the investigation by the Australian Stock Exchange into Australis's claim about its level of subscription as reported in the *Financial Review* of 15 May?

**The Hon. J.W. Olsen:** Yes; the department monitors public statements and what is occurring, particularly in respect of business interests in South Australia. It has a watching brief, as one would expect.

**Mr FOLEY:** Is the Minister concerned about the slide in the share price of Australis Media and its need for an injection of emergency capital?

**The Hon. J.W. Olsen:** Even if I were I would not comment on that in an Estimates Committee or before any parliamentary committee. I do not think that any comment from a Minister of the Crown about the share price of a company would assist or detract from that share price. I will not be involved in speculative comments about the share price of individual companies; it would be quite wrong of me to do so.

**Mr FOLEY:** Is the Minister concerned about the cumulative losses of Australis Media, and is he confident that the company will meet the Government's objective for its reported \$28 million investment in this project?

**The Hon. J.W. Olsen:** I have the same level of concern about the reported loss of \$43 million by Mitsubishi, but that has not halted its \$525 million investment in South Australia. Many of these companies undergo losses during the start-up period. For example, I understand that a major food retailer in Australia expects losses to occur for a minimum of five years following the establishment of a new store, but it accepts that is the cycle in building up clientele to their mode of operation. Therefore, commercial matters related to the private sector are for them. I am concerned about any company that runs at a loss—small, medium or large—but I note that, like Mitsubishi, it has not detracted from its continuing investment and continuing level of employment in South Australia.

**Mr FOLEY:** I have a supplementary question. That may well be the Minister's feeling, but we do not have the same level of investment in every company that we have in Australis. I would have thought that a Minister of the Crown would be concerned that there has been a significant slide in the share price of the company: that is not something which is commercially sensitive and which will affect the share



price. It is a legitimate concern, as are the cumulative losses. As the Minister knows, the job numbers are nowhere near what was indicated.

The sign-ons in terms of subscribers is probably 15 per cent of what was predicated in terms of the assistance package. The level of accumulated losses is well in excess of the figures quoted at the time the assistance package was provided. I would have thought any Minister of any Government would be quite alarmed at the signals coming out of Australis, and I think that is a legitimate line of questioning.

**The Hon. J.W. Olsen:** If I were, the last place I would indicate that alarm would be in a public forum such as the Estimates Committees or a Parliament—

**Mr FOLEY:** Why not?

**The Hon. J.W. Olsen:** If the member for Hart wants to show his ignorance in terms of commercial practices to the extent he displays now, he does not purport to be a future good Minister of Industry looking after the interests of small-medium businesses. The last—

**Mr FOLEY:** I am interested in taxpayers' funds.

**The Hon. J.W. Olsen:** The honourable member is not interested in taxpayers' funds at all: he is interested in a cheap political point. I have noted on numerous occasions when I was in the Senate that the former Federal Minister for Industry, Senator Cook, declined to respond to questions and to comment on commercial practices of companies because it would have impacted on the Stock Exchange. I will not be party to any comment that might assist or detract from a share price in the market place. It would be quite wrong of me to do so. The member for Hart might be putting on a bit of a turn at the moment simply because he missed the boat in asking these questions of the responsible Minister, the Premier—not me.

**Mr FOLEY:** Mr Chairman, in answer to that point, it was not indicated that Australis would be—

**The CHAIRMAN:** The member for Hart is not permitted to answer questions in Estimates Committees: he is here to ask questions. The question is out of order since it is relevant to the Premier's lines.

**Mr FOLEY:** On a point of order, Mr Chairman, it is not out of order: it is in the handbook.

**The CHAIRMAN:** The Minister has already said that Australis is the Premier's responsibility. Is that correct, Minister?

**The Hon. J.W. Olsen:** The transfer of the responsibility for Australis has been transferred to the Premier with the restructuring of the new ministerial arrangements that are being put in place—the restructuring having been effected subsequent to that. In an earlier endeavour to be accommodating to the member for Hart, I indicated that I would transmit his questions for an appropriate response.

**Mr FOLEY:** On a point of order, Mr Chairman, the Estimates Committees are about reviewing the performance of an agency in the preceding year and about the forward estimates. The issue was handled by this agency for the past 12 months. Why is it that, every time today I have asked a difficult question, the Minister has decided to refuse to answer it and has been permitted by the Chair to get away with it?

**The CHAIRMAN:** It is beyond the Chair's ability to have the line put back simply for the honourable member's benefit. The honourable member has asked more than three questions.

**Mrs KOTZ:** On a point of order, Mr Chairman, if the member for Hart insists on asking that question, perhaps he

might table any documents that he might have been reading from which presented the percentages—

**The CHAIRMAN:** The honourable member has no point of order. There is absolutely no provision within the Committees for the tabling of documents by the Minister. Members are not permitted to table documents in any case. The member for Flinders.

**Mrs PENFOLD:** I refer to page 243 of the Program Estimates with respect to the provision of industry analysis and advice. Following the contracts with United Water and Riverland Water, how does the department intend to pursue the development of the water industry in South Australia?

**The Hon. J.W. Olsen:** We will work closely with United Water, as the industry leader, and with the water corporation to achieve significant industry development. The department's most concentrated efforts will be in building international competitiveness for that industry. Some of those activities will include participation in the Expo in Darwin, where there will be a water seminar. I mentioned earlier that we have an IFC representative—the wholly owned subsidiary of the World Bank—in Adelaide today speaking to industry leaders and supporting us at that seminar, assisting companies to attend the Pollution Environment Technology Indonesia Conference in October—Watertech.

There will be the publication of a capabilities directory of companies that export and are export ready and what they are able to do as well as a survey mission to Britain and Europe. I mentioned earlier today, in discussions relating to SA Water, our going to Britain in September or October and a return mission funded by the British Government in the early part of next year, putting in place a best practice program for the water industry, much the same as when the Submarine Corporation was put in place. At that time only one company in South Australia had an ISO qualification.

One of the intangible benefits of the submarine deal has been the upgrade of the support industry to ISO standard, which enabled it to bid for a whole range of other contracts from which it was previously precluded. We will look at a number of export capable companies and get them up to speed, assisting them coming up to the opportunities that will present themselves as a result of the contract, in other words, working cooperatively together with other agencies to put in place enterprise improvement programs.

**Mrs PENFOLD:** I refer to the page 244 of the Program Estimates and to support for the development of regional economies in South Australia. What impact will the restructuring of the Department of Manufacturing, Industry, Small Business and Regional Development have on the services provided to the regions?

**The Hon. J.W. Olsen:** I mentioned in response to a question a moment ago the details, related to the regional development boards, of the number of companies that have been assisted, the number of jobs created and the number of jobs saved, along with support through business advisers to the regions. In addition, we have the funding through regional development boards. In addition to core funding, we put in place dollar for dollar for specific projects, if such projects will lead to the building of an export capable industry.

**Mrs PENFOLD:** Again on page 244, how has the Regional Development Services Unit of the Department of Manufacturing, Industry, Small Business and Regional Development worked to avoid duplication and confusion with these initiatives?

**The Hon. J.W. Olsen:** The regional development framework that we inherited, and the way in which we built

on that, is now recognised as the best regional development board structure in Australia, without qualification. When the previous Government launched its regional development initiatives in July 1994, involving improvement of its employment and economic development programs delivery through broad regional development advisory boards, the Regional Development Services Unit worked closely with the Department of the Premier and Cabinet and the South Australian Local Government Association to try to ensure a sensible and practical approach to existing structures. That has been adopted in South Australia. We have been successful in negotiating tripartite agreements with three levels of government and in trying to coordinate those various government agencies. In that unit we want to keep on keeping on.

**Mr FOLEY:** I note in the budget glossy put out at the time of the budget entitled 'A Budget for Business' the statements made on industry expansion and investment in South Australia. The Minister made mention of the plans for the expansion of Mitsubishi and Holden, made possible largely by schemes introduced by the former Federal Labour Government such as the accelerated depreciation schedules, the development allowance and the export facilitation program, which are now probably in line for cuts.

I am disturbed to see that South Australia is so badly under-represented in applications for assistance under the development allowance. This is a scheme that allows a tax deduction of 10 per cent on cost of investment on major projects with a capital value of \$50 million or more. Why does South Australia continue to miss out on a decent share of the action with the development allowance and what action is being undertaken to address this?

**The Hon. J.W. Olsen:** I point out that it was announced today that the cogeneration project will be an applicant under the DAA. The current Federal Government, following representations by the department and me to the Federal Treasurer last month, has given us a commitment to pass through the Federal Parliament—and it is currently before the Senate—continuation of the DAA beyond August this year, and that will enable the cogeneration plant in South Australia to be an applicant and a recipient of DAA support.

**Mr FOLEY:** That hardly answers the question. That is one example. Are other activities being undertaken to encourage other companies to access programs?

**The Hon. J.W. Olsen:** Yes. Of course, there is a lag time between when companies make an investment decision and an application. I suggest to the member for Hart that there were not many applications in 1993, 1994 and 1995 because of the hangover from the previous Administration.

**Mr FOLEY:** What is the situation with Path Line? An article in the *Advertiser* states that Path Line is gearing for a \$500 million business boom. We know that there is a continuing trend with this Government, not so much in the industry area but more so in urban development, of making announcements by way of a press release that are simply not backed up by reality. What is the current situation with regard to Path Line in respect of the proposed development at Osborne?

**The Hon. J.W. Olsen:** As I mentioned earlier, the press statement to which the member for Hart refers was made by a consultant employed by Path Line not by a Government Minister or an official of the Government. Whilst they are still on the books of the department, my understanding is that specific proposals are not under active consideration and none have been submitted to us for active consideration at this

stage. The brass plant to which we have referred is something we would like to see progress at either Port Pirie or Osborne. My understanding is that they recently bought the old Osborne Power Station. One would hope that there will be an investment, but consideration of it is not active in the department at the moment.

**Mr FOLEY:** The Minister raised earlier the position of overseas officers. Has Geoff Walls been confirmed in his position in London?

**The Hon. J.W. Olsen:** Yes, he has. Mr Walls and the London office do not come under my responsibility. The other officers come under the department's administration. The London office is an exception; it comes under the responsibility of the Premier's department. My understanding is that Mr Walls' appointment has been confirmed until 30 June 1998.

**Mrs KOTZ:** Will the Minister explain the role of the Department of MISBARD in the Osborne cogeneration project?

**The Hon. J.W. Olsen:** The department, and certainly the Chief Executive Officer, John Cambridge, played a key role. The fact is that, because that project involved a number of parties, some difficult questions needed to be resolved. There were competing interests from the parties, and it was a matter of facilitating and negotiating discussions. I was involved in some of the early discussions. I then put in place a mechanism which John Cambridge as the CEO shared with different parties. After almost two years' work, a deal has now been brokered, and that was included in today's announcement. I appreciate the fact that the companies have acknowledged the role of the department in brokering the deal. Had it been left to the parties themselves, if it were to happen, it certainly would not have happened by this stage. Clearly, it would have been a long and protracted area of negotiation. Certainly, the department and John Cambridge played an outstanding and appropriate role in being a responsive agency for bringing about investment of this nature.

**Mrs KOTZ:** One of my previous questions related to the investment possibilities that would support South Australian industry. On page 242 of the Program Estimates—Information 1997-97—a key target for 1996-97 is to enhance the effectiveness of investment attraction. Can the Minister indicate if the creation of the Department of Information Industries is part of that process, and what the financial implications will be on the Department of Manufacturing Industry, Small Business and Regional Development?

**The Hon. J.W. Olsen:** With the restructuring that has been put in place, there has been a transfer of personnel and a corresponding transfer of funding for those personnel to the Department of Information Industries and also a transfer of personnel and funding to the Department for Treasury and Finance. The purpose for that was, first, the Premier wanted a consolidation of economic forecasting in Treasury to remove perhaps duplication in agencies and, secondly, a view was expressed that as back office operations such as BT and Link Communications were IT linked, that is, it was the telecommunications that was the carrier of the business enterprise, it was a more appropriate fit that it go with the Department of Information Industries.

**Mr FOLEY:** By way of observation, Australis and Link Communications have absolutely nothing to do with information technology, so I do not see how they slot under the Department of Information Industries. I notice the budget of the Minister's office has increased by \$100 000 this year and there is not a detailed breakdown in the Estimates (page 238).

Could the Minister explain why FTEs remain the same but the budget is up by \$100 000?

**The Hon. J.W. Olsen:** It certainly does not mean \$100 000 extra allocation to my department. There has been no additional allocation, it is simply under-expenditure of the previous year carried forward into 1996-97.

**Mr FOLEY:** Carried forward is not permitted under the budget parameters, surely?

**The Hon. J.W. Olsen:** Yes, it is.

**Mr FOLEY:** In the Minister's office?

**The Hon. J.W. Olsen:** We significantly under-spent in my office last year and we have carried forward the under-expenditure provision this year.

**Mr FOLEY:** Is that a normal procedure for a Minister's office?

**The Hon. J.W. Olsen:** I am advised that it is, yes.

**Mr FOLEY:** On what will the Minister spend the money?

**The Hon. J.W. Olsen:** I am reminded that I did not have a full complement of staff for the full year and that is, in part, from where the shortfall and the savings have come.

**Mr FOLEY:** Do you normally allow other agencies that have a shortfall in their budget to carry moneys over?

**The Hon. J.W. Olsen:** It is normal practice for the department and it has occurred for a number of years. In fact, the Labor Government's EDP program, which you administered, had carries forward for it—it is nothing new; no new practice. I assure the honourable member that I do not have an extra \$100 000.

**Mr FOLEY:** I accept that explanation.

**The Hon. J.W. Olsen:** As much as I would like an extra \$100 000.

**Mr FOLEY:** I think the Minister does sufficient travelling; his budget is clearly sufficient.

**The Hon. J.W. Olsen:** Is the member for Hart having a shot? If the honourable member thinks that flying to Djakarta on a Friday, attending two functions on the Saturday and then speaking before 300 people at an Austrade function on the Sunday on behalf of the Deputy Prime Minister before flying back to South Australia on Sunday night to start work here at 9 o'clock on Monday morning is fun, I would tend to disagree.

**Mr FOLEY:** I was not having a shot, so the Minister is extremely sensitive.

*An honourable member interjecting:*

**Mr FOLEY:** I was not having a shot.

**The Hon. J.W. Olsen:** Mr Chairman, twice the member for Hart repeated some comment on that line.

**Mr FOLEY:** The Minister is very sensitive. Having worked for an industry Minister for seven years, I know full—

**The CHAIRMAN:** Thank you, members. Are there any further questions? There being no further questions, I declare the proposed payments—

*Mr Foley interjecting:*

**The CHAIRMAN:** Is the member for Hart interested?

**Mr FOLEY:** I am sorry, Sir.

**The CHAIRMAN:** I am closing the line.

*Mr Foley interjecting:*

**The CHAIRMAN:** I was going to close the whole line. No-one seems interested in asking questions.

**Mr FOLEY:** Members on the other side said they wanted to ask questions.

**The CHAIRMAN:** Members on the other side indicated that they had no further questions, unless the honourable member does.

**Mr FOLEY:** I have some questions on regional development.

#### **Membership:**

Mr Clarke substituted for Mr Foley.

**Mr CLARKE:** I am pleased to have the opportunity of questioning the Minister on matters of regional development. I trust that in answer to the questions I put to him we get fewer references to the ramping up and win-win and other terms that the Minister is so adept at using in the House in answer to questions, particularly when he is under pressure in justifying his position as a Minister responsible for regional development. Regional South Australia believes that this Government has basically abandoned South Australia north of Gepps Cross; that the Minister is totally obsessed with metropolitan Adelaide in terms of kowtowing to the Westpacs of the world, one of the wealthiest private enterprise companies in Australia, and offering them financial incentives to provide employment opportunities in Adelaide. In terms of providing job opportunities to regional South Australia north of Gepps Cross this Government has been sadly wanting.

It is time for a rural agrarian Party such as our own to remind the Minister and his Party that we are in fact the representatives of the small business person, the small employee, if you like, in rural South Australia and, hopefully, the conscience of this Government in so far as regional South Australia is concerned. Without going any further with my opening statement, I would like to put some specific questions. We on the Opposition side would be extremely grateful to get some straight answers and less of the song and dance routine that we have had to endure since 11 o'clock this morning.

Will the Minister provide specific detail on the extent of assistance for regional development by project and region; that is, how much was provided in assistance to each region and what were the main projects assisted in each of these regions?

**The Hon. J.W. Olsen:** Given the opening statement by the Deputy Leader in his new found enthusiasm for rural areas of South Australia and how we need to champion their cause, I am delighted that the Opposition is at least focusing some interest on those areas of South Australia. I remind the Deputy Leader of the Opposition that I had the good fortune to be involved in a small business operation in country areas for about 12 to 15 years and prior to that my father was involved. Indeed, at the time of my becoming a Minister that business was in its fiftieth year and, because of my ministerial responsibilities, we exited that company in its fiftieth year of operation. The Deputy Leader gave his sermon to me about the need to look after country areas and rural people, but let me assure him that I do have some affinity and understanding for country people and their needs. That is why we put in place a positive strategy to assist country areas.

Mr Chairman, you would well understand that because, in the outsourcing contract for metropolitan Adelaide, it was a firm in your electorate of Mount Gambier that was a beneficiary of one of the first major overseas contracts to be signed. The benefits were not confined to the metropolitan area but included country South Australia. I am glad the Deputy Leader asked me this question because I do have available figures that I am sure he will be interested to hear.

*Mr Clarke interjecting:*

**The Hon. J.W. Olsen:** Suddenly, the Deputy Leader wants me to stop talking, just as I am about to give him the good news.

**The CHAIRMAN:** The Minister was asked a question and is entitled to answer it.

**The Hon. J.W. Olsen:** The department's program funds devoted to building and maintaining support for regional development boards throughout South Australia amount to \$5.5 million over the past two years, including funding for board administration, shop fronts for Government services, business adviser salaries and main street program activities. The Deputy Leader was not here when I indicated that, unlike the former Administration, we put in place a business adviser for every regional development board throughout South Australia, to give direct assistance and support to small business in country areas. The funding of \$5.5 million over two years has enabled significant business development assistance to no fewer than 312 firms, with many more firms gaining general business advice in regional areas. So, 312 individual firms received support and a whole range of firms in addition to that have received advice.

The combination of \$8.7 million in board project funding and business development finance incentives from the department, with the regional development boards and the Regional Development Unit—non-financial assistance over the two years—has helped to achieve development in regional areas. We must put together what the Department of Manufacturing Industries put in place and the regional development boards, given that we funded those boards to the extent of \$750 000 annually to underpin their operational costs to undertake economic activity in country regional areas of South Australia. In fact, \$258 million in business investment has been attracted in that two year period. There has been \$258 million invested in country areas of South Australia.

Some 3 459 new jobs have been created and, importantly, 775 jobs retained in country regional business in South Australia. That is over 4 000 jobs created or retained in country regional South Australia. If the Deputy Leader wants a breakdown for the two financial years I can go on and provide that sort of information. The member for Hart is shaking his head. I thought the Deputy Leader wanted this information. Having asked the question, he will get the full bucket load. In the 1995-96 year, board and program support was \$2.84 million; and board project funds and business incentives were \$4.2 million. In 1994-95, the board and program support was \$2.651 million; and board project funds and business incentives were \$4.5 million. In respect of the department and board outcomes in regions, the investment generated in 1995-96 was \$224 million; jobs created, 1 978; and jobs retained, 186. In specific response to the Deputy Leader's question, in the first year, from a standing start at the election at the end of 1993, we were able to generate \$34 million worth of investment, and 1 481 jobs were created and 589 jobs retained. From the first year after the election and in the subsequent year we can see a substantial increase in investment and jobs created and retained in rural areas of South Australia. This is a Government that is interested in the development of the whole State and, if we are to meet our growth and employment targets, it will have to be a whole State effort in GDP and economic development in the State.

**Mr CLARKE:** Superficially, the Minister's answer sounds almost impressive, but in fact it is a pathetic record. In any part of regional South Australia—Whyalla, Port Augusta, Port Pirie, Berri or Mount Gambier—all that can be seen is a contraction of State Government services and

employment opportunities. We see a State Government besotted with trying to get industry to Adelaide with various tax concessions, 10 year exemptions and the like to attract industries to Adelaide. These are jobs which require a level of skill that could easily be accommodated in places like Port Pirie, Whyalla or Port Augusta. If you weigh up the amount of so-called expenditure this Government has made on regional development, you will see that the number of new jobs created or retained in those regions is absolutely pathetic. Nobody in regional South Australia actually believes you, Minister.

You have very good rhetoric in this area, but not in terms of actually convincing local government authorities and local business communities in those areas that this Government is dinkum, because you abandoned the enterprise zone concepts which were put forward by the former Labor Government and which distinguished regional South Australia from the metropolitan area of Adelaide in trying to attract business. You have concentrated virtually solely on the Adelaide regional areas. I would specifically like to know whether the Minister can point to the number of jobs retained or attracted to any of those regional areas outside Gepps Cross. Let the Minister record here and now the names of those companies and the number of jobs that his Government's specific actions have retained or attracted to those areas. Forget the rhetoric—the win-win, the ramp up and all the rest of it—just give us facts; that is all I am after.

**The Hon. J.W. Olsen:** The Deputy Leader does not want to hear the facts, because the facts belie the argument that he has been putting to the committee. Had the Deputy Leader been here during the previous sitting period of this Committee, he would have heard me say on a number of occasions that over 53 per cent of investment support packages put in place by this Government over the past two years have not been to the Westpacs or those companies coming into South Australia at all: 53 per cent has been committed towards existing industry upgrade, improvement, enhancement and job creation in the existing industry base in South Australia. We have a local support mechanism that outstrips that support that is given to national and international companies.

I refer to the misguided, inaccurate and false statement of the Deputy Leader about the abolition of enterprise zones. Under the former Administration, we had an enterprise zone in two locations in South Australia. The rest of the State was disfranchised from enterprise zone application. We removed the disfranchised areas of South Australia and said that any company, wherever it wants to locate in South Australia, will be considered on merit for enterprise zone type incentives.

The Leader of the Opposition constantly remarks in country areas about this abolition of the enterprise zone. That is a clear misrepresentation of the facts. What we have done is expand it beyond Whyalla, which happened to be the then Treasurer's electorate, to include electorates such as yours, Mr Chairman, at Mount Gambier, the Riverland in South Australia, the Yorke Peninsula and Eyre Peninsula—areas that under the former Administration could not access enterprise zone type incentive schemes. Wherever the town is, whatever the company, and whatever it wants to establish in terms of an industry, on merit, we will give support to that company to locate, create jobs and look at export markets.

In relation to creation of major investments in South Australia, does the Deputy Leader want to ignore the \$1 billion nominated by Western Mining Corporation as the development and expansion of Olympic Dam stage 2? Is that \$1 billion to be totally discounted and disregarded? Is the

agreement signed between the Government of South Australia, Ausmelt, Meekatharra Minerals and the Indonesian Government and Krakatou Steel to undertake an \$11 million commitment to a pilot project to take coal and iron? Under a new Ausmelt technology, a pilot project is to be built in the northern part of South Australia to prove up the technology which would enable us in the northern areas of South Australia to mine coal and iron ore and, with this new technology, create pig iron on-site which would make the Alice Springs to Darwin rail link commercially viable to provide that pig iron to Indonesia, which has an expanding and rapid market for it.

Is the Deputy Leader to ignore the Marine Science Centre that has been put in Port Lincoln? Is he to ignore the MBf commitment to the Wirrina development on the South Coast of South Australia? Does Port Lincoln qualify as being rural for the Deputy Leader? What about Lincoln Bacon, the Port Pirie abattoir, Prince Engineering, Dairy Vale, and the list goes on. I refuse to detail to this Committee the final part of the Deputy Leader's question. He wanted the names of companies, the number of jobs created and incentive packages put in place. The Deputy Leader knows full well that I will not detail that sort of commercially sensible information where we have assisted specific companies in South Australia. We will never put that on the parliamentary record. The former Administration did not, and I do not intend to do so, either.

**Mr CLARKE:** That is nice rhetoric. However, as far as the citizens of Spencer Gulf are concerned, it is only so much rhetoric. Essentially, from what I read of the Program Estimates—and I do not have it in front of me—the number of jobs that was supposed to have been retained as a result of your actions was about 196. I will find the program concerned.

**The Hon. J.W. Olsen:** I will refresh your memory if you like. New jobs: 3 459.

**Mr CLARKE:** I am sure you will, Minister. What I would like to know—but more particularly, the people in the Upper Spencer Gulf region would like to know—is the number of cutbacks in State Government services. There is without a doubt a real loss in rural communities—and I am interested to know whether your Department of Regional Development has analysed this. I refer first to workers in road gangs, formerly employed by the Department of Transport, now employed by independent contractors, who live in Adelaide, not in rural communities as they used to, and come back, do the job, return to Adelaide and spend their money in Adelaide rather than in the rural communities.

The Federal Liberal Government is cutting back substantially, in relation to Federal career jobs in areas of CES, DSS and other Commonwealth Government type activities in these regional cities—and the Minister knows I am right in this matter. As those jobs leave those regions, their kids do not go to the schools or participate in sporting activities and the like, and there is a general deterioration in terms of the economic base of those rural areas.

In particular, in terms of Australian National at Port Augusta, this State Government has done sweet nothing in respect of trying to make sure that this Federal Liberal Government maintains a viable workshop facility for AN workers at Port Augusta. These communities want answers to these sorts of questions. They want to know what your rather pathetic State Government is doing. You have lost sight of the bush in your pursuit of marginal seats in the metropolitan area.

**The Hon. J.W. Olsen:** Let me say to the member for Hart, 'All is forgiven, please come back!' I would rather deal with the member for Hart than the Deputy Leader. At least I do not get lectured at with the finger waving exercise as we have just witnessed from the Deputy Leader, who just ignores one's answers and pursues—

*Mr Clarke interjecting:*

**The Hon. J.W. Olsen:** You asked for specific answers—

**The CHAIRMAN:** Thank you, member for Ross Smith. We have had three statements by way of preamble.

**The Hon. J.W. Olsen:** The Deputy Leader might not like the answers. They are factual; they are accurate. If they do not meet his political agenda, that is his problem, not mine. If the honourable member wanted to ask questions about road transport gangs, I would have suggested that the Deputy Leader should turn up to the Minister for Transport's Estimates Committee, not mine. If he wants to ask questions of other Ministers, he should have availed himself of the opportunity to be here every day at the Estimates Committees and asking the appropriate Minister the question. What he overlooks is the contract let by the Keating Government and the Minister of Transport, Laurie Brereton.

*Mr Clarke interjecting:*

**The Hon. J.W. Olsen:** If you want to get onto Australian National and jobs—

*Mr Clarke interjecting:*

**The Hon. J.W. Olsen:** You know what I am going to say. The Deputy Leader knows that the truth will hit him between the eyes. Laurie Brereton let contracts in Western Australia and Victoria for rail locomotives and carriages in the forward years for maintenance that will take jobs out of South Australia and shift them to Victoria and Western Australia. They are the contracts signed by the former Federal Minister. I am delighted that the member for Hart has returned. All is forgiven, please come back! You are welcome at this Estimates Committee any time.

*Mr Foley interjecting:*

**The CHAIRMAN:** The honourable member is not entitled to express any opinion. He is not on the Committee.

**The Hon. J.W. Olsen:** The simple fact is that we are having to try to tackle the question of Australian National and jobs with the former Federal Government having let the contracts to other than South Australians and Australian National employees in this State. The Deputy Leader knows that full well. The Minister for Transport is pursuing that with the Federal Minister for Transport at this stage. But let us put the facts on the record as to the legacy that has been inherited as a result of the contracts let just prior to the Federal election by Minister Brereton.

**Mrs PENFOLD:** My question relates to the South Australia-Northern Territory memorandum of understanding. Will the Minister inform the Committee why the Government entered into the memorandum of understanding on economic cooperation in the Asia-Pacific region and indicate what progress has been made with initiatives to date and activities planned for 1996-97?

**The Hon. J.W. Olsen:** I shall be pleased to answer that question. We entered into the MOU because the Northern Territory Government, over the past 10 years, has done better than any other State in Australia in opening up links with the Asia-Pacific region. In the Brunei, Indonesia, Malaysia and the Philippines East Asia growth area (BIMP EAGA), the Northern Territory Government has agreements at Foreign Affairs ministerial level with those Governments to supply a range of goods and services. It is to our advantage that the

Northern Territory Government does not have a major manufacturing base. Therefore, South Australia, with its extensive manufacturing and services base, can assist it. In the past the Northern Territory, if it could not supply, has sourced into the region out of Queensland and Western Australia. This MOU, which Shane Stone, when he was Minister, and I pursued, was to link South Australia and the Northern Territory and give priority to South Australia for the provision of those goods and services to complement the contracts that it in turn had with the BIMP EAGA region.

We are working cooperatively together on transport initiatives such as the Alice Springs-Darwin rail link. We are also exchanging business intelligence between the Department of Industry, Manufacturing, Small Business and Regional Development and the Asia Relations and Trade Department. We are going to work with them in joint trade missions going into the Asia region. Not so long ago, with the Northern Territory, we participated in the Brunei mission, which included the BIMP EAGA Trade Ministers meeting in Brunei, education development in the health professions, servicing of mining operations in the Asia-Pacific region, a north-south tourism project, to try to bring people in Darwin and Alice Springs to South Australia, the joint promotion of film locations, facilities and associated services, and the provision of infrastructure for defence.

We are also participating in the Expo which started today. Some 24 companies are to participate in the Northern Territory Expo in the next few days. They have agreed that we can put in place a water seminar, which we will be doing, with a speaker from the World Bank in Washington, DC, talking about financial support for water and waste water infrastructure in the region. Last year when I attended the Expo there were about 700 registrations, the majority of which came from the Asia-Pacific region. The Minister (Hon. Eric Poole) indicated to me at the Small Business Ministers summit in Sydney recently that they had more than 1 000 registrations with between 600 and 700 from the Asia-Pacific region.

On that basis, they are out-performing the National Investment Trade Outlook Conference in terms of numbers of registrations which I understand go to that Federal Government initiative in Melbourne each year. It is about building linkages and dovetailing into what has already been established. We could take five or six years to build up the same level of standing by positioning South Australia in the marketplace. By working with the Northern Territory, we get immediate access, and hopefully the rewards will come sooner rather than later.

**Mr CLARKE:** I notice that to the end of April 1996 the Minister's department gave financial and non-financial support to 56 firms, assisted in the creation of 196 new jobs and the retention of 126 jobs. I also note that in terms of support for the development of regional economies in South Australia the budget allocation in this area has been reduced by about \$1.4 million, even though staff numbers have increased by one full-time equivalent person.

The Minister says that this Government is devoted to the development of regional economies in South Australia, yet the Minister is putting forward \$5.3 million in this area and taking out 12 wages—quite frankly, you spill that much on the bar of the Adelaide Club. It is not really a serious attempt; you spill that much on the bar of the Adelaide Club over 12 months—that is the value of it. In terms of what is being committed in financial resources to the—

*Mr Oswald interjecting:*

**Mr CLARKE:** No, it is a lot more beer for \$5.3 million as against the cognac that you drink with the Liberal Party at the Adelaide Club. The Minister's commitment to regional South Australia and the provision of jobs is pathetic. To the end of April 1996 the Minister's department was able to support 56 firms that assisted in the creation of 196 new jobs and the retention of 126 jobs. In the fragile economy that his Government has created in South Australia, we should be grateful for any jobs we can keep or create in this State. The amount of money that the Minister's department spends on Australis, Motorola and others—jobs which, technically, in terms of the skills, could be done just as easily at Port Pirie, Port Augusta or Whyalla—is an incredibly poor effort. Where is the vision of the Minister's department for the next 12 months for regional development, or is it just a bandaid approach, or is it just so much about rah-rahing his rival, the Premier?

**The Hon. J.W. Olsen:** All I can say is that some of the inane statements made by the Deputy Leader do not deserve acknowledgment—and I will not respond to them. The simple fact is that the Deputy Leader is confusing matters. I ask him to read the papers and look at some of the programs. The dollar allocation is simply the closure of the Australian National Local Enterprise Development Scheme—a scheme closed by the former Labor Federal Government. It had nothing to do with us. The Deputy Leader ought to get his facts together before he comes before the Committee. In relation to the target figures on page 244 to which the honourable member referred, they are targets—what we set out to achieve.

*Mr Clarke interjecting:*

**The Hon. J.W. Olsen:** Once again, that does not deserve acknowledgment. I have put on the record what we have achieved, and I will repeat it: 3 459 new jobs—not 196.

**Mr CLARKE:** They are your figures.

**The Hon. J.W. OLSEN:** The figure is 3 459 jobs actually delivered versus a target of 196, which is not a bad outcome. In relation to the point about retaining 126 jobs, I inform the Committee that we actually retained 775 jobs over the two year period that I have nominated before the committee. The Deputy Leader is blown out of the water. We put down some targets, and over the two year period that I have nominated we exceeded the targets that were set by a mile.

**Mr CLARKE:** That is wonderful, but in the Minister's own Program Estimates in this area they are the figures that have been provided. If the Minister says that there is so much more, I would like the detail. The people of South Australia are entitled to know where these jobs have been created.

**The Hon. J.W. Olsen:** I have already supplied that information to the Committee in breaking down the years 1994-95 and 1995-96 in relation to the department and the Regional Development Boards.

**Mr CLARKE:** If it was so wonderful, it would have been nice if the Minister had put it up in lights with respect to the Program Estimates. I refer to the Port Pirie container plant. The Minister and the Government have been talking about the Port Pirie container manufacturing plant for some time. What has the Minister actually done about it? Has the Minister knocked on the doors of various Australian investors seeking the extra financial equity necessary to establish the container manufacturing plant in Port Pirie and, if not, why not? Where is the project at in relation to the priorities of this Government, because it is a very important project for a major city in South Australia? We would like to know not the rhetoric but the bricks and mortar of what the Minister is

actually doing. The Minister does not impress me with the words he uses: I am impressed only by the actions he takes.

**The Hon. J.W. Olsen:** If the Deputy Leader is impressed by actions, I hope he acknowledges that, in relation to the terminal, on a public holiday between Christmas and New Year I spent most of the day with Ken Madigan and overseas investors trying to promote and obtain financing for the project in Port Pirie. If the Deputy Leader wants actions, perhaps he might at least concede that that is an initiative which the Government and I undertook to progress that project.

**Mr CLARKE:** I acknowledge it: tell me where it is.

**The Hon. J.W. Olsen:** It has not been concluded, because the financier is overseas.

**Mr CLARKE:** If the Government is prepared to put \$30 million into Australis—for a business that is about to go under—why is the Government not prepared to provide \$8 million for a container plant in Port Pirie? This would create 200 jobs in a city of 17 000 and give it an enormous lift. This is what the people of Port Pirie and I want to know.

**The Hon. J.W. Olsen:** If the Deputy Leader does not take any notice of what I say to the Committee, let him talk to the Mayor of Port Pirie and the chair of the board about the incentive package I agreed we would fund for the container project in Port Pirie. There was very substantial support in a number of areas. I cannot give the figures, but there was cash, buildings and other support for that project. So, I ask the Deputy Leader to talk to the Mayor of Port Pirie. We were prepared to commit substantial funds.

On a public holiday I met with the people from overseas to indicate the commitment of the South Australian Government—particularly my commitment and that of the department—to establish that project for Port Pirie. The Deputy Leader has to understand that we can put in only so much. The financiers have to drive it at the end of the day and make the financial commitment to it. The decision is a commercial decision of theirs at the end of the day. But there was no lack of commitment by me or by this Government, and there was no lack of support. In fact, it was the third highest offer to any regional company in the last two years.

**Mr CLARKE:** That does not wash with me, because I have spoken to the Mayor of Port Pirie and I do visit Port Pirie regularly. The fact is that with respect to this issue they have felt badly let down. I do not care whether the Minister met with these people on a public holiday. Coming from a representative of a political Party that does not believe in public holidays anyway, it does not cut any ice with me that the Minister worked on a public holiday. Frankly, the Minister could work 365 days of the year, including Christmas day, and I would not give a fig, because that is how the Minister regards workers with respect to public holidays.

However, my point is—and I give you credit as an able and competent Minister—I understood that a few months ago about \$8 million worth of Australian equity was needed to get that container plant up and running in South Australia. Your Government is prepared to do \$30 million cold on Australis if it goes under but is not prepared to support financially a container manufacturing plant in Port Pirie that would provide up to 200 jobs in that region—an enormous boost to that city. I want to know what the Minister is doing about securing that container plant rather than just simply window dressing.

**Mrs KOTZ:** On a point of order, Sir, this is exactly the same question the honourable member has just asked and the Minister has just answered.

**The CHAIRMAN:** The answer was comprehensive and the honourable member is embarking on this path I suspect merely for the purposes of ministerial abuse. I have heard very little by way of additional material from the honourable member.

**Mr CLARKE:** With respect, Sir, you chair the meetings: you do not arbitrate on the content of the answers or the questions.

**The CHAIRMAN:** No, but if the honourable member will pull his head in a little way, the very fact that the honourable member has been addressing the Minister directly with the term 'you' and the aggressive style of address is something in which the Chair can take a considerable interest.

**Mr CLARKE:** I beg to differ, Mr Chairman.

**The CHAIRMAN:** You are not in a position to differ: you challenge the Chair's ruling with a substantive motion in writing and let the House deal with it at 9.30 in the morning. The Chair has ruled on your *modus operandi*. The Chair has been very tolerant. The Deputy Leader will come to the question and not be repetitive: under Standing Orders repetition is not permitted. Thank you, Deputy Leader.

**Mr CLARKE:** In deference to you, Sir, in your position, since the Minister does not want to answer on the Port Pirie container plant, let us deal with a couple of other matters. The Government has rejected the idea put by the Opposition of regional enterprise zones. I put to the Minister, in a sincere way and not simply a Party political way, that it is hard enough to get industry to come to South Australia and to Adelaide. I understand the Minister's difficulty, whichever Government is in office, Liberal or Labor; it is tough, and I acknowledge that. How do you expect to get industry to settle in regional South Australia, the Upper Spencer Gulf in particular, as an example, unless you are able to offer something different from that which applies to Adelaide? Given that it is so difficult to get industry to Adelaide in any event, but to get them to take it one step further, namely, to go to the Upper Spencer Gulf, there has to be some added incentive. If the Minister appreciates what I am about to say, it is as much a reflection on my own Federal Labor Government as it is on his own—

*Mrs Kotz interjecting:*

**Mr CLARKE:** If the member for Newland does not give a stuff about rural South Australia, she will shut up about it.

*Mrs Kotz interjecting:*

**Mr CLARKE:** I will watch my parliamentary language; you stop interjecting. There has to be some additional, tangible incentive to get industry north of Gepps Cross, and the Minister's Government has said that all of South Australia is basically an enterprise zone: there are no differentiations or added advantages in moving out of metropolitan Adelaide. How do we get industries into those regional areas of South Australia, particularly when we have the Commonwealth and State Governments cutting back on services and employment opportunities in those regions, as the Minister knows only too well?

**The Hon. J.W. Olsen:** In relation to the statement by the Deputy Leader that I refused to answer questions in relation to the container, I point out that I twice answered the question in relation to the container and I refuse to answer it a third time. Also I have twice answered the question in relation to enterprise zones while the Deputy Leader has been before the Committee. Had the Deputy Leader been involved in or taken

a cursory glance at or interest in the proceedings of this Committee, he would have been aware of—and I repeat again—the amount of support and investment funds we give local industry versus the attraction of interstate.

The honourable member mentioned that we have major problems in attracting industry from interstate. As he wants a list, I will read him a list of companies, as follows: Westpac; Penrice Cogeneration (\$170 million); Link Telecommunications; Safcol Australia (relocation of Victorian food packaging arrangements to Elizabeth South); Bankers Trust; PDL Industries (relocation of part of Heidelberg plant to Murray Bridge—20 additional jobs, 78 retained, which were to be moved offshore to Malaysia); Meadow Fine Gel (relocation from Victoria to Middlebrook Winery—25 jobs, \$5 million exports); Clyde Apac (relocation of Laminar Air Flow manufacturing facility from New South Wales—21 jobs, \$325 000 investment); Vtech Multimedia (Hong Kong company established multimedia production base to produce CD-ROM); Therapeutic Antibodies (\$1.2 million investment, 25 jobs, 150 by 1997); Caroma (extension of manufacturing facility to absorb its New Zealand operations—\$1 million investment, 30 jobs growing to 60 in five years); Onan Australia (US manufacturer of power generators to expand Hindmarsh operations—50 skilled jobs, \$50 million in new exports); Vision Systems (expanding operations to undertake laser airborne depth sounder system development—150 jobs over three years, \$5 million investment); Lear Seating; Southcorp (consolidation of Vulcan and Bonaire into South Australia); and Sabco (saving the company in South Australia).

So, the Deputy Leader is talking absolute nonsense when he says that we have not been able to attract major new investment and companies to South Australia. The list I refer to is not comprehensive. In relation to country areas, there are factors that we put in place that load country support schemes, and, in any event, country areas have advantage over metropolitan Adelaide. The Deputy Leader might not be aware of it, but there is a greater consistency of worth ethic and less turnover of staff in country areas than in the metropolitan area of South Australia. The cost of operating in country areas in many instances is lower than in the metropolitan area. A range of individual interstate companies have relocated to this State in such areas as the Barossa Valley, the Adelaide Hills and the Southern Vales because they recognise that the operational costs and the advantages of locating in those areas are better than in the metropolitan area of Adelaide.

One could look at the development of the aquaculture industry based at Port Lincoln and on the Eyre Peninsula and what we have achieved and the seed funding and the support that we have given a range of companies in that area to open up their operations. I will not take the time of the Committee any further other than to say that I do not mind answering a question once, I will answer it a second time, but I object and refuse to answer it a third time in the same hour.

**Mr OSWALD:** I refer to Program Estimates page 246, under Provision of Best Practice Corporate Services. Has the Department of Manufacturing Industry, Small Business and Regional Development suffered any loss in funding in this budget?

**The Hon. J.W. Olsen:** Yes, there has been, but it must be put into perspective. If you look at the recurrent expenditure figures quoted on page 167 and conclude that, for instance, \$20 million has been cut from the agency's recurrent budget, the situation must be viewed in the light of the total, because

\$15.2 million of the so-called \$20 million reduction is explained purely as a bookkeeping adjustment where the 1997 expenditures proposed under the Adelaide Airport extension diversion works are now reflected as a capital payment. That is where there is a transfer. It is also an oversimplification to look at the proposed expenditures under the EDP program referred to on page 116 of the Estimates of Receipts and Payments 1996-97 and again conclude that the EDP has been slashed by \$11 million.

As I have mentioned to the Committee, the reason for that is the \$10.5 million approximately over the past two years which has been allocated for the purpose of the Adelaide runway extension. We have got our \$20 million in there—that is our commitment to the program—so we do not have to put another \$10 million in this year. So, that accounts for what would appear to be a reduction in funding. Also, if the honourable member looks at the Estimates of Receipts and Payments, the conjecture is that through the refocusing of the department we have somehow lost in excess of \$32 million. The decrease in revenue is both an amalgam of bookkeeping adjustments and non-recurring cash inflows for 1995-96. Simply put, there were some financial transactions which occurred just prior to the conclusion of the 1994-95 year and which gave rise to a recovery in the 1995-96 year because of the timing component of it, and the EDP has now been funded through appropriation rather than revenue inflow.

**Mr CLARKE:** I would be interested to know—and I know the Minister says he does not like answering questions for the second or third time, but that is predicated on the premise that he answered questions on the first occasion—about the cutbacks in State Government jobs in regional South Australia. Has Regional Development done an impact statement on the loss of State Government funded positions in those communities within those regions, and also looked at the impact on those regional communities with respect to the loss of Federal Government positions?

**Mrs KOTZ:** Mr Chairman, I have a point of order. In the area of repetition, very specific questions were asked by this side of the Committee on regional economies in South Australia. It covered the areas that the member for Ross Smith is attempting to go over once again. It is offensive to members who have been here since 11 o'clock this morning that the honourable member, who arrived half an hour ago, now wants to go over—

**The CHAIRMAN:** The point of order has been noted, member for Newland. The question is repetitive and non-specific, Deputy Leader.

**The Hon. J.W. Olsen:** I add to my previous answer, that all Cabinet submissions require regional impact statements.

**Mr CLARKE:** What were the regional impact statements with respect to the loss of jobs in rural areas in terms of cutbacks in EWS, Department of Transport and other State Government services in regional South Australia?

**The Hon. J.W. Olsen:** Perhaps the Deputy Leader might explain to me where under the auspices of SA Water in the past two years there has been a major reduction in SA Water employees in country areas? Can the Deputy Leader give me some specifics?

**The CHAIRMAN:** The line is already past, Minister. The SA Water line has been considered. It is not even a line in the budget. The honourable member could not find it if he looked for it all night. It is not in the budget papers, honourable member. It was a voluntary line on which the Minister spent a lot of time during the course of the day. The member for Morphet.



**Mr OSWALD:** I refer to page 244 of the Program Estimates under 'Support the development of regional economies in South Australia.' Under the 1995-96 specific targets objectives it states:

... supported regional development boards in their utilisation of information technology and attempts to improve regional IT infrastructure and access costs.

Could the Minister provide to the committee any information on what support was given to RDBs over the past year in the area of utilising information technology and some general advice on what the Government has done in this area of information technology and support for RDBs?

**The Hon. J.W. Olsen:** We have connected all regional boards to the department's computer network, which gives them free access to E-mail, the Internet and other data banks, such as Bizlink. We have also given 14 regional boards access to Business Licence Information. Sites at Ceduna and Coober Pedy have been given laptop computers to access these databases. As I mentioned, the hub includes Bizlink, which includes Bizhelp and BizAccess; Business Licence Information; IBIS; Tradematch (the South Australian Employers Chamber of Commerce and Industry CD-ROM); 'Tradeblazer' (Austrade information bank on the Internet); Primary Industries on the Internet; the Bilateral Business Association Database; and the Export Education and Training Register, all of which are now available to every regional development board throughout the State, plus the two country locations to which I have referred.

**Mr OSWALD:** The 1996-97 specific targets refer to training opportunities for regional development boards. Can the Minister add anything further to that reference, and as regards training opportunities can he provide to the Committee any information which can be disseminated around the regions and which will be available to these boards over the next year?

**The Hon. J.W. Olsen:** Not all boards had business advisers in their regional areas. We took a policy decision last year to give funding. I believe \$40 000 was allocated to those boards that did not have a business adviser for their regional areas. Every board in South Australia now has a business adviser to assist small business. Training programs have been put in place through the Business Centre, and that is an ongoing process. For example, when one region undertakes

a successful program there is information sharing and networking between the agencies to then graft it onto other regional boards. I am reminded that the South Australian Centre for Manufacturing has also done some training of officers on regional boards.

**Mr OSWALD:** I am prepared to withdraw my third question in deference to the time.

**The CHAIRMAN:** Are there any further questions? We have one minute left.

**Mr CLARKE:** Just what is the Minister planning to do in terms of obtaining jobs for economic growth in the upper Spencer Gulf region for this financial year? Is it too difficult to encapsulate your response in one minute? Just what is your vision and what are your plans to try to save that area?

**The Hon. J.W. Olsen:** We are funding the boards; we have funded the business advisers; we have given them access to the computer information database; we have funded individual—

**Mr CLARKE:** Is that the best you can do?

**The Hon. J.W. Olsen:** I have not finished yet. We have funded individual projects by specific regional development boards on a dollar-for-dollar basis to work up economic development initiatives. A range of companies have received assistance, and they are in the dozens in the region the honourable member talks about. In addition, incentive packages have been offered which are outstanding and waiting to be taken up by some companies. As to whether they take them up is a matter for those companies to determine.

**The CHAIRMAN:** With great regret, I terminate the session. I thank members for a very stimulating day, and I thank a very patient and informative Minister. There being no further questions, I declare the examination of the votes completed.

**The Hon. J.W. Olsen:** In closing, I thank the officers from the department who have assisted me today in responding to the Estimates Committee, and for the work they do on behalf of South Australia.

#### ADJOURNMENT

At 10 p.m. the Committee adjourned until Wednesday 26 June at 11 a.m.