

HOUSE OF ASSEMBLY**Wednesday 18 June 1997****ESTIMATES COMMITTEE A****Chairman:**

The Hon. H. Allison

Members:

The Hon. Frank Blevins

Mr M.R. Buckby

Mr K.O. Foley

Mr J.A. Quirke

Mr I.H. Venning

Mr D.E. Wade

The Committee met at 11 a.m.

Minister for Finance—Other Payments, \$6 847 000

Witness:

The Hon. S.J. Baker, Treasurer, Minister for Housing and Urban Development, Minister for Energy, Minister for Finance and Minister for Mines.

Departmental Advisers:

Mr G.P. Bradley, Under Treasurer.

Mr J.T. Hill, Deputy Under Treasurer.

Mr R.G. Schwarz, Assistant Under Treasurer (Economics).

Mr G.R. Knight, Director, Budget.

Mr M.J. Pierce, Senior Project Officer.

Mr S. Archer, Manager, Financial Services.

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

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

The Hon. S.J. Baker: I wish to make a short opening statement and basically look at the Treasury brief in broad but very brief terms. As the Committee would be aware, the release of the Government's fourth budget represents the final phase in the four year plan to turn around South Australia's finances which was set down in the May 1994 financial statement. While I will not go into too many details at this point, I believe it is important to reflect that for the first time in memory we will be delivering a balanced budget in 1997-98. This outstanding result has been achieved through a joint commitment of the Government and its officers to the reforms we have delivered to the South Australian community.

The days of overspending under Labor in the order of \$350 million a year are gone. We are living within our means and delivering services better, but there is still a long way to go to restore South Australia's financial credibility which was dealt such a huge blow because of the forays and the folly of Government owned financial institutions under the former Labor Government. Our debt is still too high but we have made substantial inroads through a responsible series of asset sales.

At this point I believe it is appropriate to reflect on the work done by the Asset Management Task Force, which completed its three year brief in March this year. I continue to note the Opposition's duplicity when it refers to the asset sales program undertaken by this Government. The then Labor Government had no difficulty with its conscience when it came to selling its shares in SAGASCO and when it decided to sell the former State Bank, although it was left to this Government to do the work. Yet when it comes to other assets there is this almost total view presented by the Opposition that this Government's plan has been ill-conceived and badly executed.

It is about time that I delivered a few home truths to those who still believe that we would have been better off not selling certain assets. Today I have pleasure in releasing the exit report of the Asset Management Task Force, and it provides another interesting but at times depressing insight into Labor's mismanagement of State owned enterprises and businesses and the risks they carried with them.

They left this Government with an insurance company that required a huge injection of capital to survive. In fact, \$166 million would have been required if we had not sold this business, which was never core to government. This is on top of the \$350 million which was pumped in by the former Government to keep it afloat after its forays into the Melbourne property market as well as international expeditions into inwards reinsurance. Then there was the goats and cattle venture which cost some \$6.6 million, and who can forget the planes, the trains and the cherry pickers?

Another disastrous adventure, which we have transferred to the private sector, was the State Clothing Corporation, which had 30 years' supply of epaulettes for police uniforms and 120 different sizes of trousers. It managed to report a surplus in just five of its 13 years. The list goes on and it is an indictment of Labor for its incompetence. We did not make the mess but we are cleaning it up. In conducting our asset sales, we achieved more than satisfactory returns, removed the State from billions of dollars of risk and, in the case of SGIC, did not have to use taxpayers' funds of \$166 million to keep the business viable.

This Government entered its term with a mission to reduce debt and to ensure that South Australians were never exposed again to mismanagement by Government business enterprises which preferred unaccountability to responsibility. This Government, through the Asset Management Task Force, the South Australian Asset Management Corporation, and Treasury and Finance has achieved that. However, we must remain vigilant, unlike the Opposition, which continues the superficial and facile form of the previous Government when it comes to managing South Australia's finances and its future.

Mr FOLEY: I do not know what the Treasurer will do if the Liberal Government is re-elected and he has to find a new script for the estimates. There is no issue on which we wish to question the Minister.

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

Treasurer—Other Payments, \$799 866 000

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

Mr FOLEY: The Opposition does not wish to make an opening statement, other than to say that much of what the Treasurer presented in his opening statement was nothing more than political rhetoric as we count down to a State election and we hear the tired old lines of a Government unable to find more relevant and contemporary political issues to attack. The Opposition has judged asset sales on a case by case basis. I remind the Treasurer that the Opposition has objected to very few asset sales in this Government's program. Not only did the Opposition support the bank and the SGIC situations but we took a decision to support the sale of the Pipelines Authority, as well as a number of other asset sales issues. So very few, if any, of the Treasurer's asset sales programs have been frustrated by the Opposition. In part, the Opposition has assisted the Treasurer in addressing the State's debt. Whilst I do not expect him to acknowledge it, it is important that we at least put that on the public record. I do not wish to spend much time on the Other Payments line; I look forward to questioning the Treasurer on more substantial issues under the Treasury line.

I refer to Estimates of Receipts and Payments (page 82), Other Payments, under Appropriation, Revenue, Grants Received and Provisions—Other Revenue. To what does the other revenue line allude, given that it is a substantial increase on 1996-97?

The Hon. S.J. Baker: I will provide that detail to the Committee. As members noted, the Other Revenue estimate for 1996-97 was \$249.4 million, which became \$290.9 million. The revised estimate for 1997-98 is \$456.5 million. With regard to the component parts of those figures, part of that difference is made up from the ETSA Corporation dividend. The tax equivalent payments play a major role, for example, with regard to the Motor Accident Commission. I can provide a copy of my table. The increase in dividend from ETSA Corporation from 1996-97 to 1997-98 was \$106.8 million to \$180 million. The next major item would be the MFP Industrial Premises Corporation which again had dividends and income tax equivalents and which is part of the tax equivalent regime (TER). Then we have the Motor Accident Commission, which has an income tax equivalent and a dividend.

I would refer the honourable member to pages 97 and 98, which probably give the Committee a better description than my going through the various component parts. One of the important issues is a very large increase in the income tax equivalent for SA Water, and that is offset by a community service obligation of the order of \$70 million for country water supplies. That is simply a recognition and not a payment to Government, so there is a contra-entry. That line goes from \$6.1 million to \$79.7 million between 1996-97 and 1997-98, and about \$75 million is related to a community service obligation, which is an offset entry. The figures are a little unclear as to the component parts, but pages 97 and 98 give a fairly clear description.

Mr FOLEY: I note the dividend and income tax equivalent that a number of Government corporations and trading enterprises, etc., are required to pay, and obviously I am quite au fait with the methodology in providing the income tax equivalent. I am interested in the Minister's comment on what processes and criteria Treasury is working on in extracting dividend from our various organisations. Are we offering a similar uniform approach to the dividend required to be paid by trading enterprises, or is it determined on a case by case basis and on how much you are able to take out of that organisation without a lot of signs attached to it?

The Hon. S.J. Baker: Under the tax equivalent regime, income tax is determined by a given formula, so that does not alter. The various taxes would normally be paid according to the usage of those things that are taxable, so there is no mystery about that. Obviously, the honourable member is referring to the issue of dividend, and that is negotiated between the various entities. The honourable member would recall that when we started this exercise of looking at the performance of the various State owned enterprises we insisted on a number of things. One was that we must get a reasonable return on the capital being paid for by the taxpayers and another was that the organisation must be delivering an efficient service. So, from that point of view, the dividends are negotiated on a number of criteria. In general, we have looked at a dividend return, which allows for retained earnings within the organisations—and I do not believe that any of the dividends have breached that principle. We have also taken into consideration those organisations' capacity and future capital needs, so they are virtually negotiated arrangements between the various statutory authorities and particularly the trading enterprises.

Mr FOLEY: The Premier has danced around that issue quite well. I recall the statement of the Minister's good friend and—at present—suspended colleague the Minister for Finance (Hon. Dale Baker) that a future Liberal Government would not use our trading enterprises as cash cows. I remember that statement and I wonder whether Cabinet ever reflects on those comments. The issue this now raises is that ETSA and Optima Energy, in particular, are required to compete under the national electricity grid, with the clear ramifications of competition policy in the area of electricity. I would have thought that the ability for ETSA and Optima Energy to continue to pay the sorts of dividends they have in recent years would come under some stress in terms of the need for ETSA and Optima Energy to meet their competition head on, the need to retain capital for investment, and their ability to generate recent levels of profit or, at least, a return on assets. What is the Treasurer's thinking as to the ability to see these sorts of dividend streams coming from ETSA in the short to medium term?

The Hon. S.J. Baker: A large component part of that increase in dividend was the \$77 million which, as we have already said, has been set aside for the priority package. The honourable member should bear in mind that that does not impact on ETSA's capacity to perform.

Mr Foley interjecting:

The Hon. S.J. Baker: No, I am simply saying that the dividend mentioned by the honourable member is well within the capacity of ETSA and leaves it with sufficient funds to increase its reserves. The major component of the \$77 million, which was part of the funding component, including the South Australian Asset Management Corporation dividend, was included to fund this one-off level of expenditure to ensure that the underlying deficit philosophy of the Government is maintained. In terms of ETSA and Optima Energy (formerly Genco), we analyse their performance on a quarterly basis, and the board provides its best estimate of the future trading position.

Treasury is also involved so that we know exactly what the organisation and the marketplace are doing and whether the competitive marketplace will affect us to any dramatic degree. A large portion of the money ETSA earns comes from a reasonably captive market. The honourable member noticed the abnormally low interstate prices, and certainly lower prices would be negotiated but that is not necessarily

the total picture for the organisation. The process is quite transparent from the Government's point of view. The boards of the two organisations, through their Minister, provide us with their best estimates of how the marketplace will perform and therefore their capacity to make profit, which therefore leads to dividend.

We carried out extensive modelling before we separated off the Generation Corporation from ETSA, and therefore the relationship of the debt that was secured under that relationship between the two organisations was one on which we spent considerable time negotiating. We believe that we have left them both with a healthy balance sheet and a capacity to perform in a very competitive marketplace. That is the position as at today and as it will prevail for some time. However, the honourable member is quite right: who knows what will happen in three, four or five years?

The honourable member is also correct to the extent that we can reflect only on the capacity of the organisations today. I do not think anyone here would be brave enough to forecast what will happen in the future. The separation of the two organisations which was required, as the honourable member would recognise, by the competition policy has been signed off and agreed to by ETSA and Optima Energy, the Minister for Infrastructure and Treasury. All parties were involved in the overview of how the two organisations would operate.

If the honourable member has further interest in the matter he should look at the balance sheets of both organisations separately. He will find that they are very strongly placed in terms of their debt to equity ratios compared with some of the companies currently operating interstate. I suggest that, if the honourable member compares the health and strength of ETSA and Optima with a number of the assets sold by the Victorian Government, he will find that our organisations are very strongly placed in the marketplace to deliver an efficient and effective service, maintain real reductions in electricity prices and deliver a dividend back to the taxpayer. We feel very comfortable that over the next two or three years the electricity arrangement in South Australia is appropriate, can deliver the dividends that have been laid down in the budget papers and that the Government and taxpayers can benefit from ETSA's increased efficiency. We do not believe that there is any risk in the short term, but in the longer term it is anyone's guess.

Mr BUCKBY: I refer to the wind up of the Asset Management Task Force. I am aware that the Asset Management Task Force ceased operations on 31 March 1997. Which organisation in government is currently handling residual AMTF projects?

The Hon. S.J. Baker: As the honourable member said, the Asset Management Task Force ceased operations on 31 March 1997. On 1 April 1997 the asset sales unit was created within the Department of Treasury and Finance. Its charter includes the finalisation of ongoing AMTF projects and other residual matters associated with the closure of the Asset Management Task Force. There are a number of items on the agenda for the asset sales unit which it is currently undertaking. Of course, there is the ASER restructure, the shack freeholding process (which will be ongoing for some time), the Central Linen sales process, sale of the Ports Corporation bulk handling facilities and the sale of State Print assets. We will separately account for the operations of the asset sales unit through the asset sales operating account.

The remaining funds in the AMTF special deposit account have been transferred to an asset sales operating account, and two officers from Treasury and Finance who were seconded

to the AMTF are now working with the asset sales unit to assist in the orderly transfer of responsibilities. There has been a smooth transition from the AMTF to the asset sales unit of Treasury. We expect that the same levels of success that the AMTF was able to provide to this Government will prevail with the unwinding of the remaining items listed on the Government's agenda. All those items on the agenda that are still to be satisfied, except for the Casino, were obviously part of the Government's sales intentions prior to the last election. Whilst most of the others have been well and truly satisfied, the residual will need to be progressed accordingly.

Mr WADE: What progress has been achieved with respect to the freeholding of shack sites on Crown land?

The Hon. S.J. Baker: The sale of shacks has been perhaps somewhat more difficult than the Government envisaged when it first determined that it should offer this freeholding capacity to lease holders. It has been more difficult because, first, a number of Government agencies are involved. That should not of itself prevent progress but, certainly, the complexity of the issues has meant an enormous amount of work has had to be undertaken by the Asset Management Task Force to get it to its current stage.

We feel confident that we will see a much greater take up of this freeholding capacity since many of the major issues of considerable complexity have been resolved. In terms of where we are today, there were 1 175 expressions of interest to freehold with only 70 objections to proposed freehold purchase prices received. So, very early in the piece the Asset Management Task Force determined that it should find out how many people were interested in freeholding, and it received a very strong response to that. The councils and shack owners have been kept informed of developments and the implementation issues through newsletters and briefings.

Members will recall that the ministerial shacks land division upgrading plan amendment report was given interim authorisation and released for public comment on 22 May this year. This PAR caters for all Crown shack areas offered freehold and will enable the upgrading and redevelopment of shacks. The new policies will not affect the powers and responsibilities of the Coast Protection Board. This PAR replaces the River Murray Floodplain Land Division PAR introduced under interim authorisation in October 1996.

Crown land division approvals for 17 shack areas have been issued, and a number of other shack area proposals for land division approval are being assessed. In excess of 30 proposal plans are being negotiated with Government agencies by shack owners, with more still under initial stage preparation. The first contract for the purchase of shacks was signed in October last year, for Emu Bay, and it has been followed by contracts for shacks at Wallaroo North. It is expected that settlement for 43 shacks at Wallaroo North will have occurred by the end of June. So, we believe that there will now be a number of shacks, and that was my last piece of information.

We estimate that around \$3.5 million will be derived from shack sales during the next financial year. We are pleased with the progress that is being made. There are still some residual issues in relation to the form of effluent disposal, which are being negotiated. We are looking for clearer directions from a health point of view on those, rather than a number of options, so that we can satisfy both the Health Commission and the councils on effluent disposal. Also, there have been issues with the upgrading of those areas that councils have placed on the shack owners. Those matters are

being worked through, and we believe that 1997-98 will see some significant uptake on the freeholding capacity.

Mr VENNING: My questions relate to the Ports Corporation bulk loading facilities (BLFs), generally referred to on page 217 of the Program Estimates. First, what is the timetable for the sale of the bulk loading facilities? Secondly, what happens to the bulk loading facilities' employees? Thirdly, can users of the bulk loading facilities other than South Australian Cooperative Bulk Handling access the facilities?

The Hon. S.J. Baker: The Labor Government in 1993 announced as part of its Meet the Challenge statement that it would sell the bulk handling facilities. When we came to Government there was no paperwork to suggest that that had been progressed. The matter has been the subject of intense discussion over a period of time, as the honourable member would know, as he has a great interest in the storage and shipping of grain products. I think that the situation in respect of the bulk handling facilities are similar to those in relation to shack freeholding in that we expected to sell those facilities at least by 1996, although it would have been preferable to sell them as early as 1995.

Some very compelling issues have been under discussion with Cooperative Bulk Handling. Members would also know that the Government announced that it would have individual negotiations with Cooperative Bulk Handling as its preferred strategy, given that it was the client and it made sense that it had ownership of the facilities. We are currently in negotiation and I expect those negotiations to be satisfied within the next few weeks. I have already made the point that, if we did not get satisfactory outcomes from negotiating with only one party, we would open it up to the tender process. I do not believe that that will be necessary. However, the matter has dragged on.

Most of the issues that are of importance to the Ports Corporation, to the Government and to Cooperative Bulk Handling are now basically resolved. I hope that we can announce a sensible and fruitful outcome within the next few weeks. In terms of the access arrangements, we have a requirement on access under the competition policy that basic facilities be available for those who wish to pay the price. Therefore, in any sale of the bulk loading facilities it should be expected that if some other operator wished to use that facility there should be some capacity to do so. We passed the legislation back in 1996 for that to happen, and I am sure that the potential purchaser is very comfortable with that arrangement.

Mr FOLEY: Will the Minister rule out the sale of ETSA and Optima Energy in the term of the next Liberal Government?

The Hon. S.J. Baker: This seems to be a preoccupation with the Labor Opposition. I was looking at the transcript of yesterday's effort in the Premier's Committee. I was quoted on radio, and I think the honourable member followed me on radio that day, when the question was asked of me about the sale of ETSA, which obviously included Optima. My response was along the lines that we can never say never, and that is consistent with the answer that I have previously given to the honourable member today, which is that we have a very healthy situation in this State. We have two very strong organisations, much stronger financially now than our Victorian counterparts and in a much more focused position than New South Wales, for example. We have such strength that there is no inclination by Government to sell off those entities.

In terms of competition and the national electricity market, we cannot guess where we will be in three or four years. I simply make the point that, in those sorts of circumstances, you cannot say with any certainty that in five or six years circumstances may be such that the Government should not be involved because the risks associated with those ventures are greater than the dividends being received. The honourable member would reflect that the dividends we receive from ETSA are particularly healthy. ETSA and Genco are performing exceptionally well. They provide a strong input to the budget process, which the honourable member has also reflected upon. Under those circumstances, if the honourable member does his sums he will find that the income outcome from a sale of either ETSA or Genco would not, in terms of offsets on interest, in any way repay the dividends that we are getting from those two organisations at the moment.

The simplest answer I can give to the honourable member is that we have no intention to sell ETSA and Genco, but I would be less than forthcoming if I said at some stage, if the marketplace changed dramatically and our forecasts did not reach our expectations—and it is almost tracked on a daily basis in terms of what is happening interstate—then the Government, under a change of circumstances, should not rule out that sale. I said it clearly, the Premier said it clearly, everyone said it clearly: it is not on our agenda.

Mr FOLEY: I might say that I do not think the Premier was as forthcoming as you have been this morning, Treasurer. Clearly, the sale of ETSA or Optima Energy is an issue that the Government may well visit in its next term of government if the situation dictates and that is a substantial policy shift from that of your Premier on Friday of last week or the middle of last week.

The Hon. S.J. Baker: No, I do not think it is. The honourable member has to read what the Premier said yesterday and what the Premier said previously on this issue, which is totally consistent. He said, 'We are not selling ETSA, Genco or Optima: we are not selling them'—simple and straightforward. The honourable member is being just a tad naughty. He is saying, 'I will start to increase uncertainty amongst ETSA employees and say that it is on the market for sale and it just takes an election to get it across the line.' That is not the case at all. The honourable member should recognise that what we said is that with the two corporations we are getting a very satisfactory result and a result that was simply never achievable under Labor. We are getting returns on our assets—ports, water and electricity—far beyond anything that the former Labor Government was ever achieving.

Mr Foley interjecting:

The Hon. S.J. Baker: The honourable member can reflect on the current situation but, in terms of the performance of the organisations, he should go back and look at the reports from those organisations when he was an adviser to the Government and he should see the startling improvement of all those organisations, simply because we have corporatised them and made them responsible for performance. Performance agreements have been reached between the Treasurer, the Minister for Infrastructure and the Minister for Transport on each of those areas. The honourable member should be really pleased with what advances have been made in terms of the returns of those organisations.

The honourable member is saying, 'I will start a little scuttlebutt and ETSA is clearly on the agenda': I am saying ETSA is clearly not on the agenda. If the honourable member is saying, 'I want you to completely rule it out for the next

term or the term after', my best answer is: if our predictions are right, then there will be nothing happening during the next term of government. That is quite simply what I have said. The honourable member is trying to create an impression that suddenly we are out to sell off ETSA. He should reflect on the returns we are getting and say, 'Well, hell, they would be mad.' That is exactly consistent with what the Premier imparted to the Committee yesterday and I suggest that the honourable member goes and reads—

Mr FOLEY: I was here most of the day.

The Hon. S.J. Baker: I know that the honourable member was here for part of the day, but I suggest he read *Hansard* again and the reply that he was given.

Mr FOLEY: Supplementary to that—and thank you for your answer, which will be of some benefit to the Opposition—has the Treasurer had any external valuations of the value of ETSA or Optima Energy undertaken in recent time?

The Hon. S.J. Baker: In terms of for sale value, no, but in terms of the value of the assets we had to agree on those values at the time they were corporatised. The board and Treasury had to sign off: the value of the assets at the time was clearly reflected in the balance sheets when they were established.

Mr FOLEY: I understand that, but there has been no external valuation for sale purposes?

The Hon. S.J. Baker: We have gone through that exercise of asking, 'What is the value of those assets?' which we had to do. We have not said, 'Give us a market price.'

Mr Foley interjecting:

The Hon. S.J. Baker: I have not done it. As I said, I am not in any sales mode on ETSA. I have told everyone on a number of occasions that I am in no mood to sell ETSA or Genco and that is quite clear. I have not gone out and said, 'If I sold it today, what is it worth?' which, I hope, simply says to the honourable member that I am not in the sales mode.

Mr FOLEY: Why did you and Treasury officers misrepresent the bottom line of the budget in this year's presentation in explaining it as a surplus in the budget when you know full well that indeed it was not an underlying surplus but from asset sales, special contributions in the pay back of moneys and so on from ETSA and a number of other special payments made to give an underlying surplus? Indeed, as the *Financial Review* stated in its critique of the budget, it is a budget still in deficit. Why have you misrepresented the true nature of the bottom line of the budget?

The Hon. S.J. Baker: I understand that the member for Hart has been misrepresenting the state of the budget ever since we brought the budget down—although not ever since we brought the budget down, as it took him a long time to respond to the budget. I note that the Opposition had a full week to question the budget, its strategies and its content in the Parliament and not one question was asked of the Treasurer about his budget. Then suddenly the honourable member says, 'I made a speech to the Parliament about the state of the budget and I am not very happy about the way in which certain items are being treated in the budget.' If the honourable member was not happy about that, he could have asked the question in the Parliament, as I would have thought he should have under the circumstances.

Mr FOLEY: That is what I am doing now.

The Hon. S.J. Baker: The week after the budget is traditionally available to the Opposition to question—

Mr Foley interjecting:

The Hon. S.J. Baker: No, just hold on a second. It is traditionally available to the Opposition to question the budget. The more intimate detail is obviously covered in the Estimates Committees and the vital piece of information that is not available for questioning, if you like, at a more minute or a micro level is the document called the Program Estimates and Information booklet, a very large booklet. That provides significant enhancement on the information that is available in the Financial Statement and the Estimates of Receipts and Expenditure. I would have expected that, if the Opposition had a problem with the way in which the balance was constructed and felt that I was not doing the right thing or that I was being in any way inconsistent in the way in which the underlying deficit was handled, it would have been—

Mr Foley interjecting:

The Hon. S.J. Baker: I suggest to the member for Hart that he has a poor level of priorities. In terms of going back to the honourable member's question, we have said consistently that we will construct the budget so that the underlying deficit shows what the true position of the budget is. What we have also said is that in this budget we have a priority package. It is a stimulus package: it meets a number of demands that the Government has placed upon itself as a result of a number of competing needs. The honourable member can look through the priority package, which is contained within the Financial Statement on page 1.6. It quite clearly sets out what the Government intends to achieve. It is a one off nature, therefore using one off funds for that purpose.

Mr Foley interjecting:

The Hon. S.J. Baker: I am saying to the member for Hart to get real about this situation. As a Government we have said, 'We believe that there are certain items of pressing need.' The Premier has made very clear statements about the need for jobs and the need for strategic asset improvement in this State. If we wish to do those things as a matter of priority of Government, is it not better to isolate those items rather than assume that those budgets will flow on into the future forever and then create huge underlying deficits which the next Government or the Government after has to pick up? I would have thought that the honourable member would applaud the Government's treatment of this matter.

Mr Foley interjecting:

The Hon. S.J. Baker: I am saying that the honourable member should have applauded the way we had—

Mr FOLEY: But you should call it a deficit not a surplus: it is quite obvious.

The Hon. S.J. Baker: We have said that there is an explicit recognition of a higher level of payment that we expect Government—

Mr FOLEY: Fine, but be honest in your presentation.

The Hon. S.J. Baker: The member for Hart should look at the extent to which this Government has gone to make clear what its financial performance is. I ask the honourable member to look at every other set of financial statements produced in Australia. I note with some pleasure that, this year, the Federal Government talked about an underlying deficit for the first time in living memory, and we started that concept in 1994. If the honourable member wants to compare performances, he should look at Victoria, New South Wales and Queensland, where they say that all asset sales count towards—

Mr Foley interjecting:

The Hon. S.J. Baker: No.

The CHAIRMAN: The honourable member is extending the question by way of debate rather than interrogation.

The Hon. S.J. Baker:—the total of their asset sales. If we had treated the budget in that way, we would have been talking about massive surpluses and fantastic Government performance for the last 2½ years, and the honourable member knows that. There has been a lot more integrity in this State than anywhere else in Australia since this Government came to power. The honourable member can debate the issue of whether the priority package is good enough, although I note that, prior to the budget, he said that we have to put more into capital expenditure. Is he saying that, as a Government, he wants to blow budgets willy-nilly as they did back in the 1980s? Is that what the member for Hart is saying? Does he not believe in any integrity in the process?

I think that he has answered his own question. We have said that we believe in a special input into the process. Last year former Premier Dean Brown made it quite clear to the Opposition what was in the mind of the Government because we did not believe that the employment situation was satisfactory. We have been consistent in the way in which we have treated this special package, and I do not know that the honourable member has too much to complain about, except for some suggestion that it does not add up. The figures do add up. I note that Queensland put \$850 million from electricity to the bottom line. Victoria has done it for years, New South Wales does it—they all do it. We have been the only State that has said that people should judge us on our performance.

The CHAIRMAN: Because of the way in which the program has been structured, we will close this line when we close the departmental line later today.

Department of Treasury and Finance, \$21 270 000

Additional Departmental Advisers:

Mr P. Duldig, Acting Assistant Under Treasurer, State Enterprises.

Mr G. De Gennaro, Assistant Under Treasurer, Financial Management.

Mr M. Walker, Commissioner of State Taxation.

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

Mr FOLEY: I will attempt to be quite structured in my questioning and go down the various lines shown on page 208 of the Program Estimates. My first area of questioning concerns administration and enforcement of State taxation legislation. The program description refers to the Financial Institutions Duties Act with the results being 'screened and accepted by industry; final implementation remains subject to heads of Treasury developing revised debits tax proposal'. If the results of the review have been made available to industry, can they also be made available to the Opposition? Are they consistent with the revised debits tax proposal being developed by heads of Treasury? What is the status of the development of this proposal?

The Hon. S.J. Baker: I do not have any difficulty in supplying him with information. I will not supply it to the Committee unless other members want it because it would not be appropriate to fill up *Hansard* with that sort of information. As the honourable member would recognise,

there is no mystery to the process. The proposals have been discussed by heads of Treasury. At the March leaders' forum meeting, all States and Territories with the exception of Queensland agreed to the reform of financial transaction taxes on a national basis. Queensland said that it would duly consider the matter. It was not necessarily strongly approving of the initiative because it has tax advantage in relation to financial institutions duty and it does not want to lose that tax advantage if a national scheme is proposed.

Basically, the scheme was to concentrate on debits tax as the major financial institutions tax. That would cover all accounts, and the rate of duty or tax set on those accounts would provide revenue neutrality to the process. There was general agreement that it was a more appropriate form of taxation than running two lots of institutional taxation in the form of FID and BAD. The matter is still under discussion. The Under Treasurer, who has more intimate knowledge of the progress on that matter, may be able to inform the Committee of further information.

Mr Bradley: There has been a level of consultation with industry representatives, which has been led particularly through New South Wales. The details are still being developed and they have raised a range of issues. We are having a series of meetings at senior Treasury level with representatives of banking and other financial institutions to work through the detail of the issues that have been raised. However, it is dependent upon the response from Queensland as to whether it will be a participant before we can move it forward substantially.

Mr FOLEY: Amongst the issues and trends contained in the program description is the statement 'tax avoidance and evasion is becoming increasingly more professional'. Can the Minister elaborate on the areas in which this is happening, the sort of techniques that are being employed and what action is being taken to protect the revenue base?

The Hon. S.J. Baker: As the honourable member would recognise, the issue of tax compliance is a matter which, quite often, is all-out war between those who do want not to pay any tax, those in the legal profession who want to minimise tax, and those in the Government who want everyone to pay their dues. Recent publicity was given to the Internet and the capacity of the Internet to take transactions outside the State taxation stream, and a lot of work is being done on that issue.

Many schemes have operated in the past. One of the most recent examples was a case in Victoria involving conveyancing, concerning which we closed the loophole, and we thank the Opposition for its support on that matter. That was the Bradley case. That case involved certain people seeking to have duty applied to a small part of a transaction. By splitting the transaction, they are able to pay much less tax than they would have to pay in normal circumstances. There are ongoing circumstances involving the value of the asset and the extent to which that is reflected in taxation takes. Those sorts of issues will be prevalent in conveyancing; for example, we have seen some tremendous gains made in the area of tobacco products, and the revenues reflect that. A number of schemes were run by the tobacco companies which were consistent with market practices here and interstate but which did not operate to the benefit of South Australian taxpayers. Those schemes could have involved discounts and, therefore, would claim to apply tax only to the discounted wholesale price. Alternatively, they could involve supplying large volumes of free cigarettes which would reduce the average price and, therefore, the Government's tax take in

that area. In every area of taxation it is fair to say that some scheme or other is operating.

I give credit to my officers at the Taxation Office who are ever vigilant. Indeed, we have put a lot more effort into taxation compliance. In actual terms, we allocated extra resources during 1995-96, and that was announced previously. The amount was \$1.7 million in a full year, with some \$1.1 million representing ongoing funding for increased compliance efforts. Of the 131 approved FTEs allocated to the State Taxation Office, 34.5 were assigned to compliance branch activities. As the honourable member would know, it happens to be a serious area for the Government, and we put a lot of effort into it.

We are also making life easier for those who are not complying due to oversight. The honourable member would recall a statement I made in the House about an amnesty we have declared, so that those people who are not normally associated with paying taxation on a number of instruments—they quite often forget or have transferred between parties without letting the Government know about that transfer, so they escape the taxation net—but become subject to taxation are eventually caught up with and pay a heavy penalty. We believe it is better to be proactive in this area. By declaring an amnesty in this regard, we will get people thinking about their obligations. There is a carrot and a stick. We can apply heavy penalties for those who deliberately avoid their responsibilities. We have used a number of measures over the past years, and we have seen some real improvements in the collection of our taxation. It is also important to note that State taxation operates on such a limited base, which means that every dollar we collect is valuable. However, our taxation overall—except for pokies—has not kept up in real terms.

The Hon. FRANK BLEVINS: Speed cameras!

The Hon. S.J. Baker: That is not a tax; it is a fine for doing the wrong thing. People break the law; therefore, they have to pay the penalty. We would not class that as taxation. Regarding the tax base for the State, the argument is running hot and strong about replacement taxes. The States have consistently said that the taxation base is not broad enough, and our taxation base has shown quite clearly that the Government cannot depend on what we have. However, we certainly have to make the most of what we have. We will spend a lot of effort on compliance to make sure we get what is due to the Government and what is obviously to the benefit of the taxpayers of this State. However, as a proportion of the budget, the revenue base of the State has simply not kept up in real terms.

Mr FOLEY: I will come back to the tax issue shortly. I will seek a briefing on the statement in the papers relating to stability of licensing revenues (and I will perhaps seek that briefing outside this Committee, for obvious reasons). I refer to the program description of a payroll tax rewrite scope paper presented to the heads of Treasury for consideration. Could a copy of that paper be made available to the Opposition?

The Hon. S.J. Baker: I will check on the status of that. There is no real reason why the honourable member should not have a copy. It will be an interesting debate between the States, which are on different rates, with different exemptions applying, thereby affecting the extent to which we can reach agreement. I suspect we will have quicker results on the FID and the BAD reforms than we will have on the payroll tax front. The Under Treasurer has said that he does not believe there is a difficulty at all in supplying that paper.

Mr BUCKBY: What has the Government done concerning its pre-election promise to exempt newly created building allotments from land tax?

The Hon. S.J. Baker: The honourable member would recognise that the Government has made a number of changes as a result of promises and undertakings made prior to the election. One of the difficulties subdividers were experiencing, which we believed would lead to a tight land supply situation, involved the time subdividers had to hold onto subdivided land and pay land tax at the improved value of that land. The Cabinet approved the introduction of the land tax rebate scheme for the 1995-96 to 1997-98 financial years to relieve land subdividers of 98 per cent of the land tax liability on any valuation increase in the year in which the subdivision occurs. The rebate is subject to ongoing review of economic conditions in the housing sector.

I must emphasise that this was to help out not subdividers but home owners. We recognised that over the past 30 years there have been times when the land supply available for people wishing to build houses has become very tight and new home builders have paid inflated prices because not enough land has been available in the marketplace. Given the lower levels of demand, we recognise that there would be less likelihood that subdividers would go ahead and create new allotments. That is when stresses are placed on the system, because when demand picks up, the supply is not there. The same principle is being talked about in the building industry where, during periods of lower demand, we have seen a decrease in the training of the people concerned and in the amount of preparation undertaken and the amount of money spent on building. Therefore, when there is an uplift, the system is under great stress and strain, and we see quality diminish and price increase. As a Government, we believe there must be some recognition of and incentive for subdividers who take the risk associated with the cutting up and holding of that land.

I will get those figures right. Over the three-year period we have had a total cost of about \$2.3 million; for 1995-96 (paid in the current year), some \$852 000; and for the period this year, recognising those subdivisions, some \$669 000, representing 42 applications for 44 subdivisions. So, for the three-year period the sums are of the order of \$2.3 million. We believe that has been of particular benefit to those involved in land subdivision.

Mr WADE: We were talking about first home buyers, and I refer to first home stamp duty concessions. How successful has been the first home stamp duty concessions scheme?

The Hon. S.J. Baker: The Premier announced this scheme on 19 January this year, and the extended concessions applying to contracts entered into from 1 February 1997 to 31 January 1998 inclusive. So, it was for one year and was a clear, focused time frame. The extension provides a concession of the full amount of duty where the property is valued up to \$100 000, which was previously \$80 000, reducing on a proportionate basis for properties valued up to a maximum of \$150 000, which is up from \$130 000. The effect of the extended concession is not evident in first home concession applications processed in February 1997, as many of these were applications under the existing scheme for contracts entered into prior to 1 February. Early in the piece we were dealing with contracts that had already been agreed prior to the start of the scheme. Between March and May 1997 approximately 2 400 applications were processed compared with approximately 1 900 in the same period in 1996. So, whilst the dollar amounts will still take some time

to be calculated, we believe that the increased number of people building and buying clearly shows an increased interest. Over that period there has been an increase of 500 on a base of 1 900; that is a pretty reasonable result.

Mr VENNING: I refer to page 212 of the Program Estimates and declare that I have no personal conflict in asking this question. How successful has the inter-generational family farm transfer stamp duty exemption been?

Mr Foley interjecting:

The Hon. S.J. Baker: The member for Hart should reflect on the reports on the crisis facing rural South Australia and, I suspect, rural Australia. One of the key issues that has arisen from the research that has been done in this State—and I know this from when I served on a select committee on rural financing—is the ageing of the farming population. It has been said by people far closer to the situation than I, and by those who have a deep and abiding interest in the health and well-being of our rural communities, that the farming community has been dying by degrees and that unless we change the age mix of the population the outcome for rural communities will be poor. For almost 20 years it has been quite clear that the land has not attracted younger farmers. If we are to produce quality crops and meet the challenges of a changing marketplace, we must get some youth and vigour onto the land.

The inter-generational farm transfer exemptions that have been provided by the Government have certainly produced some significant changes in property holdings as a result of that inter-generational change. They are probably the most significant changes that have taken place for at least 100 years. As a Government we feel particularly pleased that the initiative that we announced prior to the election has had such a dramatic result. As far as the numbers are concerned, since the scheme's inception in June 1994 to the current time, namely, 31 May 1997, 3 925 family farm transfers have received the benefit of the exemption at an estimated cost to revenue of \$37.7 million. They are very large sums, but previously people were simply unwilling to change, partly because of the significant stamp duty involved but also because the farming community was concerned about some issues at the Federal level, such as social security.

We believe that we sent the right signals to the farming community and that the scheme has been an overwhelming success. If the numbers are any indication of the changes taking place, we would say that we are now actually creating a renewed capacity within the farming community to reinvigorate itself, and we believe that the money has been well spent. We do not believe that we would have gained \$37.7 million in revenue, so it is not revenue forgone. It may have been only 25 per cent of that amount and we would still be seeing the same old faces on the same old farms. We did not believe that was appropriate. So, we judge the merits of the scheme as being very high.

Mr FOLEY: Government has really given up on reducing unemployment in this State. From now until the year 2000 and beyond you are indicating economic growth at 3 per cent—nearly a full point behind national growth. As your Prime Minister has said, 4 per cent is needed to achieve any meaningful inroads into unemployment. Why has your Government given up on reducing the State's horrific unemployment over the next three to four years?

The Hon. S.J. Baker: I thought the member for Hart was brighter than this. He is running the tired old line provided by his Leader. I did not think he would take on board any of his

Leader's comments, because some of them are fairly shabby. With respect to the rhetoric associated with the budget estimates, the way people interpret the figures never fails to amuse me. We have said quite clearly that, without an absolutely massive injection of capital, the changes taking place in this economy are positive, but 90 per cent of the activity generated revolves around the national economy. We have debated *ad infinitum*; we had a debate on tariffs—on the future of the motor vehicle industry in this State. It was quite clear that most of our production in the manufacturing sector goes interstate or overseas. Therefore, the demand for our product and hence the employment of South Australians very much depends on external factors. That may involve the national economy or, in the case of the farming community (given grain prices), very much the international economy. So, when we are talking about what a Government is capable of achieving, we believe that what we have done to date will bring some fantastic returns to the people of South Australia.

I do not want to go through the list and bore the honourable member, but I know the Committee has been informed of other Government initiatives that have had some exceptionally good pay-offs. In forming the budget estimates we were not saying to the member for Hart or to the people of South Australia that we would achieve a level of growth that was above the national average consistently over the next three years. If the member for Hart wishes to go back he will find that in 1995-96 South Australia performed above the national average. Until we change the whole structure of our economy we simply will not see those returns.

The member for Hart can say that we have given up on unemployment, but we are putting an enormous amount of effort into jobs, and the priority package is aimed at that. The honourable member might be critical and say that we are fudging the budget, but we have said that that is a priority. We have put that initiative in place. The honourable member could also look at other initiatives and schemes in the employment area announced by the Minister for Employment, Training and Further Education. We certainly have not given up on unemployment, but for the member for Hart to suggest that the Treasurer should come up with a fanciful figure and deliver some political rhetoric he must think that I have no integrity whatsoever.

The fact is that we have taken the trends of the past 20 years, and particularly the past few years, and said, 'Where will South Australia's unemployment figures lie in the short term?' Unemployment in South Australia may bubble above or below the line, but if the member for Hart thinks that we will have the powerhouse economies of Queensland and Western Australia perhaps he should not be in this Parliament. Our budget papers are a realistic assessment of the State's employment capacity over the next few years, taking into account national and international impacts, in that our gross State product will grow by some 3 per cent (which is below the national average), and that employment growth will be of the order of 1.5 per cent.

Some people have been critical that we have not jacked up the figure to a 2 per cent or 3 per cent increase in employment. The member for Hart would be very critical if the Treasurer had included such a figure in the budget papers. I do not think the member for Hart should be at all critical of the budget estimates that have been provided, which are realistic and simply say, 'We believe that this is what South Australia will experience given the prevailing economic conditions.' We are not putting a spin on what the

Government is doing or what the Government is attempting to achieve: we are simply saying, 'This is what is expected', and most political and economic commentators have said the estimates are realistic.

In terms of what we are doing and what we have done, obviously we want to reach the national average as a minimum achievement by the year 2001. The Premier has put that on the line and quite clearly said, 'In the way in which this State operates we will put enormous effort into improving the unemployment situation', and the honourable member has heard that comment on a number of occasions. I cannot suddenly say, 'Look, at the end of the curve I will suddenly dip it up and that is what will happen', simply because we, as a Government, want it to happen. I know the member for Hart is not allowed to respond but, if he believes that the employment situation can be improved without waving a magic wand, he would spend a far greater amount of money than the Government is currently spending.

If the honourable member is saying to this Committee that he wants to spend another \$300 million or \$400 million to improve the employment situation in this State, and if he wants to put another 20 000 people back on the payroll of the public sector, perhaps he should declare his hand. I do not think the honourable member should doubt the Government's vigour or the sheer dedication to the task of improving the employment situation within the boundary lines we have set within this State. I am fascinated by the way the honourable member asked the question. I know the issue has been taken up by his Leader on a number of occasions.

I thought the honourable member was more intelligent but, given that he is running a political line, I should respond accordingly. The Government is putting in every effort and it has identified a priority package to improve the situation. In terms of what we put in the budget estimates, we have said, 'Realistically, this is where the State has been performing, and we want to get above that 1.5 per cent.' Everyone would be very critical if they looked at the State's past performance, remembering that the past performance of this State, at least in the past 20 years, has very much revolved around the Labor Government's inadequacy, and so it is not a firm basis upon which to predict the future.

Mr FOLEY: I take exception to the suggestion that my having a desire to create jobs for our young people, our community and for a robust economy is in any way a political statement or approach. If it is, well—

The Hon. S.J. Baker: The honourable member is politicising the budget papers.

Mr FOLEY: Not at all.

The Hon. S.J. Baker: You cannot have your cake and eat it too.

Mr FOLEY: I am debating the economic forecast that you, as the State's supreme economic forecaster, have indicated in the budget papers. That is very much my role. I was somewhat distressed to hear the Treasurer say this morning that it is wrong and quite naive, or whatever the words were, for me to suggest that we could aspire to the economic growth of Queensland or Western Australia. I find that astonishing. I believe we should aspire to economic and jobs growth and a vibrant economy like Queensland and Western Australia. That is an extraordinary statement to this Committee from the State's most senior economic Minister.

The Hon. S.J. Baker interjecting:

Mr FOLEY: I will ask my question.

The Hon. S.J. Baker: I want to respond.

Mr FOLEY: Before you do, what is your forecast for unemployment this time next year? Will we have less unemployment this time next year?

The Hon. S.J. Baker: The answer is quite clearly 'Yes.' But in response to the—

Mr FOLEY: How does the Treasurer manage that, given the numbers that he has forecast?

The Hon. S.J. Baker: The 1.5 per cent has some capacity. The honourable member can do his own sums and look at what 1.5 per cent improvement in employment delivers. It delivers an improvement, and he should look at the age structure of our population.

Mr FOLEY: But the Treasurer is saying that, by the end of the next term of Government—

The Hon. S.J. Baker: I am simply saying that, under the 1.5 per cent, there will be an improvement in the employment situation in this State and a reduction in unemployment. For the honourable member to say that I lack aspiration to the powerhouse economy of Queensland is incorrect. I did not say that. I simply said that there cannot be an expectation in the short term that we can match those States, and I said 'in the short term'. My belief in the long term is that this State can outperform just about any State but, in the short term, given what the honourable member's Party has done to us—

Mr FOLEY: You have had four years.

The Hon. S.J. Baker: Come on! Given what the honourable member's Party did I can tell him that if we had not had a debt of \$3 billion we could have done a lot better with our financing of this State. If the honourable member wants to look at the greatest impediment to employment in this State, he should refer back to the efforts of his former Government Ministers when the State Bank and SGIC were running out of control. He should look back at the capacity of this State which was destroyed by the actions of Ministers in the former Labor Government. If we want to talk about lead weights on the capacity of the economy, the honourable member should go back and look at the performance of the previous Government for which he was an adviser. Do not get smart with me. I am simply saying that, if the honourable member looks at where we have been and the amount of endeavour we are putting in, we cannot expect tomorrow some enormous amount of—

Mr FOLEY: You have had four years.

The Hon. S.J. Baker: Four years—it took your Party 20 years to destroy this place.

Mr Foley interjecting:

The CHAIRMAN: The member for Hart will come to order.

The Hon. S.J. Baker: It took the honourable member's Party 20 years to destroy South Australia.

Mr FOLEY: You have had four years. You have fought amongst yourselves as a Government, and the State is suffering because of your lack of economic leadership.

The CHAIRMAN: I warn the member for Hart. If the member for Hart thinks he is going to conduct this debate without referring to the Chair in the manner he is certainly trying at the moment, he is sadly mistaken. I have warned the honourable member. If he wishes to leave the Chamber, it is entirely in the honourable member's hands. That is at the discretion of the member for Hart.

The Hon. S.J. Baker: If the honourable member wants some commentary on the economic history of this State and the contribution by successive Labor Governments, I can spend all day on that and the position in which his Party left

this State. It goes right back to Dunstan followed through by Bannon. It was sheer neglect of the economy.

Mr Foley interjecting:

The Hon. S.J. Baker: We had someone in there for three years and he did his best. There was sheer neglect of the economic future of this State during the past 20 years. We are doing the job. In terms of the turnaround we hope to achieve, the seeds are being planted, but the honourable member would be more than critical if I suddenly said, 'Look, there will be a massive explosion in employment tomorrow.' It will not happen. We have said that we believe 1.5 per cent is achievable. As the member for Hart would appreciate, we will aim as high as we possibly can. But in terms of where we have been and what we achieved in the past, given the history of former Labor Governments over the past 20 years, we believe that the estimates are realistic. However, to provide some indication in the budget that we will suddenly have an explosion of employment is totally unrealistic and would be unwise on the Treasurer's behalf.

The member for Hart says that we have given up on unemployment. The member for Hart and the former Government gave up on employment when they let the State Bank and SGIC destroy the State. The member for Hart and the former Labor Government were part of a process whereby they did not give a damn about the economy as long as they had a good time. They have not paid any attention to the constraints that have been on this economy for a very long period. Strategically, they did nothing that could ever assist this State.

I remember a classic statement in 1993 which suggested that the Government was trying to shoot every bird going past. It was a fair indication of the lack of direction. We have laid down a clear direction for the economy and for the State, that is, we believe that the future health and well being of this State revolves around a number of key industries upon which we have concentrated our attention. That is the first directional statement we have heard from Government for many years. We have identified the areas of strength of the economy and have put a lot of effort into improving those areas. That includes improving on areas in which we have not done as well in the past but in which there is great capacity, such as tourism. Clearly, the Government has laid down its strategy. An important part of that strategy was not only fixing up the financials but the economic structure of this State. We believe we have done an enormous job, but we have a long way to go. We do not understate the issue of unemployment and we never will.

Mr FOLEY: Does the Treasurer agree with the Premier's comments at a luncheon conference the other day whereby he was very critical of the former Premier and I can only assume therefore the Treasurer for not increasing taxation?

The Hon. S.J. Baker: Which budget line are you referring to?

Mr FOLEY: Does the Treasurer refuse to answer the question? Should we or should we not have had tax increases over the past four years?

The Hon. S.J. Baker: I think the question is irrelevant. I do not think the question is relevant to the duties that I undertake as Treasurer of this State.

Mr FOLEY: I will rephrase the question: will the Treasurer rule out taxation increases by a Liberal Government in its next term?

The Hon. S.J. Baker: I am not the person who will make that decision.

Mr FOLEY: You are the Treasurer.

The Hon. S.J. Baker: I am not the person who makes that decision.

Mr FOLEY: So the Treasurer of this State will not make the decision as to whether taxation revenue increases occur over the course of the next term of Government.

The Hon. S.J. Baker: The Treasurer never has.

Mr VENNING: I rise on a point of order, Mr Chairman. I ask you to rule on the question of relevance.

Mr FOLEY: It is very relevant with an election looming.

The CHAIRMAN: The Treasurer is the person answering the questions.

The Hon. S.J. Baker: The member for Hart should know: he was deep in there when the finances were going haywire. He should know that Cabinet makes the decisions on what happens to the structure of the finances and, indeed, the issue of taxation or the directions related to the management of the public sector. Those decisions are not made by the Treasurer—that has never been the case and, I suspect, it never will be. In terms of what will happen after the election I ask the honourable member to reflect on the statements already made by the Premier. He has put the position quite clearly.

Mr BUCKBY: I refer to community service obligations on page 214 of the Program Estimates. What is the status of community service obligation (CSO) policy in 1997-98?

The Hon. S.J. Baker: Again, as part of the transparency that is required of us in government, we now have to recognise the implicit costs of providing various services. The change in accounting procedures, competition and all those sorts of issues now demand that Governments come forth and explain the full costs of service delivery. We recognise that for a range of very sound reasons the cost of service delivery changes geographically and according to particular circumstances. It may be in areas of public housing where it changes according to the needs of those who are deficient in income. In relation to water supply, for example, there is a significant cost differential in terms of the provision of water services between country and metropolitan areas.

We have undertaken to specifically recognise those costs. We do not walk away from those costs. They are accepted as fair and reasonable costs but need to be recognised in the framework, particularly when organisations need to live up to some very key performance criteria. We have already stated that our trading enterprises must be effective and efficient and must return a dividend on assets. We also recognise that, in getting such a return on those assets, those organisations are inhibited to the extent that some of the services they provide for very good and sound reasons are less economic than others. We have recognised the community service obligations, at least in the budgetary context, for a number of organisations.

We recognise that, with respect to the pricing of water and waste water services to all country regions, an additional cost of \$70.84 million was ascribed to that activity. That has been recognised so that in terms of SA Water's performance it can be clearly understood that no money changes hands in the process and that the performance of SA water should not be 'inhibited' by the higher cost factors that prevail elsewhere. There are a number of other areas of much lower cost.

With respect to the Powerlines Environment Committee (PLEC), the Minister for Transport oversees \$3.18 million for undergrounding of special areas. The Minister for State Development oversees the special incentive tariffs scheme of \$2.4 million. With respect to rate concessions, the Minister for the Arts oversees a contribution of \$260 000. The Minister for Emergency Services provides rate concessions

to exempt properties on emergency services, and that involves \$50 000. The Minister for Family and Community Services has a community service obligation of \$2.65 million in terms of the administration of various remission schemes and rate concessions that apply to charities, churches and public schools and the administration of other concessions including ETSA customers in financial hardship.

Increasingly, we will see the accounts reflect a recognition of the value that government places on providing those services. That does not in any way mean that there will be a diminution of that service, but it must be recognised that that service is being provided. We believe that it is a very healthy initiative. It is required of us and it is certainly required by our trading enterprises who would otherwise ask, 'Why should I provide this service unless it is fully recognised for the cost penalty that we pay?' That is another change in the budget which makes some difference to the numbers but for which the outcome remains the same, except that it does show a more realistic performance for some of the entities that would normally have to pay it without recognition.

Mr WADE: My question refers to the 'Outcomes and outputs' information on page 221 of the Program Estimates. Why has the Department of Treasury and Finance included outcome and output information in this year's Program Estimates information?

The Hon. S.J. Baker: The Government has already announced that the budget is going to change its shape and will be outcome oriented rather than input process oriented. Our budgets have operated on a cash payments basis, perhaps since first settlement. We have adopted accrual accounting. It was agreed back in about 1992 that all State Governments would sign up to accrual accounting as a process of recognition of the real costs of providing services. The way in which the budget is presented, however, still does not provide a clear picture of the Government's intentions or what the Government is actually achieving. We believe that the budget should be restructured to reflect an outcome and to reflect on performance and, therefore, that it should reflect back on the agencies in the way that they deliver their service, the efficiency of their service and, basically, their total performance.

We believe that with accrual accounting showing full costs and with outcome based budgeting we will see some further improvements, because it will place further pressure on the agencies to look at the costs of their service delivery and what benefit is being imparted to the community. Unfortunately, with our budget papers what we have is how much money is being spent, and many people equate how much is being spent with what is actually being achieved, and we know that there are some big differences between the two. We have an example of how an outcome oriented budget would be presented but, whilst this change has been worked on for some time, my own department was the only one that could actually provide us with the detail for this budget. We were hoping to have a few more examples from the agencies that we could use to indicate quite clearly the type and style of budget that would be presented in the future. Despite the member for Hart's suggesting that we will not be able to reconcile between the old and new, I can assure him that that will not be the case.

The 1998-99 budget, as I announced, will be on a fundamentally different basis. This will for the first time provide information on the outputs being produced, so we are actually asking, 'What are we actually producing?' Forget what we are actually spending, but what are we actually

producing, what are the costs of those provisions, so that we can work out the unit costs of the various obligations, and how can outputs contribute to Government outcomes and provide benefits to the community? We believe it will be a much more focused budget than has been provided previously. We believe that it will give people outside Government the opportunity to scrutinise Government more stringently than they have in the past.

We believe that the accountability and responsibility of agencies and Ministers will be improved as a result of this process. A lot of work is being undertaken by agencies at the moment to provide information in that format. We believe that it is another step in improving the responsiveness of Government to the challenges of today.

Mr VENNING: In relation to the State balance sheet, referred to on page 217 of the Program Estimates, what is the plan to produce a whole of Government consolidated balance sheet?

The Hon. S.J. Baker: On coming into government, we gave an undertaking that the balance sheet of the Government should be reflective of its position. Prior to our coming into government, a number of tables were produced that showed the assets and liabilities of the Government, but they were based on some fairly flimsy evidence and, certainly, some flimsy research. As a Government we undertook to make explicit the truest asset position possible of Government, as well as the liabilities of Government. We have certainly come a long way, and I would ask members to go back to perhaps the 1993-94 budget presented by Labor and see what it produced in that budget paper, then to look at the quality of the information now being produced. We do not feel comfortable that we have reached the point where the outcomes on that issue are as good as we first expected, but we are working on it.

Each of the agencies is now putting a lot more effort into recognising the true value of its balance sheet in terms of assets. We are also bringing to account the full contingent liabilities of Government in a way that has not been done before. We will have a very clear picture for 1997-98. The balance sheet outcome for 1996-97 will be presented in December this year. An enormous amount of work has been done and there have certainly been some real improvements in the information that has been given. In December 1997 we will have a pretty good picture, and by December of the next year the accuracy of the information will have some level of reliability that we could feel very comfortable with. Again, there has been some improvement in the way in which Government is telling the people of South Australia exactly what the assets and liabilities of Government are.

Mr FOLEY: In relation to the program description set out as an objective under the economic advice section, to contribute to the development of national and joint State tax reform proposals, am I correct in inferring from this that the South Australian Government will contribute to the Howard Government's tax reform process, which is specifically intended to develop a GST? I am quoting from the Program Estimates. The Minister's Federal colleague and good friend Peter Costello is suggesting a 15 per cent tax, according to today's *Australian*. Will the Treasurer now make public the Olsen Government's preferred position on the GST proposal?

The Hon. S.J. Baker: Again I would refer the honourable member to the comments that have been made by the Premier on this topic. The member for Hart would not wish the States to be absent from any debate on national taxation reform. If he is suggesting otherwise, I would like him to declare it.

There was a ring around yesterday by journalists from the *Advertiser* asking for Ministers' comments about a GST. My comment was that the current taxation system penalises effort.

Ultimately, you have to decide what taxation regime you want to enhance the most productive sectors of your economy, whether they be rural, manufacturing or whatever. We have had, for example, an explosion in the services sector, particularly in terms of selling our services overseas. Whatever you believe should be the economic strategy of this country in terms of enhancing its economic capacity, the taxation regime should enhance it rather than retard it. I do not believe that John Olsen, Stephen Baker or any Minister within the Government has laid down a clear guideline from our point of view regarding what the magic pudding is. I have my own personal views, as the honourable member would expect, about the efficiencies of various taxations and the need for various changes.

I make the point quite clearly: it is not just a single dimensional issue, because it is all tied up with vertical fiscal imbalance where the Commonwealth takes the money, then it hands little amounts of it back to the States. It is tied up with what are the least or most distorting taxes of States and the Federal Government and, as I said, what is the most efficient tax regime to enhance the productive sectors of our economy. They are matters that have to be argued and debated very vigorously. The States cannot be left out of it. I know that when John Hewson's proposal was put up the GST was going to encompass, for example, a reduction or an elimination of payroll tax and changes in petrol tax. There were a whole range of areas where the States were going to be dramatically affected.

I do not know from the latest version, or what is being talked about, what trade offs there will be in taxation and what role the States will play in that process. One point about taxation is that we now have some fairly exciting modelling capacity which we have not had previously—not that they necessarily get it right, but you can certainly get more accurate information on the impacts of taxation on the economic capacity of the State or the nation—and any taxation change that is put in place has to pass that test. It is no good saying, 'We want a GST which has a higher cost of administration than other forms of taxation', as the member for Hart would recognise. Do we want that or do we want some other combination of taxes? In my view, they have to pass the economic efficiency test, which says that the welfare of Australians will improve as a result of this taxation change. That is the key test. That is the test through which all propositions have to go.

From a State's point of view it also has to go through some suck it and see tests in terms of our capacity to continue to deliver services at the State level. I do not know that I will give the honourable member a clear answer on the issue of GST, because I do not believe that the Premier has put his flag up on the flagpole on a GST. I think what the Premier is saying is that the taxation system we have today is retarding this economy, whether it be State or Federal, and it is about time for a change. In terms of some of the contributions on the GST, Simon Royal interviewed David Lange, the architect of the GST in New Zealand, and a very good and long time friend of the Labor Party, including the current Leader of the Opposition. He was extolling some of the virtues of that change.

All I can say is that he belongs on the other side of politics to me. Therefore, these statements have to be taken in the

context that the Labor Party first put up the propositions through Treasurer Keating of the day, then found it politically expedient to slam dunk GST reform. But David Lange is not very kind to one Paul Keating when he talks about the benefits that can be delivered by the GST. He has basically said—

Mr FOLEY: I would prefer your views to David Lange's.

The Hon. S.J. Baker: I am simply saying that we clearly understand that around election time the Labor Party suddenly will come out with its shock horror tactics. It will be ascribing certain motives and certain directions to a Liberal Government which, as always, will be incorrect. So, we should debate some of those issues right now. I would like to quote the honourable member's good friend and former colleague David Lange as a person who has been through the process in New Zealand. He said:

Well . . . the overall effect on our economy was that we . . . we stabilised the drift and we got jobs eventually.

What he is saying about a GST is that New Zealand's economic performance was marked by massive outflows of population—namely, everyone was going everywhere else but staying in New Zealand—and that the place had no future. He is saying that the GST led to an economic reformation of that country.

Mr FOLEY: Do you support a GST?

The Hon. S.J. Baker: No, I am simply quoting from your good friend David Lange.

Mr FOLEY: Jeff Kennett has the bravery to say what his position is, why don't you?

The Hon. S.J. Baker: I do not know that Jeff Kennett, with all due respect, has said, 'I want a GST.'

Mr FOLEY: He has.

The Hon. S.J. Baker: I am not sure that he has and what it involved, because GST can take a number of forms, as the member for Hart would recognise. David Lange went on to tell Simon Royal:

Yeah, well, they'll find another name for it, that's all they'll do. Remember it was the Labor Party which . . . it was the Labor Party that tried to sell it. It was Paul Keating that went for the taxation summit back there years ago. . . [and he] was able to attack Hewson so effectively. . .

Basically what Lange is saying is, for pure politics, he believes that Keating destroyed part of the country's economic future in the way in which he attacked that issue. I am not saying that I agree with him but, obviously as a friend and mentor of the member for Hart, his views have far more currency on his side of politics than they would have on my side of politics. Further on he says:

I mean, we've got more craftspeople in New Zealand since GST than we ever had before it started.

He goes along and says that that was part of the change that took place in New Zealand. It was a very important change for New Zealand and for a country that was going backwards very fast. Again, if you go back to those heady days and look at the state of the New Zealand dollar against the Australian dollar and then look at the relationships today, you can only remark that New Zealand has done better under that taxation regime.

Mr Foley interjecting:

The Hon. S.J. Baker: No, I am simply saying that as a State we have to be involved. Not only do we have to be part of that debate to protect our position but also to ensure the economic efficiency of the outcomes and, from my point of view, that the taxation changes are feasible. A whole range of changes could be feasible, but I will not go through them

with the member for Hart, otherwise he will have the headlights going on and saying, 'The Treasurer supports these 10 different things.' I am simply saying that taxation is not a single issue and, if anyone thinks that GST in its worse form can provide any use for this nation, then they have another thing coming. Whatever changes have to take place have to pass the test whether we call it a GST or a change in wholesale sales tax regimes which reflect the areas of effort that need to be enhanced not retarded. Those debates are important and it is important that, when the change is made and taxation change is made, we are all part of that process.

We have argued to the point of exhaustion the merits of the various taxation methods and that we get better taxation in this country. Quite frankly, the taxation system is one of the major impediments to this country and, if the member for Hart is saying that he does not support reform of taxation, perhaps he should go out and tell everyone he wants the economic future of this nation retarded as it has been over the past 10, 15 or 20 years, simply because the taxation system does not assist those who are making the effort for this country.

The CHAIRMAN: The Chair feels that the question on GST is largely hypothetical from the point of view of the State Government. The reality is that the Federal Government has prime responsibility for introducing such a tax across Australia.

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

Mr FOLEY: I refer to the program 'Economic Advice' (page 208, Program Estimates). The program description sets out as an objective 'continued improvement of monitoring systems for financial assistance grants and specific purpose payments'. Given the difficulty that the Treasurer had in working out what the implications were of the Howard Government's cuts to special purpose grants, can the Treasurer, using this improved monitoring system, provide a clear analysis of the impact on South Australian programs of the cuts to FAGs and SPPs by the Howard Government in 1996-97 and 1997-98? I acknowledge that the Treasurer may want to take that question on notice.

The Hon. S.J. Baker: I will take it on notice, but there were a number of areas of impact. From the FAGs point of view, the member for Hart would understand that the State received less revenue than previously when we issued the financial statement in May 1994. There have been a number of deviations from where we expected to be. One of those areas is inflation adjustment. Our inflation estimates during 1994 and 1995 were of a somewhat higher order. The member for Hart would understand that, even if the inflationary adjustment is lower, it does not take account of wage movements which change in different ways from the CPI. We have received a far lower level of assistance in general purpose payments than we envisaged, simply because of the issue of population share and CPI adjustments. That was going to happen whichever Government was in power.

A further impost has been the payment to the Commonwealth of \$52 million and \$24 million next year. They were unexpected changes as a result of the Commonwealth Government having to pick up the shortfall on the budget—basically a black hole that the former Labor Government left—which was calculated at \$8 billion but became \$10 billion. The Commonwealth Government made adjustments and the States have all had to pay a price for Labor's mismanagement in Canberra, and we have been adjusting our

way through the system on that. We did not believe that would happen, but we had to cater for it, although we would have preferred not to do so.

This year we expect that specific purpose payments will reduce by \$14 million in nominal terms. One of those items is the guns buy-back scheme, because money was put in the bucket for the States to manage that scheme. There was an increase in SPPs on roads, which mainly involved the Crafrers to Adelaide section of the Mount Barker freeway.

The major area to be affected resulted from the housing reform process, where we received \$7.5 million less. These are mostly 1997-98 adjustments that have become apparent. Total payments, excluding SPPs on-passed to universities, non-government schools and local government, have included the effect of the State fiscal contributions, and they are estimated to increase by 1.4 per cent in 1997-98. This follows a decrease in total payments in 1996-97 of .3 per cent. That was calculated excluding the guns buy-back.

The State fiscal contribution has caused us the most amount of grief; it involves \$51.2 million this forthcoming year and \$49.8 million for 1996-97. There have been other adjustments including sales tax on certain vehicles that the Government uses for its own purpose. There has been a whole range of adjustments. Medicare payments have not kept up with the increased load on our hospitals, and the Government has had to grapple with those matters.

I refer to table 9.1 on page 9.3 of the Financial Statement, which looks at the various items that affected the 1996-97 estimated outcome and the 1997-98 budget. If the honourable member goes back to the previous year, he will see what the estimated outcomes were and he can compare the results. They have been the major components of change.

Mr FOLEY: The program description in the economic advice program contains reference to the 'preparation of forward estimates of taxation revenue and general purpose Commonwealth funding'. When will these be published and, if they will not be published, will they be made available to the Opposition?

The Hon. S.J. Baker: They have already been published in the papers that make up the budget. We have forward estimates on our receipts. Table 5.12 shows a series up to the year 2001. The Commonwealth grants and our own specific source revenues go from 1996-97 estimated outcomes right through to 2000-1. That is shown on pages 5.18 and 5.19.

Mr VENNING: I refer to the national competition policy payments (page 214, Program Estimates). Has South Australia made sufficient progress in implementing national competition policy reforms to ensure that the competition payments are received?

The Hon. S.J. Baker: We believe that we have, but the National Competition Commissioner still has to provide a report to the Federal Government on whether we have come far enough along the path. In terms of the national competition payments that were part of the budgetary process, originally they were a dollar amount for meeting the competition principles. Subsequently, there was another catch put into the receipt of those payments, and that included the receipt of our per capita increase in the grants. Other caveats were put on it. We believe that we will satisfy the Commonwealth Government. The Federal Government would like to see further progress on other areas of negotiation but, from my understanding, we have advanced in most areas to the satisfaction of the Federal Government.

Between 1997-98 and 2005-6, we believe the competition payments will provide the State with some \$332 million. As

I said, the catch is that the Howard Government has included the *per capita* share of the financial assistance grants in the same deal. We estimate that another \$690 million is also consequential upon our satisfying the competition principles. If we add up those figures, we see that in real terms \$1 022 million will be made available to the State over that eight-year period, provided we comply with the competition principles. The National Competition Council has monitored the situation, and we have provided reports to it on our progress and on a whole range of fronts, including the independence of regulatory regimes for access and pricing. Most of those issues have been satisfactorily resolved, so there is some probity in the system.

At this stage, we are going as well as can be expected. However, at some later date it may raise the ante and say that the States have not done well enough and that it wishes to restrict them. These things happen in politics. However, at this stage the signals are positive that South Australia has taken on the competition issue in a vibrant fashion. They have met the targets. We have given them a list of legislation that has been affected and will be reviewed. We have and will continue to put in place independent regulators, where they are needed, so that the Government cannot charge monopoly prices willy-nilly. In our legislation, we have provided for access in areas where key infrastructure is involved. On all those fronts we led the way with the legislation on the national electricity market, and we are doing the same with gas. I therefore believe that we are largely satisfying the Commonwealth—if it is ever able to be satisfied.

Mr BUCKBY: Who is liable for tax equivalents, and which tax equivalents are they liable to pay?

The Hon. S.J. Baker: As I explained previously, tax equivalent payments are there to make sure that, whatever activities Government is involved in, there is a recognition of the full cost of that delivery. That means that the delivery of those services must recognise the taxation component. The tax equivalents and the associated liabilities relate to what would be paid for our trading enterprises if they were subject to the Commonwealth income tax regime and the wholesale sales tax regime. A trading enterprise would have to conform as though it was subject to that regime, and that is recognised explicitly. State taxes are also applied, that is, payroll tax, stamp duties, land tax, FID and debits tax, and council rate equivalents. We are trying to assess realistically the full cost of those. Many of the costs of Government have been hidden in the past, because we have hidden behind taxation shelters.

One of the largest items the TER brings to account is land tax. The largest item to which we can point in the 1997-98 changes—and they are reflected in the budget—is the payment of land tax on Housing Trust houses of some \$55.6 million. That money is not taken away; it is purely recognised. The land tax goes up, but it is recognised, and the money goes back to the Housing Trust. So, there is no loss of benefit to housing in the process. A long list of entities is included in the tax equivalent regime, and I can provide the honourable member with a list of those entities. They include such bodies as the Local Government Financing Authority, the Motor Accident Commission, ETSA, HomeStart, the Lotteries Commission, the Public Trustee and SAICORP—all those areas where you can see there is an alternative private way of delivering those services; they are already caught up in the TER. A number of business units are also subject to the taxation measures; for example, in the Department of Transport, bus management; metropolitan road maintenance; and the Regency Park workshop. Areas within Services SA,

including building maintenance, Central Linen, Fleet SA and Supply SA, are also subject to the TER payments.

The CHAIRMAN: Did the Minister tell the honourable member that he would supply a list or could supply a list?

The Hon. S.J. Baker: I can supply a list to the honourable member that will clearly explain the items covered.

The CHAIRMAN: The rules of the Committee are such that the Committee will receive the list.

The Hon. S.J. Baker: Thank you, Sir.

Mr WADE: What reductions in payments has the State suffered in the level of Commonwealth general purpose grants?

The Hon. S.J. Baker: That is similar to the member for Hart's question. The most obvious area is the payment to the Commonwealth of some \$51.2 million. That is the most difficult area with which the Government has had to grapple. Other areas have been affected, and I have mentioned those previously. Basically, lower levels of inflation mean lower levels of grants. However, that does not take account of the changes in salary components that may rise much faster than the CPI, so we will take a loss in some of those areas. Of course, housing assistance has been reduced. They are talking about the State having to meet 5 and 6 per cent productivity improvements in housing delivery.

There is a range of other areas where the level of Commonwealth support is decreasing. Commonwealth health grants do not match the demand on the system which was caused by people moving away from private health insurance and then being inclined to the public health system. They are some of the major areas. A lot of adjustments are necessary for specific programs; for example, further education is one area that has been affected by decreases in grants, amounting to about \$5 million or \$6 million. Changes have occurred in other areas, for example, employment programs and support for training purposes. The system is quite dynamic, although it is rare for the numbers to go up; they normally go down.

Mr FOLEY: Earlier today, I forgot to ask an important question when the Minister distracted me during our political banter over the possible sale of ETSA. What assumptions has the Government made in the forward investments about future streams of dividend and interest payments from ETSA Power and Optima Generation for the years 1998-99, 1999-2000, 2000-1 and 2001-2? The Minister must bear in mind that the forward estimates are somewhat difficult to predict in those areas, but clearly the Minister has factored in some numbers, and we would like to see what they are.

The Hon. S.J. Baker: If the honourable member examines the forward look of the 1994-95 budget and this budget, he will find that a number of those components have changed, simply because of market conditions or outside influence such as that involving the Commonwealth Government. There are some details in the Financial Statement on this matter. We will give the honourable member the forward estimates basically for the commercial sector, which will include ETSA, water and ports.

Mr FOLEY: In the capital works area, what is the total cost of all projects listed in the 1997-98 budget capital works program, and how much of that expenditure has been incurred in previous years? What is the estimate of expenditure on those listed projects in 1997-98, and how much of that expenditure is scheduled to be spent on those listed projects in 1998-99, 1999-2000 and 2000-01.

The Hon. S.J. Baker: The honourable member knows that he is setting an impossible task in asking some of those questions, even though he has attempted to put them on

notice. I refer the honourable member to Table 1 of the capital works program for 1997-98, which indicates that the proposed expenditure is \$1.291 billion. I know that the honourable member has cast some reflections on how realistic that program is, and I reiterate what the Premier said previously when he dealt with the same issue. I know that the honourable member may not wish to be told about what occurred in the past and the effect it has had on this State, but the most startling figure (and I do not think our budgets have been this far out) was in 1992-93—and that was not when you were in election mode, by the way.

In 1992-93 we had a very expansive budget of \$1.238 billion and—surprise, surprise—it delivered \$1.056 billion. In just one year it was \$180 million short of the target. The honourable member could declare that members of the former Government were cheats and liars, but I am sure he would not do that, given that he was an adviser at the time. The proposed capital expenditures reflect ongoing programs and appear in the capital works program book and the financial statement.

If the honourable member has an interest in any particular project, I am certainly willing to take it up, but he would recognise that we have hundreds of items in the capital works program which are ongoing. He could look at education, where works are being undertaken on a number of schools, or the amount of road works being done. Some of those works will come to an end and others will start. I do not want to use my officers' time going through each individual project in detail, but we have certainly put down what we believe is a realistic assessment of where we are going.

In respect of gross numbers, I refer the honourable member to page 2.11 of the financial statement, Table 2.5, which shows where the gross fixed capital expenditure and other capital outlays are heading for the non-commercial sector. If the honourable member wants to put questions on notice about a specific program in which he has an interest, I am more than happy to take that on board, but I believe that the breadth of his question is answered in the financial statement and the capital works program.

I know that the Leader was getting pretty excited about the Royal Adelaide Hospital and made great play of the fact that it had only \$5.6 million in the budget, saying it would not all be built, or some facile statement that this reflected a lack of commitment by the Government. As the Minister for Health says, you cannot build all these things at once and you have to do all the engineering and architectural preparation first so that you do not have a massive shortfall in beds. You cannot simply pull down everything at the same time, and that is reflected in the capital works program. We complete some programs in six months and others may take three or four years, particularly if they are on very tight sites, such as the Royal Adelaide Hospital. The honourable member mentioned the Tanunda school as an example. The issue there has been the placement of the Tanunda school; there has been no lack of willingness. Negotiations have continued quite outside the purview of the Minister for Education and Children's Services: the location of that school has been an issue between the council and the Government.

With respect to those major examples, which were given with great delight, of the Government supposedly fudging the figures, keeping projects going and putting them off, the honourable member was wrong on both counts. Mount Gambier Hospital was mentioned previously; it has been on the books for at least three or four elections and this Government is actually delivering it. The Finger Point sewerage

works was on the books for how many years, while it kept being repeated? That was a quite straightforward project, which was there just for political gloss. Except where some planning difficulty has been involved (and that is very few cases), each program we have announced has been completed. Sometimes there has been some slippage. We have set out with the clear intention—and the Premier has made his views quite clear—that once we have committed we should actually get on with the job. So, there has been no lack of willingness on the part of the Government, unlike the former Government which used to put up these programs, highly inflate the capital works program and then not deliver.

I do not want to go back over the programs that were announced year after year or election after election and simply not delivered. I do not think the honourable member can point to any commitment from which the Government has walked away—and that has been a highlight of this Government, quite frankly. If the honourable member likes to read all the information that has been provided, I am willing to follow up on any question he has.

Mr FOLEY: I will not be tempted to follow the Treasurer into political rhetoric and petty Party political statements. I will rise above that and attempt to continue my constructive approach. One can always see when the Treasurer is under intense pressure: the facts go out the window and in comes the political bluster and rhetoric.

The CHAIRMAN: The Chair is pleased with this change of heart.

Mr FOLEY: The Treasurer's conduct indicates that from time to time he thinks he is still in Opposition, but I will rise above that. I have asked a question; the Treasurer can choose whether or not to answer it. It was a legitimate question and I would hope that it is not too difficult for officers of Treasury to gather that information. I will continue to bat on, because it is important to deal with serious questions about the quality of the capital works budget as presented in the budget papers. What is the value of capital works listed in this budget's capital works program that are already committed, either because work has commenced or because contracts have been signed; what is the estimated expenditure on those projects in the years 1997-98, 1998-99, 1999-2000 and 2000-01; and what is the identity of each project that has already been committed? I would like officers to look at that and again the Treasurer can choose whether or not to answer. It is unusual for Treasurers to refuse to answer questions.

The Hon. S.J. Baker: It is unusual for Treasurers to take on board the job of all the other agencies. What the honourable member is asking is not as easy as it sounds; it sounds pretty good when you roll it off the tongue. What we have here is subject to budget determinations, as the honourable member would recognise. We can involve the departments. Treasury has nothing to do with this: it receives this information and consolidates it within the capital works program and, as long as everything adds up with the budget estimate, we are keeping friends in the system. So, Treasury's response is not appropriate under these circumstances. We do know that if we can get the departments to give a time line on the commencement of the projects in this budget that are commencing this year we will have satisfied the member for Hart. That is the best we can do under the circumstances.

They have one year in advance. The member for Hart is correct: we have one year's estimate of the total program. The best I can do is to ask the departments to work out the situation longitudinally over that period to determine those that will be starting during this period, how long it will take

and what sort of dollops of money will be spent in any one year. It is a lot of work but I will endeavour to provide the member for Hart with an answer.

Mr VENNING: I refer to the Program Estimates at page 214. What contribution is expected from SA Water in 1997-98, and how is this justified?

The Hon. S.J. Baker: The contributions from SA Water are consistent with what we would expect from its performance. During 1996-97 we expect a dividend of \$91.2 million, an income tax equivalent of \$6.1 million, a wholesale sales tax equivalent of \$2.8 million, and a land tax equivalent of \$3.9 million, which makes a total of \$104 million. In 1997-98 we expect a dividend of \$86.26 million, which is a lower requirement; an income tax equivalent of \$79.7 million, but I remind members that a community service obligation of \$73.6 million is included in that figure; a wholesale sales tax dividend of \$3.1 million; and a land tax equivalent of \$3.9 million. That makes a total of \$172.96 million, of which amount approximately \$70 million is a cross charge.

The community service obligation of \$73.6 million from a total of \$172.96 million explains the increase. If one subtracts that amount, obviously a lower dividend returns to Government. For 1997-98 the rate of return on assets is estimated at 5.6 per cent, which compares with 5.5 per cent for 1996-97, and it is consistent with SA Water's medium term target of 6 per cent. It is also important to recognise that, as at 1 July, responsibility for South Australia's financial contribution to the Murray-Darling Basin Commission (MDBC) will be transferred to the Department of Environment and Natural Resources.

SA Water has increased its dividend income tax equivalent payment by an amount equivalent to the estimated MDBC financial commitment. An amount of \$14.5 million is now not reflected in the payments being made by SA Water and, as a result, an increase in the dividend has occurred.

Mr BUCKBY: Net interest costs as shown at page 7 of the Estimates of Receipts and Payments are anticipated to decrease from \$624 million in 1996-97 to \$583 million in 1997-98. What are the factors that lead to this significant reduction in interest costs, and why is this different to net interest costs which are included under Deputy Premier and Treasurer, Other Payments and which are anticipated to reduce from \$648.1 million in 1996-97 to \$623.4 million in 1997-98?

The Hon. S.J. Baker: Three factors affect the lower interest cost, and they are explicitly recognised in the budget papers: first, a lower average rate of interest applies to non-commercial sector debt, and that results from the more favourable interest rates that are currently prevailing; and, secondly, a lower average level of non-commercial sector debt in 1997-98, and the member for Hart has received two briefings on the matter in relation to the way in which we handled the loss of levy income. The lower average debt reflects the application of net proceeds of asset sales to debt reduction and the transfer of \$450 million of debt to ETSA Corporation. The third factor is the elimination of the non-commercial sector deficit. Each factor has had some impact on the figures, and we are pleased that, as a result, we are paying out less in interest.

Mr WADE: The public sector net debt is estimated to decrease to \$7.359 billion by 30 June 1998. How does this compare to the Government's original net debt target of \$6.6 billion by 30 June 1998?

The Hon. S.J. Baker: I am pleased to say that, despite attempts by the Opposition to discredit the Government, the

figures speak for themselves. Prior to the election we announced our target, and we have hit that target. I reflect that when we were making election announcements before the last election we thought we were dealing with a particular debt, and then someone found that a slight swindle had occurred with superannuation payments. It was a bit hard to know how we should treat the information coming forth from Government. Basically we said—

Mr Foley interjecting:

The Hon. S.J. Baker: No. The situation at the time was that there were credits for some superannuation payments that were being off-set against the debt. Quite clearly the superannuation payments should have been outside the debt calculations of Government: they should have been parked with SASFIT. I am not saying that it was deliberate, although I thought so at the time. It may have been misadventure due to some problems with the Commonwealth Government—

Mr FOLEY: Misadventure by whom?

The Hon. S.J. Baker: Misadventure by the Minister.

Mr Foley interjecting:

The Hon. S.J. Baker: No, the Minister. He went missing when the question was asked. During the 1990s an issue arose about whether superannuation payments should be subject to Commonwealth taxation regimes, and funds were moved between various entities into special deposit accounts. In the presentation of the budget papers a conclusion was formed about net debt, and that sum of money was used as an off-set on the net debt. It was all straightened out. In real terms our promise meant that we would be around the \$6.6 billion mark, and we are at \$6.6 billion. From a budgetary point of view, what we said we would deliver by 30 June 1998 translates into what we have delivered, and we are pleased with that result.

Asset sales and reductions in deficits have assisted that process. As the honourable member would recognise, payouts in the form of TVSPs, costs associated with the running of Government and reducing that deficit have acted as an off-set from the asset sales. Overall, we believe that the outcome has been quite beneficial in terms of reducing the debt and therefore reducing Government's exposure to the vagaries of the money market and interest costs. In real terms, \$7.359 billion translates to \$6.6 billion, which is where we said we would be, and that is where we finished.

Mr FOLEY: What Treasury assets of the South Australian Asset Management Corporation were transferred to SAFA in 1996-97?

The Hon. S.J. Baker: From memory, it was about \$2.7 billion. When we examined the management of the South Australian Asset Management Corporation we discovered that over \$8 billion of loans and liabilities had to be managed. From memory, it was about \$3 billion in non-performing loans and in terms of money market transactions about \$5 billion. Treasury took over the management of \$3.5 billion; they were hardly assets. It was not transferred to the balance sheet: it was just management of the out-standings from the bad bank.

Mr FOLEY: Who were the independent consultants who reviewed the policies and operating guidelines for the management of State debt, what fees were they paid and will the Government provide the Opposition with a copy of their report?

The Hon. S.J. Baker: We do not normally give reports such as that: some of them stay internal to Government because they do have sensitivities associated with them. They were MacQuarie and BT, and we provided a full copy to the

Auditor-General of their conclusions. The full reports are with the Auditor-General.

Mr FOLEY: I take that as a 'No.'

The Hon. S.J. Baker: You can take that in terms of saying that we followed due process.

Mr FOLEY: I just asked whether I could have a copy. It was a simple question and 'No' is sufficient. One of the objectives for 1997-98 in the Program Estimates is to 'further rationalise SAFA's balance sheet to ensure its capital base and asset holding reflects its core functions'. In what non-core functions is SAFA presently engaged? In particular, what equities, businesses and real estate are held by SAFA, and is it the Government's intention to exit these activities?

Additional Departmental Advisers:

Mr J.J. Ullianich, Director, Treasury and Finance.

Mr A. Anastasiades, Chief Executive Officer, SAAMC.

Mr R. Harper, General Manager, SAFA.

The Hon. S.J. Baker: I will ask Mr Harper, manager of SAFA, to provide an answer. The straight answer is, 'Not much at all.' We have got out of these fancy financing and entrepreneurial operations and have used SAFA to do it. That would have been my answer. I will ask Mr Harper to explain in more detail what that answer means.

Mr Harper: Over the last 2½ years there has been a quite significant restructuring of SAFA's activities. Basically, we have moved back to what we regard as core functions, which involve raising cost-effective financing from international and domestic markets, on-lending them to the South Australian public sector and its various constituent entities on a cost-effective basis, managing the non-commercial sector debt portfolio on behalf of Government and providing general financial risk advisory services to SAFA's client base. In terms of non-core activities, the honourable member asked whether we hold any equities or real estate on our balance sheet. The answer is that they were liquidated some time ago. We still have involvement with offshore and subsidiary companies which were set up many years ago to exploit cost-effective financing opportunities. Those entities currently exist, are being maintained on a temporary basis and are being wound up as situations allow.

Mr FOLEY: Who is responsible for undertaking the sale of assets listed on page 8.2 of Financial Paper No. 1? We are aware of the process with the Adelaide Casino but what about State Print, the Central Linen Service, the Ports Corporation bulk loading plant and machinery, the Noarlunga regional centre and city regional centre? What are the expected selling costs, and what is the estimate of the fees to be paid to advisers?

The Hon. S.J. Baker: In terms of who is responsible, I explained previously that the asset sales unit within Treasury will take over the large element of responsibility in conjunction with the agency. If the honourable member looks back at the sales that have taken place he will find that they have always been undertaken in conjunction with the agency concerned and have also had input from the legal side. If you like, the three predominant components of the asset sale team are Treasury, the particular agency and the legal adviser. Where necessary, we hire independent consultants to assist us in this process.

In terms of the assets listed, the Casino complex is being progressed forward through a relationship at the management level between Kumagai Gumi and Treasury. I cannot provide an audit of costs on that until we finish the process, but

presumably it will be significant because of the complexities of unwinding the asset and going through the sales process. With respect to State Print, the process is being conducted between Treasury and Services SA. The same thing is happening with Central Linen. The Ports Corporation's relationship is between transport and Treasury while that of the Noarlunga regional centre is with the South Australian Housing Trust. Citicentre involves Services SA, with some help from Treasury. They are the ones involved. The costs relating to all but the Casino will be a very small component part of the sale. The one that will cost considerable amounts of money, for a variety of reasons, will be the Adelaide Casino, where there will be some cost sharing arrangements.

Mr FOLEY: Page 8.2 of Financial Paper No. 1 also refers to scoping studies being undertaken on other assets. Will the Treasurer please detail those other assets?

The Hon. S.J. Baker: We are having a look at the areas of Government and seeing how those are performing. The scoping study is assessing the performance of those assets. For example, one of them—and I will not give a list of those that we are doing, because then we will have another bit of scuttlebutt to say that we are selling, selling and selling—that the honourable member would recognise is the TAB. We are looking at the TAB and asking what are the risks, what are the opportunities, what benefits prevail from the current arrangement and whether Government will benefit from that arrangement in the future. The TAB is the one that currently has a considerable amount of work being put into it.

Mr FOLEY: Were there assets other than the TAB?

The Hon. S.J. Baker: I said that I do not intend to give the honourable member a list of things we have done scoping studies on, but we have looked at a number of assets over a period of time. The scoping study actually focuses the Government on whether we can get a better performance than we are getting from those assets. A number have been assessed, and they are either below performance, we believe, or they are subject to external risks. So, we are using the scoping study process without any definite sale on the end of it just to see how they are going and whether they can be improved. We have done that with a number of assets.

Mr FOLEY: Why cannot I have access to that information? I would have thought that that is important public information in terms of the accountability of Government enterprises and how well they are performing?

The Hon. S.J. Baker: You will be the first to know if we announce that we are doing something with a particular asset.

Mr FOLEY: Whilst the Asset Management Corporation clearly is working through a number of assets that were not performing as well as considering what is currently on the books, there is also an issue of what could be future liabilities for Government.

The Hon. S.J. Baker: That is risk, yes.

Mr FOLEY: Yes. Did Treasury do an analysis and provide briefing information on the decision by Cabinet to enter into a 15-year tenancy arrangement with the EDS building on North Terrace? If so, could the Opposition have a copy of the Treasury advice on the risk that the State has now put itself into with the 15-year tenancy arrangement for that building?

The Hon. S.J. Baker: I was wondering when the honourable member was going to ask that question, given that he seems to have a bee in his bonnet about the—

Mr Foley interjecting:

The Hon. S.J. Baker: The honourable member does have a preoccupation with the EDS building, and I can appreciate

that Government has to be accountable. The assessments have been done on that project by Treasury. They are not available to date. Negotiations are ongoing. When the Government signs a contract, it will clearly explain what it has done and why. The former Premier has clearly explained that now but has not satisfied the member for Hart. Until negotiations are completed on that project, I do not think it is appropriate for me to say any more. The member for Hart speculated on the potential liability in the worst case scenario; that is what the member for Hart is claiming.

What we find in this world—except when a Labor Government is in power, when the worst case scenario actually comes to fruition—is that generally estimates can be made that are a bit more reliable than worst case scenarios. Obviously, when a contract is signed the public will be aware of what that contract means to the Government.

Mr FOLEY: The Treasurer has been very quick to berate the Labor Party for its past failings—

The Hon. Frank Blevins interjecting:

Mr FOLEY: He has been during the course of the day—particularly you. He was talking about swindles regarding you.

The Hon. FRANK BLEVINS: Is that right?

Mr FOLEY: Yes.

The Hon. FRANK BLEVINS: Say it outside?

Mr FOLEY: No, he would not do that. The issue of the EDS building—

The Hon. Frank Blevins interjecting:

The CHAIRMAN: The member for Giles may be part of the Committee but he is not a standing member; he is a sitting member, if the honourable member could resume his place.

Mr FOLEY: Regarding the EDS building, might I add that that is not a figure I have plucked out of the air. That was in the leaked Cabinet submission provided to the Opposition, which we have tabled and which stated a Treasury estimate of between zero and \$30 million. I think it is appropriate for the Opposition to be scrutinising that. Is the Treasurer now saying that a contract has not been signed between the Government and Hansen Yuncken, because my understanding was that an offer had been made by the Government and accepted by Hansen Yuncken?

The Hon. S.J. Baker: I have not kept in touch with the details over the past two weeks, but the fine detail on that whole contract had not been finalised. I have not actually looked at it in the past two weeks. It might well have been finalised now and, therefore, the announcement can be made in its fullness, but matters of detail had to be satisfied by Government.

Mr FOLEY: To satisfy my preoccupation, if I may—and it is somewhat of a hobby horse for me, as the Treasurer says: I do not like any Government, Labor or Liberal, to be marching into a project such as this, as exposed as we are in this project—once that contract is signed, will the Treasurer make available for public disclosure the Treasury's risk assessment as to the potential liability for the State Government in this project?

The Hon. S.J. Baker: What we can ensure is that when things are signed up we have an adequate independent assessment. I think that the answer is that we should adequately assess the potential risks.

Mr Foley interjecting:

The Hon. S.J. Baker: It may not be a Treasury assessment: it may be an independent assessment. It would ask what is the probable outcome of this project.

Mr FOLEY: Not a good one.

The Hon. S.J. Baker: From memory, about \$4.5 million was the original assessment, and there was certainly a suggestion that, if everything went haywire and only one part of that building was filled, there was certainly a higher range to what the Government could face under those circumstances.

Mr Foley interjecting:

The Hon. S.J. Baker: The honourable member says that he has a Cabinet submission of that nature. He is telling us: I am not telling him. I am simply saying that there will be an assessment of that process.

Mr FOLEY: It is not a good deal, is it?

The Hon. S.J. Baker: I am not here to reflect on deals.

Mr FOLEY: Is it a good deal?

The Hon. S.J. Baker: If all the elements that were discussed at the time come to fruition, it will be a good deal.

Mr FOLEY: When will the Treasurer learn from past mistakes? It is another job I will have to worry about to sort through in a few years time, I suppose.

The Hon. S.J. Baker: Ten or 20.

Mr FOLEY: As I said before, to our well trained officers from the Asset Management Task Force, we will have some work for them in the future. As quickly as this Government disposes of poor assets, it is loading in a whole set of new ones. That is my constructive contribution in this area.

The Hon. S.J. Baker: I think I should respond; we cannot leave this issue. The issue of risk and management is clearly understood by Government. The difference is that the previous Government went into deals and when it got into strife it just kept making the deal worse. Through various assessments we have attempted to look at worst case and best case scenarios to adequately address whether the Government is doing the right thing and whether the risk is worth it. There is a risk associated with everything in life, otherwise we would close all Adelaide down. There is a huge difference in the way in which this Government operates, because we have people looking at each project and determining the benefits, the costs and the risks. That was never done by the former Government. I noticed in the New South Wales Auditor-General's Report that that State still has the same problem. At least in the circumstances in South Australia—

Mr Foley interjecting:

The Hon. S.J. Baker: No, the honourable member is mistaking one thing: one issue is risk and the other issue is eventuality. If we operated on the honourable member's idea of risk, we would never do anything.

Mr Foley interjecting:

The Hon. S.J. Baker: No, there seems to be a preoccupation involved. I am simply saying there is a huge difference between the way in which the previous Labor Government operated and the way in which this Government operates. We have a clear understanding of what risk is and how it should be managed. The honourable member and his colleagues said, 'If we have a risk, then we make it worse.' I reflect again on the State Bank and SGIC. The problem was known internally and within Government yet the previous Government kept compounding the problem by trying to buy its way out of it. I simply ask the honourable member to reflect on that. The Government has taken a position in terms of the strategic importance of that building, the IT precinct that will eventuate and what value adding can occur regarding the Torrens Domain, and it believes that, in the best interests of South Australia, the building will be built and the risk is manageable—end of section.

Mr Foley interjecting:

The Hon. S.J. Baker: It is a matter of opinion.

The Hon. FRANK BLEVINS: I understand that the Treasurer has said I was engaged in a swindle on superannuation, which I find to be a very interesting use of words. I wonder whether the Treasurer would care to elaborate on the swindle, whether it was a personal swindle or whether it was a swindle in collaboration with Treasury officers or other public servants.

The Hon. S.J. Baker: I think the honourable member should refer back to the *Hansard*. I knew that somehow it would awaken the member for Giles. I was simply reflecting on the events of 1993 and the sudden difficulty created by the treatment of your balance sheet.

The CHAIRMAN: If it gives any satisfaction to the member for Giles, the Chair took the comment to be a flippant line and, if the honourable member has taken it in a different way, he is entitled to do that.

The Hon. FRANK BLEVINS: I am not quite sure. I am a very sensitive soul, and I would think that anyone who accuses me of swindling ought to have a look at *Hansard* and either enlarge upon it and tell me with whom I have been engaged in this swindle and what I got out of it—which will be interesting—or whether the officers with whom I was engaged in that swindle are still employed, or whatever. I take it very seriously, Sir, and I would have thought that the Chair would protect my honour in this respect while I was absent. That is a very strong reflection, is it not, Sir?

The CHAIRMAN: The Chair did not realise at the time that it was the honourable member's actions that were in question. The way that the line was delivered was in a flippant manner and it seemed to be a rather sweeping generalisation, and from subsequent explanation the Chairman certainly inferred that it was more a movement of funds—

The Hon. FRANK BLEVINS: Could it be taken as if it was said with affection?

The CHAIRMAN:—rather than a misappropriation of funds. So, the Chair allowed the matter to slide by. I apologise for not defending the honourable member's honour.

Additional Departmental Advisers:

Mr D. Prior, Director, State Superannuation Office.

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

Mr L. Owens, Chief Executive Officer, Superannuation Funds Management Corporation.

Mr G. Vogt, Chief Executive Officer, Motor Accident Commission.

Ms J. Roache, Lotteries Commission of South Australia.

Mr B. Pryor, Liquor Licensing Commissioner.

Mr FOLEY: What prudential oversight is presently maintained over investments in the State public sector superannuation funds?

The Hon. S.J. Baker: Those investments are subject to a number of sifting processes. For example, we do have outside advice provided on the investment of our funds. The issue of how they are invested is the subject of discussions on a regular basis between Treasury and SFMC and the Treasurer and SFMC. We have a number of advisers who assist us in that process, and it is subject to a number of checks and balances. Of course, we have an independent board that makes some of the day-to-day decisions. The more important decisions have to be ticked off by the Treasurer, including issues that arose in the late 1980s, early 1990s,

involving some of the areas of investment that were not good. In terms of when the Treasurer has to be informed about a particular event, obviously we have tuned up in those areas so that conceivably the warning signs will occur sooner rather than later. Generally, though, we have some reasonably high level of advice that assists us in the process and the normal probity issues associated with reporting to the Parliament.

Mr FOLEY: The footnotes to table 1.5 in Financial Paper No. 1 reveal that \$56 million was allocated from superannuation provisions to achieve a claimed—although, as I said earlier, on an unsatisfactory definition basis—surplus on the non-commercial sector. It states that it: 'reflects variations to the previously published repayment schedule for past service superannuation liabilities—from a total of \$1.259 million in payments to 30 June 2000, as published in the 1996-97 budget, to a revised figure of \$1.126 million'. What was the justification for this decrease in provisioning, apart from the need to find a further \$56 million to claim an underlying surplus?

The Hon. S.J. Baker: The issue of the \$56 million has been explained in principle in past budgets, where we have over performed in terms of the amount available. I refer to previous performance. In this case we have said that there will be some delays in capital projects. In order to smooth that impact, we are saying that the superannuation liability shall go hand in hand with the surpluses or the above average performance of the Government and, therefore, the provisioning will take place. In that way it will not be a curve that jumps up and down so we do not have a very high level of financing one year and a lower level of financing in another.

The honourable member can look at earlier reports, but we said that, where we have performed above our own expectations, a superannuation provision has been made available. That above expectation has resulted from under expenditure, and most of that has been in capital. The honourable member can go back through previous budgets to see that the provisioning has been smoothed simply by carrying forward that amount. There is nothing magical about it. It is quite straight forward. That was why it has been brought forward, and we have done it for the last two budgets. There has been no question about it. We have simply reflected the levels of under expenditure which have been committed but not spent in a particular year.

Mr FOLEY: Will the Treasurer provide copies of the original and revised schedules for superannuation provisioning?

The Hon. S.J. Baker: It is just a matter of grabbing the reports. I think that most of the information for the forward years can be found on page 4.3 of the Financial Statement. We will provide the honourable member with the information for the back years because they are in the previous reports.

Mr FOLEY: If there is no surplus on the non-commercial sector next year, will the Treasurer reduce superannuation provisions to claim one, or will he rule out this sort of provisioning in next year's budget if he is looking out for some dollars to make a surplus appear in the budget papers?

The Hon. S.J. Baker: Table 4.4 shows the years 1994-95 through to 2000. Some of those accumulated funds were made available for wages, where we expected certain wage outcomes which did not occur, for reasons of which the honourable member would be well aware. Provisioning was made available for wages but enterprise bargaining took a little longer, so money was in the deposit accounts. That has previously been mentioned by members, who have queried the amount of money in the special deposit accounts. We

have made provision to ensure that there is not seen to be a vast splurge of money when the commitment has already been made and the money is there to meet that commitment.

Mr FOLEY: The new Chief Executive Officer of the superannuation corporation is present today, and I noticed in recent publicity that there has been a change of focus in the way in which the corporation is spreading its investments by selling a number of assets and moving into managed funds and other areas. Can the Treasurer elaborate on the changing profile of the investment mix?

The Hon. S.J. Baker: We have taken external advice, and that advice has been under discussion for some time. Information has been put before the board, which feels that the fund should perform much more strongly than it has in the past. When it was SASFIT, it was used to prop up various areas that the Government believed were strategic to support, including ASER, at some significant cost. There was a whole range of other investments. The exit report from the Asset Management Task Force points to what happened in SGIC, but some of the investments by SFMC in the past were not particularly bright, either. As with the issue of SGIC and ASER, SFMC was used to look after the home front, which probably gave people a lot of joy, but it did not give the superannuation fund the returns that it should look for.

The advice that I have received suggests that the focus should change, but I will not give the honourable member the exact details because they are commercial and in confidence. In general terms the advice that has been provided to the board and relayed to and discussed with the Treasurer is that there should be less exposure to property because it has been performing poorly and, on a long-term basis over the last 10 years, it has not been as strong as it should be. There are greater gains to be made in equities, for example, on a long-term basis—not a year-by-year basis—and the investment strategy of the superannuation fund should be reflective of a professionally run fund. Returns have to be as high as possible without placing the funds at extraordinary risk. Generally, the advice is to put more into equities, because they have a long-term history of performing above average, and less into property, which has been very sad for the last five years.

Mr BUCKBY: My question concerns unfunded liabilities. In its May 1994 Financial Statement, the Government announced that it would provide funds to meet the annual accruing superannuation liability and also to eliminate the outstanding past service liability via 30 annual instalments. What has been the level of past service liability funds contributed by the Government in 1996-97, and is it to be maintained?

The Hon. S.J. Baker: The Government allocated \$21 million in the 1996-97 budget to continue the elimination of the outstanding past service superannuation liabilities and the payment was planned to be applied to SSBS, with SFMC to manage and invest the funds for the Government. The actual payment for funding past service liabilities in 1996-97 is expected to be \$151 million, which is an increase of \$130 million, and is to be applied to the State scheme, the SSBS and the parliamentary and judges scheme. The original estimate was \$21 million and we are now expecting to put up \$151 million. This followed a final payment in 1995-96 of \$221 million compared with a budget estimate of \$147 million. Over this period, we have paid in well in excess of the estimate, and I explained earlier how we smooth out commitments that are met in years other than when they are expected. For 1998-99, we are expecting \$209 million;

1999-2000, \$238 million; and 2000-1, \$258 million. We believe that the flow over will cover the general liability that would have accrued for 1997-98, that is, the over payments in previous years.

Mr WADE: Why has there been a significant increase in the number of people working in the Superannuation Office?

Mr Christie: In the past year or so, we have been involved in a review of the Superannuation Office and assessed its performance against what are now fairly clearly defined industry standards and performance in terms of service to members and those sorts of facilities. It has been found that the superannuation office, in its present form, is incapable of delivering appropriate services. There has been a need for additional resources to meet those requirements. Of recent times, there have been approvals for fee increases so that the improvements in the office are funded by charges on members' accounts, but I should point out that the level of those fees is still in the bottom quartile of any fee structures in Australian industry. It still represents very economical management of the superannuation process. However, it is clearly acknowledged that there is a need to improve our performance, and that involves additional resources.

Mr QUIRKE: As the public servants and politicians in this State have been done over with regard to superannuation, when will the Treasurer start work on the judges?

The Hon. S.J. Baker: That question could incite riot. The honourable member has answered his own question.

Mr QUIRKE: I thought the judges would show some level of superannuation modesty in future. I understood that the Audit Commission recommended that the judges get a going over. Is that no longer on the agenda?

The Hon. S.J. Baker: It is an unfortunate turn of phrase from the honourable member, as I know he is reluctant to cast aspersions on our fine judiciary. The issue for judges has always been that the Government has paid all the bills. As the honourable member would recognise, it is a non-contributory scheme, and that has not changed. I note that, when the issue of superannuation was debated at the Federal level, there was some approach—at least from the report I heard—at High Court level saying that any suggestion that the employer should pay tax on the superannuation of judges should be relegated to the dustbin.

That was probably a fairly clear description of the sorts of approaches that were made at the time the taxation of contributions was discussed. If we take a broader view on the various components of packages paid, we in Government recognise that everything is brought to account, including the superannuation entitlement packages. Therefore, the packages will be reflective not only of the wages paid but the cars used and the superannuation paid. To that extent, there is a difference with judges, but that matter was satisfied long ago. There is no intention of the Government to change that treatment.

Mr QUIRKE: I understand that the Roulettes Tavern at Parafield aerodrome, which I have paid a lot of attention to, has been made to comply with most, if not all, the provisions of liquor licensing and gaming machines. I understand there is a problem with the vetting of staff who operate gaming machines there. I have been told that they are not vetted in the same way as staff in other establishments: in fact, they are not vetted at all by South Australian agencies. As I understand it, the problem is within the Liquor Licensing Commission rather than Roulettes Tavern. Would you clarify that?

The Hon. S.J. Baker: The honourable member is quite right. When discussions on this issue were held with the

Commonwealth Government there was an agreement that Roulettes Tavern should operate with no distinct benefit that it could accrue which would put it in an advantageous situation, whether it be with taxation or operational hours. The general conditions applying to Roulettes Tavern were to make it a level playing field that would not place it in a better position than other pubs around town. I will get the Liquor Licensing Commissioner to respond to how the vetting of employees is tackled.

Mr Pryor: The operator of Roulettes Tavern entered into an agreement with the Federal Airports Corporation which replicates the South Australian Gaming Machines Act, but it does not extend to giving the Liquor Licensing Commissioner jurisdiction to approve employees of Roulettes Tavern.

Mr QUIRKE: That disturbs and shocks me, because when we debated the Gaming Machine Act I was much more relaxed about controls over gaming machines than many of my colleagues, but you have just confirmed that staff at this establishment are operating gaming machines without being vetted. In any other venue in South Australia staff must be strictly vetted to ensure that they do not have a criminal background. In fact, the vetting is so strict that my colleagues and I have received complaints from constituents. As an example, I refer to a constituent who had a suspicion of an event five years ago in Western Australia, and you, the Licensing Commissioner, knocked back his clearance to operate gaming machines in a hotel. You are telling me that there are people out there who have had none of this vetting whatsoever—there is no vetting at all for them?

Mr Pryor: That is correct. I do not grant the licence to Roulettes Tavern, I do not approve the licensee and I do not approve employees.

The Hon. S.J. Baker: And we have no jurisdiction. What we have achieved to date in those other areas has virtually been by cooperation.

Mr QUIRKE: We will have to deal with that in a different forum in the very near future.

The Hon. S.J. Baker: We would be very pleased if you did.

Mr FOLEY: Would that situation apply when we sell our airport and if someone chooses to establish a gaming facility there?

The Hon. S.J. Baker: It is a serious question. We have had the Allders case, which raised issues about taxation, and that has thrown State Governments into some disarray in terms of what they understand is taxable on Federal Government land. That matter is currently under discussion through heads of Treasury, and we are hoping for a solution to that issue. We are getting closer; the Federal Government is aware of the issues involved. They include what is allowed on the land, whether it is subject to State taxation regimes and whether they should be allowed to operate outside State law. Those matters are under serious discussion at the moment, and we hope that there cannot be a piece of dirt in South Australia that can operate outside South Australian law. It is a serious issue from a taxation point of view and in terms of planning, and we are hoping that we can get some satisfaction in that area, particularly with the Adelaide Airport coming up for sale.

Mr FOLEY: My colleague the member for Giles thought that, as a parting gesture to him, the Treasurer might offer him a note of thanks for giving you the Casino and the poker machines. He thought a Thank Frank motion would be a nice parting comment from you.

The Hon. S.J. Baker: With all due respect, I am not sure that the member for Giles wants thanks for the Casino debacle as it has evolved.

Mr FOLEY: He refers to the taxation you have had to prop up your budget from poker machines, which you voted against.

The Hon. S.J. Baker: I appreciate that he wants to be thanked for certain things and not others.

Mr FOLEY: On that gaming tax issue, the guarantees entered into by the AHA and the licensed clubs clearly have not been met, and the budget makes no allowance for that to be forgiven. What arrangements are in place, or are you still negotiating how that will be repaid?

The Hon. S.J. Baker: We have had ample discussions with the hotels and clubs—or at least with the peak bodies. We are discussing how that should be best managed, and I do not want to pre-empt the results of those discussions. However, it is fair to say that they have recognised their commitment and understand that the Government wishes that commitment to be met. We are working through the detail on that. Obviously, that will not be finalised until we have the full year's revenue, which will be well after 30 June, so the actual dollars and cents and the rates that will apply will not be fully known until probably the middle of July. At that time we will be able to fine tune whatever proposals we have been able to mutually agree.

Mr FOLEY: In terms of the forward estimates from gaming tax revenue, have we seen the peak; will it peak this year, or do you expect some further growth in the out years? What is your best guess?

The Hon. S.J. Baker: We expect further growth but of a much more limited nature. Certainly, growth occurred during 1996-97. One factor for that growth has been the increase in taxation, and that is reflected in the revenue. Growth has occurred but it has fallen far short of the industry's expectation, and that is why we are currently discussing how to meet the understandings and undertakings as reflected in the legislation which guaranteed Government a full year's return and which were reflective of that extra \$25 million impost. We estimate continued growth in poker machines but not of a level we have seen over the past two years, remembering that the growth over the past two years has been very large simply because the industry was in its infancy and grew from virtually nothing.

Poker machines have been a strong form of revenue. We do not expect the same levels of growth: in fact, we expect quite lower levels of growth but they will still be reasonably healthy. It is very hard to judge what is happening in the gaming area. For example, we have seen poker machines, to quote the vernacular, go 'gang busters' in Victoria. Victoria's take up of gaming machines has been quite extraordinary, and obviously the industry is still maturing. Whether the Casino will have an impact in that area remains to be seen, but certainly the growth in poker machine revenue in Victoria is much higher than anyone probably previously predicted.

Growth in gaming revenue in this State has generally kept on track with what we expected: in fact, we have done better than we first expected. In this past year the revenue from gaming machines, from the Government's point of view, has not met expectations. Some adjustments will be made. We expect growth but of a much lower nature. Some growth component is contained in the budget papers.

Mr FOLEY: I want to conclude by asking a few questions concerning the future of the Lotteries Commission, gaming and the TAB. The Treasurer mentioned today, not

surprisingly, that a scoping study is under way with the TAB. Some discussion has taken place within Government circles that sale of the TAB, with the TAB as a stand-alone institution, would be of limited value—if the Government decided to pursue that policy decision. Victoria and now New South Wales have locked into poker machines in an attempt to improve the value of the TAB in those respective States, and discussions have taken place as to whether or not the Lotteries Commission or the TAB should have a relationship, be it a merged relationship or whatever, and perhaps even poker machines on the periphery. In a generalised sense, is there thinking within Government regarding the competing interests of the three main gaming arms in terms of the sale of any of those assets?

The Hon. S.J. Baker: It is fair to say that any relationship of that nature has not been discussed. It is fair to say that we have not envisaged bringing together the Lotteries Commission and the TAB. Poker machines are established in the pubs and clubs and we would not have the capacity to go the same route as Victoria and we would not wish to. If you look at the revenue streams, you see that they have been very impressive. When the pokies Bill was introduced, the member for Giles quite rightly said that he wanted pubs and clubs to be on a level playing field and, in the process, I believe the capacity to create more revenue has been reduced simply because every one has had a fair go.

Establishments are chosen in Victoria so that every applicant does not get a guernsey and venues have many more machines. They really are gaming palaces in the true sense of the word. South Australia is different in that it has a lower number of poker machines and they are allocated to whoever wishes to be involved. For example, you will not find pubs or clubs in Victoria with 10 or 12 machines which are there for the interests of the clubs, the players, or whatever: the venues are very large money making concerns. They are maximising revenue capacity as a result of the concentration of larger establishments that are basically dedicated to poker machine playing, whereas in South Australia they are much more of an interest in comparison with Victoria.

We could not go back on that arrangement. The major players in Victoria were Tabcorp and Tatts, whereas in South Australia the Government was in control. We did not have an allocative process whereby Tabcorp or Tatts made the decisions as to who would get poker machines. We said that anyone who conforms to the requirements is able to get up to 40 machines. Some clubs, for example, have made the decision to put in half a dozen machines. You simply would not find that occurring in Victoria. We can never go back. So pokies rule themselves out of that arrangement and the Lotteries Commission has not been discussed as a partnership with the TAB.

The Minister and certainly the Treasurer are concerned on a number of fronts, and I released today a report on the impact of external gaming which can be accessed through, for example, the Internet, home movie channels, or whatever. We are aware that some very substantial pressures will be applied to parts of the gaming industry, particularly the TAB. Obviously, the Government would be interested in ensuring that it receives sufficient revenue to maintain a healthy racing industry in this State. Some concern has been expressed that, unless we do something significant, we could get lost in the system, revenues would be eroded, the racing industry would lose its revenue, and the trots and the dogs would also suffer.

The industry therefore would lose the capacity to continue to survive.

Something needs to be done to protect the revenue not only returning to Government but more importantly to the racing industry. Whether that is satisfied by the sale of the TAB, a partnership with the TAB, an open float of the TAB or whatever to maximise those competing priorities remains to be seen, and certainly a lot of research will be done. There may be a no-change scenario or there might be a change in the relationships between the other jurisdictions. I cannot predict how it will all fall out. Certainly, the racing industry, the Government and the TAB have some concerns. New products are emerging. The nature of gambling is changing and the TAB, unless it meets those challenges, could get left behind, as will the industry be left behind.

Mr FOLEY: I thank the Treasurer for the comprehensive nature of his answer. The Labor Party would be opposed to the notion of any involvement of gaming machines in the TAB, as, it would appear, would the Government. That would be an unacceptable position to the Opposition. I have been aware of some discussions—and I am not sure whether the Lotteries Commission has been aware of those discussions—that perhaps some synergies existed between the TAB and the Lotteries Commission that might see some sort of merger, marriage or linkages in terms of making either operation more viable. I agree that the TAB and the Lotteries Commission are vulnerable in terms of competition from the Internet and, dare I say, Pay-TV and whatever. It is a challenging area for Government.

The Hon. S.J. Baker: It certainly is. I can only deal with it at the official level: I do not know what other people around the place have been talking about. I am not decrying the fact that the honourable member has raised the issue of whether there are synergies with the Lotteries Commission and what the Government is doing about it. The only time that we held discussions of an official nature concerned the computer hardware and systems. At one stage we considered whether there was some capacity to get a better result out of having the two agencies work together for a computer processing result which would give both an advantage. For a variety of reasons that did not occur, but that is the only area in which we have actively encouraged participation together.

Mr FOLEY: Are the TAB and the Lotteries Commission paying less or more for their computer services under the EDS contract?

The Hon. S.J. Baker: As far as I am aware they are both operating under their own.

Mr FOLEY: So they have not gone over to EDS yet? Will they be under EDS? Are they in scope? Are they out of scope?

The Hon. S.J. Baker: WorkCover, the Lotteries Commission and the TAB were all out of scope.

Mr FOLEY: But were they being looked at as to whether they would be in scope?

The Hon. S.J. Baker: For the whole of Government they were excluded. I have not had any discussions about the Lotteries Commission or the TAB going over to EDS. I do not know whether it has been officially raised, but it was to be the call of the boards as to whether they wished to do so.

Mr FOLEY: So the Lotteries Commission will not be going over to EDS?

The Hon. S.J. Baker: I do not know that there has been an official approach. We considered re-engineering the Lotteries Commission. EDS had an opportunity to be involved in that re-engineering but it did not apply. I have not

heard anything to suggest that EDS is anxious to get the Lotteries Commission's processing or that the Lotteries Commission is anxious for EDS to take the processing. At this stage there is no suggestion of a changeover.

Mr FOLEY: I point out that we will pursue the Minister for Information and Contract Services in subsequent hearings of the Committee next week. In terms of the top ups being paid by Treasury to various agencies on the whole EDS computer contract, is it the Treasurer's view and that of Treasury that the EDS contract has delivered the savings pronounced by the Minister?

The Hon. S.J. Baker: In terms of the satisfaction of the agencies being compensated for differential costs, that has largely been satisfied. They would be reflective of original estimates that were made at the time, remembering that there is no capital component involved in the cost to those departments. That is all I can reflect upon. I think that the Minister for Information and Contract Services will provide a comprehensive response to that issue. Certainly, the Government is committed to ensuring that savings as well as high levels of service in the whole of Government are achieved, and that was made quite clear at the time.

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

Department for Housing and Urban Development,
\$126 587 000

Membership:

Mrs Geraghty substituted for the Hon. Frank Blevins.
Ms Hurley substituted for Mr Foley.

Departmental Advisers:

Mr B. Solly, Chief Executive Officer.
Mr I. Procter, General Manager, Policy and Corporate Development.
Mr R. Harding, Principal Financial Consultant.
Ms C. Davidson, Senior Budget and Financial Analyst.
Mr B. Teague, Development Adviser.
Mr D. Engelhardt, General Manager, South Australian Community Housing Authority.
Mr G. Black, Chief General Manager, South Australian Housing Trust.

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

Ms HURLEY: My first question relates to the MFP involvement in urban development activities, referred to on page 236 of the Program Estimates. The MFP has now merged with the South Australian Urban Projects Authority and is conducting many urban development projects, including Mawson Lakes, the Glenelg foreshore development and the Torrens Domain in the city centre. What is meant by a merger between the two groups, and has the South Australian Urban Projects Authority been subsumed within the MFP?

The Hon. S.J. Baker: That is correct.

Ms HURLEY: What was the reason for this? Was SAUPA not performing its function properly? Why was the transfer of responsibilities effected?

The Hon. S.J. Baker: The determination of the Premier was to ensure that all development activities were under the

one heading. As Minister for State Development and the Minister in charge of the MFP and the EDA, he believed it appropriate to do so. He believed there were a number of advantages to that so that the development was coordinated, and that includes tourism developments, IT developments and MFP developments. It would be appropriate and efficient to have them all under one heading, so that the process of development in the wider sense, rather than in the planning sense, was fully coordinated. That was the reason why it was laid down at the time.

Ms HURLEY: Were any assets and/or staff transferred from SAUPA to the MFP, and what mechanisms are in place to ensure that MFP urban development activities conform with the aims and activities of the Department of Housing and Urban Development?

The Hon. S.J. Baker: The responsibilities have changed over. Certain things are dedicated to the Minister for Housing and Urban Development and they will be changed over to the MFP and the Minister for State Development. In terms of planning issues, there are very strong links between the departments, basically because many of the officers previously under DHUD are over there. The officers are aware of their obligations for urban development. There have been no conflicts that I am aware of in that change. The department itself is purer in that it is not involved in urban developments as such.

One of the conflicts that always arose here was how you could have the planning department also involved in running the projects, and some people believed there should be a separation between those two activities because they believe there is always a conflict. If you have a Government project and you have the planning department, you would like the planning department to plan on first principles, not to be in any way swayed within its own organisation by other people who were planning urban developments that sometimes stretched the need for changing the planning principles. Some people would say that it might add strength to the planning arm of the department not to have urban projects associated with it.

Ms HURLEY: Part of the question was: what assets and staff were transferred?

The Hon. S.J. Baker: I am not going through all the officers, but generally all the people who were in the urban projects group transferred over to the MFP: 30 or 40 were involved in that group, and they basically transferred across as an entity. The entity was transferred across, as were the staff. The assets, wherever they are, remain within Government, and there is recognition of that in the budget. The budget shifts the resources accordingly.

Ms HURLEY: On page 181 of Financial Paper No. 1, it is stated that HomeStart will contribute \$20 million of its capital to assist the State to meet its share of the State fiscal contribution demanded by the Federal Government. What effect will that have on HomeStart's balance sheet? In particular, will it affect the performance agreement HomeStart entered into with the Minister in 1996-97 on capital adequacy ratios? This is referred to on page 6.1 of Financial Paper No. 1.

The Hon. S.J. Baker: It will have no effect. The transfer of capital was obviously excess to requirements. They more than meet the capital adequacy requirements of financial institutions. The capital adequacy policy requires it to maintain a risk weighted capital adequacy ratio at least equal to 12.5 per cent of the existing loans and 15 per cent of new lending, using Reserve Bank of Australia weightings where

appropriate. As at March 1997 HomeStart's risk weighted capital adequacy ratio was 20.1 per cent. The capital available, some \$166.4 million, was \$28.8 million in excess of the minimum capital requirements of \$137.6 million. So, there has been a surplus in the account for some time. It was a matter of how it was best utilised. There is no issue from that point of view, and no bank would operate with that surplus.

Ms HURLEY: It does not affect the capital adequacy of ratios in the current circumstances, but might it affect HomeStart assisting more people into housing?

The Hon. S.J. Baker: I am saying that that was a policy that was pursued. There was excess capital. It is not the best use of funds to have that surplus. It is well above what the Federal guidelines require. There is no loss of capacity within HomeStart as a result of that change.

Mr BUCKBY: When HomeStart was originally established in 1989 it was targeted to those who were unable to access traditional home lending products. Could the Minister comment on the relevance of this Government owned home ownership program at a time when home loan affordability is very high?

The Hon. S.J. Baker: HomeStart has played an important role in providing affordable finance to people on lower incomes. We would see from the number of people who have been assisted by HomeStart over a long period that it has played a fairly strategic role in providing home ownership for a large number of people who would not normally have been capable of achieving this. During the year 637 loans had been settled. Approximately 28 per cent was for construction of new homes and approximately 65 per cent of borrowers who were previously renting achieved home ownership: 49 per cent from the private rental market and 16 per cent from the Housing Trust. HomeStart has been a very important part of the realisation of home ownership for a large number of Housing Trust tenants.

As at 31 March 1997, the outstanding portfolio of HomeStart home loans consisted of 17 404 loans worth \$1 044 million; and for the nine months to March 1997, 1 639 loans totalling \$97.6 million were settled. In 1995-96, 3 171 loans were settled to a value of \$204 million. During the previous financial year 4 784 loans were settled with a value of \$316 million. Statistics indicate that around 65 per cent of HomeStart borrowers are first home buyers compared with the industry average of around 20 per cent. That gives a pretty clear indication of the impact of HomeStart particularly in recent years.

HomeStart interest rates have been generally competitive with the market and, as at the last board decision on the matter of interest rates, the prevailing interest rates for new borrowers is 7.85 per cent from 20 March 1997 and for existing borrowers from 1 April 1997. Special premiums apply if the borrowings are higher than \$150 000, although the vast majority of the borrowers are at the bottom end of the scale. The home portfolio, which was the original product, amounts to \$194.48 million; rental purchase, \$31.6 million; HomeStart, \$1 043.9 million; mortgage relief some \$498 000; and Housing Trust mortgages, some \$5.6 million. The loan portfolio totals \$1.276.1 billion as at 31 March 1997.

Mr WADE: Has HomeStart's profits in the financial year to date been affected by the general downturn in the housing industry?

The Hon. S.J. Baker: HomeStart's profit is generally on line with predictions. This year HomeStart's tax is \$6.1 million with dividends of \$7 million, so it is \$13.1 million. That is based on performance and is slightly

lower than the estimate at the beginning of the year. Certainly we would say that the squeezing of rates has had some impact on HomeStart. We are finding with Aussie Home Loans and a number of other mortgage lenders in the marketplace that they are squeezing the margins, hence they squeeze profitability and HomeStart is being affected like every other financial institution that has a large housing portfolio. Those institutions that have only housing portfolios are being squeezed more than others. Obviously the banks think that lending in that area is much safer, and therefore the risk margin in home loans is much less than for general business or for unsecured loans.

The margins on housing loans are probably down to the lowest level for about 20 years as a result of the activities of other mortgage providers in the marketplace. HomeStart is being affected like every other financial institution, more so because housing is the area where the differential between the costs, the borrowings and the returns now involves a very slim margin. We would expect that to continue into the future. Obviously HomeStart has to perform within that marketplace—a far more dynamic marketplace—but borrowers are the major beneficiaries of those prevailing conditions. What we do find is that some people prefer HomeStart because it has Government backing. HomeStart has assisted those who have got into difficulty, as it always does. They receive a much greater level of accommodation than perhaps they would receive through the financial institutions.

There has been some significant improvement in the capacity of people to own their own home. That has been assisted by the lower interest rates prevailing for those wishing to buy, build or change housing, so more of the clientele that would have gone straight to HomeStart have gone out into the general market, and that is a very healthy situation. From a strategic point of view, HomeStart has to grapple with that more dynamic market.

Mr BUCKBY: Can the Minister comment on the extent to which HomeStart services South Australians living in country areas?

The Hon. S.J. Baker: At present, 17 per cent of HomeStart customers live in country areas, with the main areas being Whyalla, Port Pirie and Port Lincoln. The Deposit 5000 scheme has also increased the access that country residents have to home ownership, and 23 per cent of registrations to date have originated from country areas. We are very pleased with that. There was some thought that we might have to ration the scheme to ensure that the country received a level of benefit commensurate with its population share, but there has been very strong interest in country areas and that has been terrific.

HomeStart loans are retailed in country areas through the Bank of South Australia and Adelaide Bank, so people are promoting the product in the marketplace, and HomeStart has put a lot of effort into marketing in country areas. In conjunction with the South Australian Housing Trust, HomeStart regularly runs seminars for tenants in country areas who are thinking of buying their trust home. A recent seminar in Mount Gambier attracted over 100 people. There is certainly some interest, sparked by the greater affordability than has been previously the case.

HomeStart also supports country realtors by providing them with information about HomeStart products and running joint seminars for potential home buyers. In addition, HomeStart is a major sponsor of the Housing Industry Association and has a regular presence at country home

shows run by the HIA. HomeStart is to be commended for the level of effort it is putting into country areas to ensure that country people do not miss out, which quite often they have done in the past. HomeStart is to be commended for the initiatives it has taken in country areas, and we are more than pleased with the level of interest.

Ms HURLEY: Page 6.12 of the Financial Statement refers to the decline in profit margins and states that the Government intends to examine the implications of these industry trends on HomeStart's activities. What exactly does that mean?

The Hon. S.J. Baker: It raises these questions: how, in a professional sense, does HomeStart recognise what is happening in the marketplace and how does the Government continue to deliver the product? Earlier, when the honourable member was not present, we spoke about the TAB, which knows that it is under pressure. A lot of Government services are under pressure, and we have to look at them realistically in terms of how the Government continues to provide a product in the marketplace for which there is a demand but which may be affected by current commercial impacts which were not always there. For HomeStart, the major challenge is how it competes with the mortgage market that is operating very successfully. From our point of view, we want to protect our asset.

Ms HURLEY: Are you talking in terms of restructuring?

The Hon. S.J. Baker: No, I am saying that we are looking at how HomeStart can continue to provide that service, while at the same time making sure that it does not suddenly disappear through lack of custom or does not provide a return on its assets.

Ms HURLEY: Page 181 of Financial Paper No. 2 shows that an allocation for other housing assistance grants of \$7 498 000 was underspent by \$6 264 000. The allocation for 1997-98 is \$8 770 000. What is this allocation for and why was it so much underspent this year?

The Hon. S.J. Baker: As has been previously explained, particularly in public forums, when there was a change of Government in Canberra and the Federal Government insisted on reform, its proposed reform was to change the method of funding from capital assistance to the States to rental assistance to the tenants. For the 1996-97 budget, the only funding we were sure of was until December 1997—the end of this year. Prudently, the Housing Trust believed that it was inappropriate to expend the money without having some security into the future.

This matter has been debated very publicly, and I have made a number of statements about that position. It was a very unhealthy position: we did not know where we were going. We had severe reservations about the Federal Government's proposal about changing the method of funding. The Housing Trust quite wisely decided not to spend all the money and be left lamenting, having people knocking on the door saying, 'How about me?' when no money was available. As a result, during the financial year, funds were rationed. They were put to areas of best use so that some capacity was left within the system.

In terms of the details, as to the other housing assistance grants of \$7.498 million, we expect \$1.234 million to be spent this year, and next year we expect some \$8.77 million to be spent. The lower home starts for 1995-96 and anticipated profits in 1996-97 resulted in a decrease in tax paid to Treasury and Finance; hence the department received \$2.7 million less in reimbursement from the Department for Treasury and Finance for reallocation. There was an alloca-

tion of \$2 million to be transferred to South Australian Housing Trust lines for the Deposit 5000 housing assistance scheme, allocating the carried forward 1995-96 expenditure to be transferred to the SACHA line. There were a number of adjustments to the \$6.3 million. We used this line to massage our way through a number of other lines which had greater priority. As a result, we saw a reduction in capital and transfers to other lines to get us across the line.

Ms HURLEY: That was how it was spent in the current year. In the budget year, are you expecting it to be spent on similar things?

The Hon. S.J. Baker: The \$8.77 million for 1997-98, which is under housing assistance grants, is the reserve capacity of the trust. Part of that is available for SACHA. Under the new policy, more Housing Trust houses are being transferred into cooperatives. Obviously there have been demands by the housing associations themselves for funding. On the basis of where we have been, we believe the funding we have provided in those specific lines is adequate. However, given that we have a commitment to see more of the trust stocking cooperative housing arrangements, that may take more of that sum than we have today. There are other areas that we wish to cover off, as the need arises. That is why that sum is provided; it is a reserve.

Ms HURLEY: I refer to Estimates of Receipts and Payments (page 181). Has the allocation of \$8 million for Deposit 5000 been fully expended, and how many households have been assisted by the scheme until now?

The Hon. S.J. Baker: The latest information is that we are almost there. With regard to Deposit 5000, we provided the first \$4 million in November 1966. An additional \$4 million was provided in February 1977. As at 22 May, there were 14 500 grants, totalling \$6 343 500, and 58 per cent of registrations have come from first home buyers, with 42 per cent from non-first home buyers. As I mentioned previously, there has been a healthy response to that from country areas. At present, there is the issue of whether you cause people to rush in and make an application, but we are getting near to closing off. As at yesterday, \$7.3 million is the figure.

Mr WADE: What groups are being assisted by community housing, and who will benefit from this year's budget allocation to community housing?

The Hon. S.J. Baker: In terms of community housing assistance, SACHA provides housing options for those in the community who are most in need such as the homeless, survivors of domestic violence, ex-offenders, people with intellectual and physical disabilities, people on low incomes, and families and individuals who are in need of emergency accommodation. Surveys of community housing residents in 1995-96 found that a high percentage of tenants were recipients of Social Security benefits or pensions, and many were reliant on a variety of Government and non-government agencies for support services. The mix has basically been outlined.

We find that community housing provides a strong result in providing not only accommodation that may not be available to the individual but also a lot of level support, and that is probably equally important under the circumstances. I refer to a recent case history involving a young woman who was the survivor of child sex abuse. She and her two small children were housed by the DASH Metro Housing Association. This young person was unable to cope in a semi-independent living situation, due partly to peer influence

which encouraged her to run up considerable debts that she could not service.

There were a multiplicity of problems that may not have been solved simply by providing her with accommodation. DASH was able to provide her with not only an opportunity for independent living but it has been away from her previous influences. With the greater security, she has been able to have a more stable lifestyle. Indeed, she now has the capacity to be part of the mainstream rather than being one of the victims. I will reflect on a number of the efforts by the housing associations. We have announced our relationship with the Salvation Army, which provides strong support, as well as dollars provided by the Government. The housing associations are a strong component of our public housing provision, even though they are run by the organisations concerned.

We believe that community housing is providing the Government with excellent results, mainly because of the quality of the people running the programs and the organisations involved, with regard not only to their capacity to administer them but also to provide some services that would not normally be available if they were in independent living. One of the great difficulties we find is that you can provide individuals with a housing result, but that may not be all that is needed, and quite often it is not. The housing association scheme is one of the programs of which SACHA can be justifiably proud, and the Government itself would reflect on it as being money well spent. It has excellent outcomes, simply because, for a limited amount of money, we are getting that level of support for people in need. It has been a strong program.

Mr BUCKBY: I refer to Estimates of Receipts and Payments (page 182). What is the joint venture program, and what resources have been allocated to it in 1997-98?

The Hon. S.J. Baker: The joint venture program seeks to encourage partnerships between community housing organisations and other interested agencies such as local government and churches in the provision of housing for people on low incomes. The joint venture program was introduced to SACHA in its current format in 1995-96, and the success of the program contributed to an additional 64 housing outcomes for the community housing sector during 1995-96. SACHA's capital program for 1996-97 allocated \$3 million to joint ventures, and the latest estimate is that 53 housing outcomes will be achieved from this level of funding. This number of outcomes will be made possible by contributions of around 25 per cent of project value from the joint venture partners.

The requirements of the joint venture are: that the title of land or property are capable of being transferred to a SACHA registered housing community organisation; that the title is secured by SACHA to protect the Government's interest in the property; and that the joint venture partners contribute in the region of 25 per cent of the total project cost, and this can be in cash, land, project costs or materials. Our final stage negotiations are being pursued with eight joint venture partners to construct 49 units of housing, utilising \$2.9 million from SACHA funds and approximately \$1.2 million in contributions from various joint venture partners.

Mr WADE: I refer to Estimates of Receipts and Payments (page 182). How has the transfer of South Australian Housing Trust stock to community housing organisations proceed in 1996-97? What level of transfer will occur in 1997-98?

The Hon. S.J. Baker: SACHA embarked on a new strategic direction for its capital program for 1996-97 with the use of SACHA capital funds for the transfer and upgrade of properties from the South Australian Housing Trust and limiting the community housing new build programs to redevelopments on existing Housing Trust land. So, there has been a strategic change of direction in terms of what we believe can be achieved.

I make the point that housing cooperatives offer a variety of outcomes which are not necessarily apparent in normal Housing Trust rental situations. There is certainly a greater sense of ownership in terms of the housing itself. Generally we find a very strong commitment from housing cooperatives to the quality and maintenance of their own housing. We believed that some of the elements that were necessarily tailored outside the housing stock should be a feature of the housing stock of the Housing Trust, and therefore we believed that it was important that we transfer some of the principles of cooperative housing into the general stock. That means that part of that stock actually gets transferred in the process.

As at 2 June 1997 community housing organisations have accepted 113 properties from the South Australian Housing Trust for transfer or lease. One of the original issues was whether the people would support the program. There was some resistance, because some of the people felt that, given where they had been with cooperatives, they could get some very high level housing accommodation with all the benefits associated with it. We felt that some of those principles should translate back into the stock. We have done well. Many of the people involved in the community housing organisations are now taking up the challenge and, as I said, 113 properties are being moved from the South Australian Housing Trust for transfer or lease.

The strategic aims of the program are to provide a reasonable degree of choice to community housing managers and their tenants, to maintain the housing stock quality, to avoid incurring an unfunded maintenance liability, and to ensure better use of some housing stock which is currently surplus to the requirements of the Housing Trust or in a poor state of repair. So, SACHA has identified the housing needs of various community housing organisations, and negotiations are continuing among SACHA, Housing Trust regional managers and property management concerning the identification of suitable stock. Once suitable stock is identified and people agree to those changes, arrangements can be made to have that stock brought under community housing. We believe that that will add benefit to public home ownership in this community housing form.

Mrs GERAGHTY: How much of the \$2.8 million allocated for the self build scheme is earmarked for the second stage of 12 self build homes in the Hillcrest area?

The Hon. S.J. Baker: Generally, the allocation of \$2.8 million comprises three new groups on land to be sourced at Hillcrest, Golden Grove and the southern suburbs. I think about \$900 000 is being allocated to the Hillcrest self build program.

Mrs GERAGHTY: Is the second stage to commence in this financial year?

The Hon. S.J. Baker: The second stage will commence in October.

Mrs GERAGHTY: This year?

The Hon. S.J. Baker: Yes.

Ms HURLEY: I will move onto the planning area at this stage. I refer to page 236 of the Program Estimates, Planning

and Development, namely, Glenthorne Farm. Glenthorne Farm is a 200 hectare property at O'Halloran Hill which has significant natural and heritage values and which is currently owned by the Commonwealth. The CSIRO has now vacated the site and has been conducting a planning process prior to selling the land for a housing development. Both State Labor Leader (Mike Rann) and Federal Labor Leader (Kim Beazley) are committed to keeping Glenthorne green and want the whole of the land granted to the people of South Australia for public use as a major park. Has the State Government made any representations to the Federal Government asking that the land be granted to South Australia for public use as a park and, if so, what has been the response?

The Hon. S.J. Baker: As the honourable member would well recognise, a joint working party is considering this issue. It is not a matter of representations: it is a matter of representatives actually working through the issues. To suggest that we should cut across that process is being just a tad naughty. Obviously, the honourable member is saying that the Liberals are not committed to keeping this as green space. That would be an inappropriate conclusion to draw. A joint working party reports to the Federal Minister. A committee reporting to the Hon. Peter McGauran held a meeting on 18 July 1996, which was attended by representatives from all three levels of government, the CSIRO, the Federal and State members (Susan Jeanes and Julie Greig) respectively, three residents associations and the Conservation Council. The meeting was held at the behest and invitation of Susan Jeanes, MHR, the Federal member for Kingston. At the meeting it was decided that a working group would be established to progress the issues, identification and community consultation processes for potential land release at the Glenthorne research station.

The working group reports to a steering committee comprising representatives of Marion council, the CSIRO, the State Government, the community and local members of State and Federal Parliament and is chaired by the Federal Minister, the Hon. Peter McGauran. The steering committee is responsible for providing advice to the Federal Minister on this matter. You would recognise from the representation on that committee that very strong statements have been made by representatives keeping Glenthorne Farm green. State Parliament supported a private member's Bill introduced by Julie Greig to retain the Glenthorne property as open space. Do you want this circulated to all the residents?

Ms HURLEY: No, it is just a matter of clarification.

The Hon. S.J. Baker: I understand they are working diligently and that all the indications are consistent with what the honourable member is saying. We have a representative working group, the members of which have already made very strong statements about keeping the space green, so I do not know what more you could suggest at this stage. In keeping with working groups, there are no sudden rushes of blood to the head and Mike Rann rushing off to Canberra telling everybody how to suck eggs or the Premier of the day telling them, 'No matter what the working group does, I want a specific outcome.' The honourable member can be assured of the strength of representation on that committee, and that has already been demonstrated by public statements on the matter.

Ms HURLEY: Does that mean that the State Government is committed to retaining all Glenthorne as open space?

The Hon. S.J. Baker: I thought I had already answered that question. Our representatives on that working group who represent State Government's interests have already made

that strong point of view public. That is it. That is what our representatives are saying.

Ms HURLEY: Why has the State Government decided to build a road bridge across the Southern Expressway into Glenthorne Farm if it has not already decided to permit its development? Who is paying for the bridge and who will get the benefit?

The Hon. S.J. Baker: Will the honourable member ask that question of the Minister for Transport? I am sure there is a very good reason for that decision but I am not aware of it.

Ms HURLEY: Does the Minister for Transport not talk to urban development about these things?

The Hon. S.J. Baker: No, I am simply saying that it is not my responsibility. A number of issues relating to access and the Southern Expressway have been raised, namely, how to get across it, around it and through it. I presume that if the honourable member's report is correct there are very good reasons that have nothing whatsoever to do with some new development taking place on Glenthorne Farm, because it is not. I presume it is a matter of access and—

Ms HURLEY: That is exactly the point, Minister. Why does anyone need access if it is to be all open area?

The Hon. S.J. Baker: I ask the honourable member to ask the question of the Minister for Transport, which is the appropriate avenue.

Mr BUCKBY: I refer the Minister to the Gawler town centre PAR (plan amendment report) and to page 239 of the Program Estimates and Information. What progress is being made on a ministerial PAR for the Gawler town centre?

The Hon. S.J. Baker: A lot of progress is being made. The honourable member would recognise, given that it is his home turf, that there has been a difficulty in planning for the future of the expanding township of Gawler. We must ensure that the appropriate planning policies are in place to allow the area to expand in a fashion that makes best use of resources. The Gawler council prepared a PAR to zone the town centre for various activities, including retail office space and community uses. Anyone who has been to Gawler would recognise that the town centre is under enormous stretch and stress. The council in its wisdom appropriately prepared a PAR to cater for the long-term needs of the city of Gawler.

The PAR attracted several submissions, some of which did not support the amendment. A majority of submissions related specifically to a proposal by Woolworths for a shopping centre development project within the retail core, and opposition included concerns about commercial competition. A legal challenge was mounted in the Supreme Court to a judge's decision which prevented the authorisation of a PAR. The judge determined that the Gawler council should have requested that a ministerial PAR be prepared on the basis that council had a conflict of interest in relation to its role in the proposal by Woolworths.

The court determined that the council and Woolworths were a little too close to each other and there was a conflict of interest. However, not only did the Gawler council disagree with this decision but so did the Government. The Gawler council appealed against the decision to the full bench of the Supreme Court, which ruled that it was quite in order for the council to advance the PAR, and I understand that that work is on the way.

Mr WADE: I refer to page 239 of the Program Estimates and Information with respect to waste management. Will the Minister please advise the Committee of the progress being

made in the preparation of a solid waste management plan for metropolitan Adelaide?

The Hon. S.J. Baker: Everyone would recognise that our capacity to use existing landfills is very limited and that most sites are scheduled for closure by the end of this century, which is not far away. The landfill sites predate comprehensive land use controls and only limited environmental improvements can be made. New landfill sites must be found but they must be subject to higher environmental standards, and therefore landfill costs will increase. In recognition of these issues a waste management infrastructure steering committee has been established, under the chairmanship of my department, to formulate a strategic plan to address the issues concerned.

An integrated waste management strategy for metropolitan Adelaide was produced by the EPA in 1995, but this did not fully address the spatial planning and development issues associated with waste infrastructure. The committee is serviced by officers of the Department of Housing and Urban Development and the EPA and will report to the Minister for Housing and Urban Development and the Minister for the Environment and Natural Resources. The anticipated time for reporting is November 1997. Very significant issues are involved.

Various propositions have been put to Government about where landfill capacity could be made available should such an application comply with the standards. Some suggestion has been made that the 60 hectare Gawler-Kalbeeba site has a 15-year life for landfill. An application has been submitted by East Waste Highbury balefill which bales rubbish so that the life of that dump can be extended. The Government has already indicated with respect to another application close by that it has severe concerns about further waste dumping in that area. Further sites include the Inkerman development which is currently going through responses to the EIS; the Mallala balefill, and a response document to that proposal is currently on display; the Smithfield quarry; and Cambrai Pacific Waste may be an option, which proposal has made news in recent times, although no proposal has been lodged with Government, so I cannot comment.

The other proposals I mentioned involved concerted efforts by the proponents to put a proposition to Government. To date Cambrai Pacific Waste has not lodged a proposal and the Inkerman site is a possibility but certainly no proposal has been lodged. We have received the Mallala proposal and Dublin is included in that. A number of proposals have suddenly come to the fore. No doubt the proponents have recognised that, if all the landfill space close to Adelaide is filled, there will be a significant demand for dumping farther from Adelaide.

All proposals are going through very stringent assessments, including an EIS where they have reached that stage. They are some of the proposals which are currently before the Government or which have been talked about but no firm proposal has been put forward. We have considerable concern about the capacity of Adelaide to meet its waste disposal needs into the next century, and there is some urgency for that committee to report to the Government on what are the best options to meet that need.

Mr VENNING: With respect to DHUD planning and the electronic development plan referred to on page 239 of the Program Estimates, I have been informed that the Department of Planning is now available on the Internet and on compact disk. Is this an Australian first?

The Hon. S.J. Baker: Yes. Officers of DHUD have converted the development plans into a format capable of being utilised by external access. The electronic development plan is an Australian first. The electronic development plans provide not only geographic information on the planning system but also the controls that apply in written form to every area under plan, which encompasses all the councils and some of the outback trust areas as well. These electronic development plans are now accessible via the Internet. One can purchase a CD-ROM and get regular updates. It is the first time anywhere in Australia that planning has been made simple: in other words, you do not have to go into a council office, the department or the information service and pick up volumes of material.

We believe that it is of particular benefit to those in the development industry who want to look at development capacities, because they can get a wider view on what is available and what controls prevail. It also offers opportunities for councils and for people who do not necessarily work on a day-to-day basis but on a regular basis with development proposals. We think this medium will be used frequently. Those in the industry as well as councils have welcomed it. There has been a very positive reaction to these plans.

Mr WADE: How long has it been on line?

The Hon. S.J. Baker: The metropolitan area has been on line for two months and the country area for a couple of weeks. If you want to look at where your council is, what it is doing, where you live and what controls prevail over your house or backyard, this is the way to do it.

Ms HURLEY: The member for Light raised an issue concerning a shopping centre development in Gawler, and there has been controversy about several shopping centres in the metropolitan area. In some cases there has been community opposition, and in other cases such as the Hilton shopping centre there has been community support, but the developers have had considerable difficulty in gaining final planning approval. Has the Minister reviewed planning criteria for retail shopping in Adelaide and, if so, will any action be taken as a result of that review?

The Hon. S.J. Baker: The answer is 'Yes.' We have had a centres policy review which will take in shopping centres and various other forms such as strip shopping and a variety of shopping arrangements. That review has been undertaken. It has probably taken a little longer than we first envisaged. I consulted the department about a number of issues that needed to be considered. I expect that we will very shortly release a report as a discussion paper. Once we have had feedback on that we intend to incorporate it into the metropolitan planning strategy. We therefore recognise the conflicts and the fact that the planning system does not necessarily cater for anything out of the ordinary or for areas inappropriately zoned. We recognise a lot of those issues.

From a personal point of view I acknowledge that our main roads do not look particularly attractive. We have areas which have been developed over the years but which have had a sudden decline, whether they be areas involving motor yards or service stations, etc. We have areas of very strong activity, such as the centres themselves, and other areas which have risen and fallen over a period according to demands and changes in the local population. I hope that, once this centres policy review is out for discussion and we get feedback, as part of the development strategy we can be firmer in the way we treat shopping developments, but that we provide the necessary flexibility so that those changes deemed to be in the best interests of the people at large or

particular communities can proceed without some of the impediments we have at the moment.

We want to give direction to the allowable forms of development, the strategic decisions that should be taken by Government in the overall planning sense for the betterment of Adelaide and the provision of shops and offices as they fit into that overall plan. I hope that as a result of this discussion paper we will have a very strong response and therefore be able to provide some policy direction which, with all due respects, has not necessarily been there over a long period.

Ms HURLEY: Have there been any changes to the Development Act in terms of planning applications for shopping?

The Hon. S.J. Baker: I will have to take advice on this. The strategies themselves are supposed to guide the development principles. The development principle and the strategy go hand in hand in directing the way things should be done. The principles of the Development Act would prevail under those circumstances. I am not aware of where there would be conflict. We do not believe that there need be any changes to the Act as such, but there could be a range of other issues that come out of the discussion paper in terms of people's response to it which may impact on the Development Act. At this stage we are saying that these are the strategic directions we should pursue in the provision of facilities such as shops and offices.

Ms HURLEY: The member for Light also raised an issue with respect to ministerial PARs in terms of the Gawler development. The Minister replied that one was not needed in this case, but I note that an increase in the number of ministerial PARs has been proposed. Page 239 of the Program Estimates notes that in 1995-96 there were three ministerial PARs compared with 53 council PARs. This year there were nine ministerial PARs compared with 27 council PARs, and the estimate for ministerial PARs next year is 18. Why is the number of ministerial PARs expected to increase?

The Hon. S.J. Baker: There is a very simple answer. We have 15 PARs currently under preparation, and most of them are upon request of councils. Some are done because Government wants them done, but the vast majority of these ministerial PARs are conducted because council has asked Government to undertake them. Councils come to Government to prepare the PARs because of a perceived conflict of interest in that they may feel they are not the appropriate body to prepare such plan amendment reports.

I have had discussions with officers of my department because I feel that the councils are not living up to their responsibilities and that some of the requests for these PARs have been born out of trying to satisfy the local populace, and not meeting their own obligations. I feel that with several PARs it has been questionable that the Government should have been asked to take them over and therefore give them passage. It gets councils out of a dilemma. Given the outcome in the Supreme Court on the Gawler PAR as a precedent, one would now assume that the councils will have the opportunity to put PARs forward, even though they may have some interest in those PARs. On several occasions the Government has been used as a whipping boy, to a certain extent, because councils find it too hard within their own areas to take one side or another, and we are hopeful that the number of PARs will reduce as a result.

Recent changes to the Act will also assist. From the Minister's point of view, he would prefer many fewer ministerial PARs, and he has had considerable discussion with his department and the Local Government Association

about that matter. As I said, the important issue here is that, where councils have responsibility, then they carry it out. Where the Government believes that it should take responsibility, which is very rare, the ministerial PAR will be appropriate. We believe that the judgment on the Gawler situation could be quite significant.

Ms HURLEY: In relation to page 236, 'Planning and development', early this month the Environment, Resources and Development Court granted an extension to the Tabor College application to build on the Goodwood Orphanage grounds. The ruling was made on the basis that the Minister for Education and Children's Services had failed to make a decision on the selling of the Goodwood Orphanage to the House of Tabor. Unley council has been very determined in pursuing retention of this important open space, and the council regards the land as a vital asset in this inner city highly urbanised area. It is reported to be very frustrated by the Government's indecision. Has the Minister for Urban Development been kept advised of this issue by his department and does he support the sale of the Goodwood Orphanage to Tabor College in order to retain open space in this area?

The Hon. S.J. Baker: The Minister for Education and Children's Services had his committee yesterday. Can I suggest that, if the question was not asked of him—and I have not checked the record—the honourable member ask the question of the Minister for Education and Children's Services.

Ms HURLEY: Perhaps I did not place the emphasis in the question properly. I am concerned about the lack of open space in some highly urbanised inner areas and wonder whether the Minister shares this concern about open space being swallowed up by further development, such as may involve the Goodwood Orphanage.

The Hon. S.J. Baker: I might provide further information later on the issue of open space, but the Government has been very active in relation to its commitment to providing adequate open space wherever possible. As far as that site is concerned, it has gone through the process and it is now up to the Minister for Education and Children's Services. If the honourable member believes that Unley residents will become deprived by some part of that site being used, then I am sure she will make a statement accordingly. What I am saying to the Committee is that the development application was approved by the Development Assessment Commission on 6 January 1997, and what happens from there is up to the Minister for Education and Children's Services, not up to the Minister for Housing and Urban Development at all.

Ms HURLEY: I thought that the Minister for Urban Development might be concerned about the retention of open space in city areas and have some role to play in it.

The Hon. S.J. Baker: Yes, we obviously do have an extreme concern about the way some of the debate is occurring, which basically has said that if there is any Government land then it should be retained for open space. Each area is individual. There are some areas I can think of where people are saying, 'We need it as open space', and those areas have hills behind them, yet they are saying, 'This is critical to the enjoyment of open space.' We recognise those issues.

I will now relate some of the important issues that the Government is grappling with at the moment so that the honourable member can clearly understand. I am not going to take on the Tabor College or convent site as an individual circumstance, because it has already gone beyond that point.

It is now up to the honourable member to ask the Minister for Education and Children's Services. If she has not asked him in Committee she can ask in some other forum.

In relation to the matter of open space, clearly the Government has done more than previous Governments have done on this issue, and I would like to talk about that. Some of the planning strategy for South Australia, which was adopted by the Government in January 1994 (so it was obviously part of the thinking of the former Government), flags the initiative of setting aside and managing land for open space. There is a series of maps through the strategy detailing the Government's key objectives for the second generation of parklands now known as the metropolitan open space system (MOSS). The MOSS network will provide a visual contrast to the built environment and cater for a range of recreational and leisure uses. These open space strategies have been further strengthened in the revised planning strategy endorsed by Cabinet on 7 April 1997 and released for public consultation in May 1997.

The metropolitan-wide strategy will have a vision complementing the development of infrastructure and tourism through the creation of a unique and widely recognised regional open space system, which increases the amenity value of urban areas. That is the MOSS system, and there is a map that the honourable member can obtain showing what is MOSS or future MOSS. Apart from MOSS, the State Government promotes and coordinates the regional open space enhancement scheme (ROSES), which provides for open space requirements right across the State. A general program is run each year for incentives to add to the regional open space, and I have just signed off a whole range of approvals in relation to funding for that. Also, the Government has worked with councils so that they can develop their own strategies on open space, and we will have a metropolitan strategy for open space with feedback from all the individual councils.

We have funded councils to look at their open space issues and requirements. These are individual strategy plans by the councils, so we have been out there and provided money to the councils to address them, rather than have people going around the map, putting their finger on a spot and saying, 'I want that piece of land.' There has to be some level of sensitivity. If the Government owns it, people put their finger on it and say, 'That has to be open space', irrespective of the fact that funds may assist educational outcomes that these same people are seeking. Yet, if they put their finger on private land, obviously they would be told in no uncertain terms that they were not wanted. The Government has become a target and I am not walking away from that. I am simply saying that the world has changed and people are now looking to have more green space. Obviously, the Government has a key role to play in that.

We are developing a strategy. One of my committees is looking at the open space issue to provide some macro input into it. For example, if we were looking at open space as a strategic element of development, how would we provide for it and how would we work towards the creation of that open space. Work is being done on that front and on a whole range of fronts in relation to the open space issue. I am hopeful that, in the not too distant future, we can put forward a strategy that is welcomed by the populace at large, rather than having all these individual areas being subject to some strong elements of controversy. In terms of the financial status, the planning and development fund is the means of assisting in the provision of open space. Over the past three years the

Government has provided over 140 individual grants to councils across the State, with more than \$5.7 million spent on enhancement of open space, including the purchase of and investment in 22 parcels of land exceeding 300 hectares.

Again the honourable member should reflect upon the Government's commitment and performance which is in stark contrast to the former Labor Government. In 1996-97 the Government provided \$2.2 million for open space programs, including \$1.2 million for open space grants. A record number of applications for open space funding were made in 1996-97. The Government has increased the funding to \$2.4 million for open space enhancement in the planning and development fund budget for 1997-98. If my memory is correct, the planning and development fund has been the means by which we can make this open space provision enhance open space. That has been done through contributions by developers. There was no money in the fund when we came into Government. If the honourable member wants to—

Ms HURLEY: Maybe it had been used for the purpose for which it was meant.

The Hon. S.J. Baker: There was a debt burn of \$3.7 million: the former Labor Government had cleaned out the till. When we are looking at strategies for assisting councils or people to achieve some of their open space initiatives, it is a bit hard when the former Labor Government spent all the money and chalked up a bill on commitments of \$3.7 million which was not in the fund. Next time I hear some debate from the Labor Party on open space, I trust that the honourable member wears sack cloth and ashes as she apologises for leaving us with no money and admits that this Government has done a fantastic job with open space.

Ms HURLEY: Under 'Issues/Trends' on page 239 of the Program Estimates it states that there will be an increased pace of land release and adjustments to the staged release of land in the southern and northern fringe. I know that the Playford council in the northern area wants to promote the redevelopment of Munno Para West but believes that this must be accompanied by a redevelopment of dilapidated suburbs in the Smithfield-Davoren Park area. Do the adjustments to staged release take this into account, and will the State Government assist in funding redevelopment?

The Hon. S.J. Baker: We agree that northern areas such as Smithfield Plains are crying out for some assistance in terms of redevelopment. When I visited the area, I found that some of the housing is not of the standard that we would all wish, but it is not of such different standard from that which I have found in other areas where there is higher quality of living. There are some social issues and some bricks and mortar issues that obviously have to be looked at. The Smithfield Plains area and the Peachey belt area have a difficult and poor image. Consultants have been looking at the social and physical problems of the area, and some work was done on putting together an estate management board as a different mechanism to achieve results. The social structure is probably as important as the physical structure. It is important for the area to feel good about itself, raise its profile, achieve job opportunities and reduce the amount of tensions that exist in the area.

We recognise that something different needs to be done with Smithfield Plains to enhance the quality of living in that area because the quality of living in the area is at a pretty low ebb. For example, about 67 per cent of the Smithfield Plains area is under public rental housing—700 houses. The maintenance costs are very high simply because of the high

turnover of residents, and some of the houses are subject to heavy wear and tear. There are also volatile soils in the area so that even where the residents take good care of their houses there is some natural cracking and movement that needs to be fixed in the longer term. Now that the report has been produced for Government, as Minister I have said that we need to do a few other things before we look at the management issue of the area. We need to go back to some more fundamental issues.

It has been determined that there will be a meeting of various parties, including the mayor of the City of Playford. We want to engage the departments that are providing services to the area. We want to look at a total construct of what the area could or should be rather than starting with a new management structure and looking at just the problems inside and how they can be addressed, and then setting up the appropriate structure to address those problems. Those types of thoughts have been welcomed by the mayor. Obviously there needs to be action on that. I will not say that it will be solved this financial year because it will not, because there is no money in the budget. Obviously we want to get some movement in that area, and with some careful planning that can be achieved.

Other proposals have been suggested that may offer some solutions as well. We would like to get on with it by getting everyone together—not bang heads but certainly have a meeting of the minds—to discuss the outcomes that we want to achieve. The outcomes then have to be translated into the provision of services, streetscaping and the quality of the housing. We need to satisfy those issues before we make one change in that area. Going in blind and doing things because they feel good will lead to a fairly indifferent solution. It revolves around whether people have employment opportunities and whether there is a concentration of people with particular problems in the area. All those matters have to be realistically addressed before any action is taken. My belief is that, if we do it properly, we will see some startling changes in that area. But I do not want to change one brick, one tree or one resident until we have some agreement amongst all the people concerned and a commitment to the types of changes that are possible before those changes take place.

Mr BUCKBY: I refer to page 239 of the Program Estimates and Information. What steps is the Government taking to ensure that there is adequate and appropriate serviced land to provide for the future industrial needs of the metropolitan area?

The Hon. S.J. Baker: It is a very important question. Adelaide seems to have a lot of spare dirt but, when it comes to down to attracting industry into Adelaide and saying that we can make land available, a further question is asked concerning where it will be. Assessments were made early in the time of this Government that Adelaide did not have sufficient industrial land to cater for a new enterprise.

Cabinet has endorsed the development of a strategy for the management of industrial land, with the Department of Housing and Urban Development as the lead agency. In early 1997 a cohesive framework was developed to bring together existing work and new projects. The industrial strategic planning program involves some 100 subtasks, and significant progress has been made. A Cabinet submission is being prepared with a view to its consideration by Cabinet at the end of July 1997. The submission is a progress report and will indicate a more precise estimate of industrial land supply and location.

We have gone through all the foreseeable, available pieces of land to determine whether they would be available for industrial development should we need that land, and a freeze was put on any rezoning of industrial land to ensure that the industrial needs of Adelaide could be met rather than have that land disappear into other use forms.

The industrial land database will assist developers. If they have a view that they would like to set up a plant in Adelaide, we will be able to give them all the information they need as to the restraints, conditions, the area of the land, and all matters they need to satisfy themselves in terms of making determinations about where they would like to put a factory or light industrial type premise. We have made significant progress on addressing the need for sites for long-term industrial development, and a planning bulletin has been prepared to assist councils to plan for such industrial land.

A lot of effort has been put into looking at what is available conceivably and whether it is available really, given the constraints that naturally operate in various localities. We believe that we are pretty close to having a mud map of all available land in Adelaide, which means that, if anyone walks through the EDA door or goes to a council, that council can say that land has been identified, it has these factors or these constraints, so it is up to that person to make up their mind whether that piece of land is suitable. That will place us in a much stronger position when people come to South Australia and say that they would like to be part of the landscape but do not know where to establish their premises.

Adelaide already has advantages in terms of cost of living, unit cost of production and unit cost of infrastructure inputs such as water and electricity. We enjoy a number of those advantages; now we can say to anyone who comes to South Australia, 'This is the right place to set up and you can set up tomorrow if you so decide.' That will put us in a much stronger position than we have been in the past and in a much stronger position than any other State. Someone might have a good idea, but sometimes it can take months or even years to determine the appropriate place to set up that activity.

Mr VENNING: My question concerns planning amendment reports or PARs (Program Estimates, page 239). The planning system has been criticised for the length of time that it takes to get amendments to the development plan through the system. I have raised this with the Minister a few times, and I will continue to do so. What steps has the Government taken to rectify the situation?

The Hon. S.J. Baker: From the Government's point of view, some of the frustration is shared, but we have to separate fact from fiction. Developers get frustrated and councils get frustrated, and it is the Government that gets blamed. In some cases, Government has responsibility, and it should accept that responsibility.

We have been short on manpower in the planning area, and that has been recognised. The Treasurer's arm was twisted some time ago by the manager of the department who said that they could not cope with the demands being placed upon them because they simply did not have enough people to look after this section. The number of planning staff in the department was being eroded by better offers outside, and planners seem to be doing well in the marketplace today. So, one issue was the serious lack of capacity within the department. There are other issues, and I could go through them, but I point out that it was not through lack of endeavour by Government that some of the problems in the system arose.

As part of the restructuring of the planning division, a new plan amendment branch has been created as a separate entity

to focus specifically on working with councils to amend their development plans. It used to be a case of waiting for something to come in and then responding to it, and some plans go back and forth between the councils and the department numerous times because the department says that the plans are not consistent with good practice, and the councils change them, but they are not necessarily of the quality that we seek. There has been a lot of wasted energy with plans going back and forth. We want to get across that problem by being more active with the councils and by helping them develop their plans, which previously we did not have the resources to provide.

We have additional resources of the order of four full-time employees for the preparation of plan amendments. A large number of new staff have been recruited to the plan amendment branch, chiefly from a local government background, bringing a new perspective and an enhanced customer service focus to the branch. Contractors have been employed to eliminate the backlog of PARs in the system. Things will change rapidly this year, and I hope that is being reflected in the comments the honourable member will hear as the local member.

A revised edition of the guide to development plan amendments is being prepared. The guide aims to make the process quicker and easier by providing clear guidance to councils to assist them in meeting the Government's requirements. Consideration has also been given to amending aspects of the Act and regulations in order to enhance efficiency of the PAR system. As a result of these initiatives, the backlog of PARs has been almost eliminated. As at mid-May, only two PARs had not been dealt with by DHUD. However, by contrast, more than 30 PARs had been with the originating councils for more than 12 months without progressing. There are still stretches and stresses in the system. We admit that, because of resource constraints, it was not possible to do the job as well as it should have been done. However, we will now be able to provide more of a partnership in relation to these PARs.

One of the important issues that struck me when I first arrived in the department was that, when a statement of intent was sent to the department, unless it was wildly off the planet, there would not be a response of a qualitative nature to the councils concerned. The councils would then go ahead and do the PARs, and then find that they had breached in a number of areas. We will say, 'If this is what you want to do, please be aware that these are some of the issues you have to get across before you progress this.' By giving more guidance in that area, we will have Government and councils working better together with a more efficient result. I am not blaming anyone. I am saying simply that they are difficult times for everybody concerned. Once the backlog is eliminated, hopefully there will be movement on some of the ones stuck back in council if they have merit.

It becomes a bit of a game: councils blame Government and then people blame either councils or Government, or both. Sometimes, if the original design changes had been done properly, it could have got across the line quickly. It is only in areas of conflict where we have difficulty. If we can reduce the area of conflict or eliminate it through those preliminaries, we will get a more active and effective planning system. The planning system is basically quite sound and is recognised interstate as being able to deliver a good product. It does not necessarily get across the line with difficult applications which breach all the rules of good sense—and neither should it—but, if it is used properly, it can make smooth changes to the land use patterns which are

consistent with the strategies of the Government and the council.

Mr VENNING: I have a few concerns about the performance of the Development Assessment Commission. I will relate two incidents to the Committee. First, there is the case of a farmer's son who wished to build a house on the farm. However, even with support of the council and everybody else, DAC knocked it back purely on a technicality, because the land was not contingent. We all got very cross. However, it did not happen, and it has not happened. Secondly, in relation to houseboats on the river, we certainly throw around our weight in enforcing laws governing the setting up of marinas but, when it comes to policing houseboats, we do not seem to have enough staff to do that. Does DAC come directly under the Minister's control, and is there a need for a structural overhaul?

The Hon. S.J. Baker: With regard to DAC—and I do not know to which case the honourable member is referring—in general plans are made for particular areas or as a matter of course as to size of allotments and whether we wish to spread the urbanisation of towns simply by default, by allowing houses to be put on every allotment. In some cases, large numbers of allotments were created many years ago. If we allowed houses to be developed on those allotments, the next thing they will be asking for is water and sewerage services, and all the expenses associated with those. We would then have lost the plot in terms of restricting our urban boundaries. Most of us would believe that in the highly productive areas of this State we should not be putting housing on blocks and increasing urbanisation outside town centres. As a matter of principle, we will find that it is an issue in the Barossa and in the watershed area for that reason and for all sorts of other reasons, including pollution. Quite often you might find that what appeared to be a good case—and it might be a very good case—if that case was agreed to, would open up a door through which everybody walked, and all the good principles of planning would go out the door.

DAC looks at those principles. I know the issues of blocks and adjoining blocks, and contingent land, have been issues for a long time, and nobody has come up with a magic solution. Whilst I am Minister, I will not allow—and neither would DAC as an independent body allow—the willy-nilly development of productive rural areas. It is a dilemma. We can find good cases where it will not harm the rural environment. However, in principle that will transgress on sound planning practice; therefore, some people will not get what they want, even though they may feel that their case is very compelling and that they should gain approval. DAC is independent; it does not take any notice of the Minister. DAC reports to me and gives me advice on how I should treat certain applications. It is a matter of fact that the Minister has followed the independent advice of DAC.

I agree with the member for Culance that the houseboat situation needs a lot more effort. I do not think it comes under my portfolio, thank goodness. We continually hear stories that houseboats empty their waste into the river rather than having their waste pumped out of the tanks. It is an issue to which the Government obviously has to pay some attention. There might be some easy ways we can control that. Since the honourable member has raised the issue here, it may well be appropriate that it be raised in the correct forums. The Ministers for Water Resources and for Transport might have an interest in this matter, as would one or two other Ministers.

[Sitting suspended from 6.2 to 7.30 p.m.]

Additional Departmental Advisers:

Mr P.A. Jackson, General Manager, Property Development, South Australian Housing Trust.

Ms H.M. Fulcher, Director, Regional Operations (North).

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

The Hon. S.J. Baker: I would like to make some opening remarks related to public housing; a number of issues need to be put on the record. Members would be aware that the Government decided on important changes to the structure of the Department of Housing and Urban Development portfolio during this financial year. They were designed to provide a clearer focus on local government issues and to integrate more clearly the work of the UPA on urban development projects with the Government's overall program of major projects.

The Housing and Urban Development portfolio is now explicitly focused on the State Government's provision of planning services and of social housing assistance, with the portfolio structure continuing to facilitate the policy and process links between these important areas of the public sector. In two very important respects, the environment in which the portfolio is now operating and will operate through 1997-98 will remain the same as it was this time last year. First, the Commonwealth continues to seek through the States and Territories reforms to the way housing assistance is delivered. It does so against a background of severe budgetary difficulties. The Commonwealth must continue with its deficit reduction strategy if the negative impacts on the nation's finances from the years of the Labor Government are to be addressed.

Secondly, while the State Government has been able to reallocate some funding within the budget to new expenditure, the primary goal must continue to be to address the debt position of the Housing Trust, again a legacy of the Labor years at the State level. We must continue our program of reducing the trust debt if we are to achieve our goal of a stable, sustainable financial position for it. The budget includes decisions on the use of scarce housing resources that ultimately reflect the primacy of that goal. Existing houses are to be transferred between housing sectors; HomeStart capital is to be used to offset reductions in Commonwealth funding; and the trust must press on with its program, now 10 years old, of selling houses to free up capital resources. Put another way, the Government is making sensible use of housing assets to achieve financial stability for the trust while continuing to apply resources to meet the social housing needs of the community.

In 1997-98 the Housing Trust will repay a minimum of \$52 million in non-concessional debt. To provide the context for the trust's predicament, let me recall some basic financial facts. At 30 June 1979, the trust had about \$500 million in total debt. This rose to \$1.5 billion by 30 June 1991, so there was an increase of \$1 billion in Housing Trust debt to 1991. In that period the trust acquired about \$400 million in debt at interest rates which were not subsidised and which were well above the concessional rates under the Commonwealth-State Housing Agreement arrangement.

As we all know, interest rates in the market place have fallen in recent times, but the trust remains saddled with a large volume of the debt, now reduced to \$176 million by prudent management under this Government, at common public sector interest rates. Interest charges of about \$23 million per annum for this debt continue to consume

scarce trust resources, in effect paying for past decisions rather than being available for new housing assistance programs. The trust is now actively pursuing a debt reduction strategy that is designed to eliminate that high interest rate debt over five years.

Clearly, whilst this remains the central financial target for the trust, and it must, there will be constraints on the trust's capacity to expand its capital programs. The trust in this budget will receive an increase in grant funding of about \$6 million with a possibility that further grant allocations will be made during this year to a maximum of \$8 million, and the Committee was informed of that earlier. The trust's capital program will increase significantly compared to 1996-97. It will include new constructions involving some 75 houses; the purchase of 45 houses (an increase of 40); and 850 housing upgrades, an increase of 200 compared to last year.

This reflects the trust's priority of focusing its capital program of bringing its suitable stock up to current amenity standards, with the result that the new build program has fallen significantly from the unsustainable levels of the 1980s and early 1990s when some huge debts were incurred. The trust's budget will also sustain an increase in the number of eligible persons assisted through rent relief and private rental assistance programs. I point out to the Committee that, through sensible reallocation of capital and the payment of dividends from HomeStart, the trust's program can be sustained in this way.

The budget for the South Australian Community Housing Authority reflects the same emphasis on better use of existing stock, as is evident in the trust's program. A significant emphasis is placed on building up the community housing sector through the transfer of dwellings from the trust to community housing entities. A target of 150 such transfers has been set for 1997-98. Overall the SACHA program is based on achieving an additional 300 housing outcomes in 1997-98—the same level as for the present year.

With respect to Aboriginal housing, the Commonwealth has provided the same nominal levels of funding to the Aboriginal rental housing program since 1989—a significant real decrease. The Government has acted in the last two budgets to address that real decrease. The 1997-98 budget includes the transfer of \$3 million in housing from the trust's general stock to the Aboriginal Urban Housing Program and the continuation of transfers of that volume in the present year. The extra State Government funds provided to the program will increase from \$1 million last year to \$2 million in 1997-98 to be used primarily for demonstration projects and health-related maintenance in remote communities. HomeStart finances the Government's major vehicle for the provision of home ownership opportunities to low to moderate income earners.

By 30 April 1997 HomeStart had assisted over 27 000 households and achieved home ownership with over \$1.7 billion advanced. The program has been effectively targeted at its market. The average income of the borrowers is around \$30 000 per annum, and property values and loan sizes are also modest at about \$77 000 and \$60 000 respectively. Of those borrowing, about 65 per cent were previously renting with the bulk, 40 per cent being in the private sector. For the 10 months to April 1997, 1 800 loans totalling \$109 million had been provided to South Australians. In 1995-96 a total of 3 200 loans with a value of \$204 million were settled. At 31 April 1997 the HomeStart portfolio balanced out at \$1.26 billion.

It is estimated that in 1996-97 HomeStart will achieve a profit before tax of \$16.9 million. As members are aware, the Government in 1996-97 allocated \$8 million to provide grants to a maximum of \$5 000 to eligible people planning to build or buy a spec home. Assistance has been given primarily to new home buyers, with about 60 per cent of successful applicants so far. The budget reflects the estimated payment by HomeStart in 1997-98 of \$11.1 million in tax equivalent payment and dividend. A special return of capital of \$20 million is to be paid from returned earnings included in the budget to ensure that, despite Commonwealth and State funding restraints, the Social Housing Assistance Program can be maintained in 1997-98 at existing levels.

Ms HURLEY: Page 245 of the Program Estimates lists estimated capital expenditure for 1996-97 at \$79.06 million, but the revised expenditure is only \$38.321 million; it was under-spent by \$40.7 million. In what areas did this shortfall in expenditure occur?

The Hon. S.J. Baker: I point out that the capital spent for 1997-98 is of a much higher order. The component parts of that involve an estimated expenditure for rental housing for 1996-97 of \$3.38 million, with a revised outcome of some \$2.66 million, and we have an increase for 1997-98 to \$4.66 million. Community assistance involved a sum of \$120 000, and more was spent in 1996-97—\$142 000. The sum for housing management was \$1.55 million, and \$1.92 million was spent; this coming year it is \$1.37 million. The big difference involves property acquisition and upgrade, amounting to some \$74 million. Only \$33.6 million was spent—which is the major discrepancy, as the honourable member has noted—and we will be spending \$54.19 million in 1997-98.

In terms of the expenditures, early in 1996-97 the State agreed to provide \$52 million fiscal contribution to the Federal budget, and the Housing Trust's capital program was reduced by \$18 million to provide part of this contribution. In 1995-96, I believe that some reserves available were utilised in that process, and they were brought forward in the budget, from memory. So, cash reserves were able to be used for that process. During the first half of the financial year the Commonwealth made an initial offer of 50 per cent funding for 1997-98—and the honourable member would recognise that we had funding only up until 31 December 1997.

This had significant implications for the trust's capital program and ability to enter into contracts requiring expenditure into 1997-98; hence the letting of contracts was delayed while the State negotiated the bitter outcome for 1997-98. So, a lot of that expenditure on new builds was put on hold during this process. As I explained to the honourable member, the Housing Trust and the former Minister—and I agree entirely with the decisions that were made—did not believe it was appropriate to utilise all the budget within that period up to 31 December and then suddenly find that there was no capacity beyond that point.

The honourable member might take note of some of the negotiations taking place at the time. The Commonwealth was quite intransigent, at least early in the piece, to the extent that it wished to replace capital support with rental assistance support. Further, sales of houses to tenants and sales from urban renewal projects were lower than initially expected in 1996-97 due to the depressed housing market.

In a nutshell, while essential items were not put on hold, some of the more expansive items over which we had some greater discretion were put on hold during that period, simply because we did not know where funding was going to start

and finish in the process. That was not good for 1996-97 but it provides capacity for 1997-98.

Ms HURLEY: Is the Minister now confident that the Commonwealth Government will provide that capital funding so that that capital expenditure program will occur?

The Hon. S.J. Baker: We have a clear commitment in the Federal budget for 1997-98 that it will continue capital support programs for the next two financial years. The Federal Government has demanded that for 1998-99 there will be a further productivity recognition in the allocations and that it will reduce the cash available to the States accordingly. At least we have some capital support. I have a table which explains what has happened to Commonwealth housing funds over the last 10 years. It is absolutely vital that we understand what Governments of all persuasions have been doing to the housing portfolio. In 1986-87 the Commonwealth grants—untied, tied and loan council concessional grants—amounted to \$174.27 million. In 1987-88 that had fallen to \$121.9 million. In 1989 it was \$106.2 million; in 1989-90 it was \$102.3 million; in 1990-91 it was \$95.5 million; in 1991-92 it was \$92.1 million; and in 1992-93 it was \$99.5 million, but that was due to the bringing forward of State fiscal contributions and represented the total allocation where the States were required to make a contribution.

The actual contribution from the Commonwealth dropped to \$83.7 million in 1992-93. It rose slightly in 1993-94 to \$85.9 million. In 1994-95 it was \$87.4 million; in 1995-96 it was \$87.5 million; in 1996-97 it was \$86.5 million; and in 1997-98 it was \$78.9 million. If we look at the last 10 years and at 1986-87 as the benchmark we find that we received \$174.3 million from the Commonwealth. We receive less than half of that now. In 1996-97 it was \$86.5 million. Those tables bear reflection. I know that I get cross with my Federal colleagues, but if you look at what has happened to housing assistance from the Commonwealth over a period it is clear that Governments of both persuasions have said that they will not support the housing portfolio in the way they have in the past. With the fall in 1997-98 to \$78.9 million and a further productivity improvement demand by the Commonwealth, it will continue to fall in the next financial year. Clearly, the honourable member can see that \$174 million to \$79 million is not a very good deal as far as the State is concerned.

Ms HURLEY: That is very clear and leads to my next question in terms of what the Government intends to do about it. In recent media reports the Minister has flagged an increase in rents for Housing Trust tenants. Does this mean that the Minister is considering raising rents beyond the 25 per cent of income that has been the standard for public housing?

The Hon. S.J. Baker: No. The Prime Minister's statements and my statements are clear that 25 per cent is the ceiling. There is no deviation from that ceiling limit.

Ms HURLEY: Is that a rise only in the market rents for those paying full rent?

The Hon. S.J. Baker: No. If people are paying full rent it is possible that their contribution is less than 25 per cent. If their household income allows them to pay full rent the 25 per cent becomes irrelevant, because they have to be at 25 per cent or below that level, otherwise the ceiling would come into account. It applies only to those who have lower levels of income and where that ceiling of 25 per cent has been in place. This has been confirmed by the Prime Minister and has not been altered.

Ms HURLEY: So the media reports that consideration is being given to raising rents is not true?

The Hon. S.J. Baker: I do not know which reports were referred to. I know that there was a report in the *Advertiser* some time ago that I got very steamy about because it was incorrect; in fact, it was corrected the next day. There were implications about rising rents and people not having Housing Trust homes. Of course, it was totally incorrect and certainly had not come from any source that I was aware of. So, about a month ago there was a report on the front page and then, when I vigorously demanded an apology and explanation, the next day saw the same journalist actually say 'The Minister is quite right: there is no substance to this whatsoever.' In fact, it did not quite apologise for the first article. But it did get some of the Housing Trust tenants excited, because I received one or two letters. I simply sent a copy of my press release and the article on the second day, saying that someone had been speculating at Housing Trust tenants' expense.

Ms HURLEY: There was also some speculation that tenure for Housing Trust tenants might be limited to four or five years.

The Hon. S.J. Baker: Obviously, tenure is an issue. We have a number of tenants who have been there for many years, and the State's very firm position is that their security of tenure is unaltered. There is an extraordinary turnover in the Housing Trust. Within the first year 20 per cent simply rotate through or move out of Housing Trust accommodation, and within five years 50 per cent of the people in Housing Trust tenancies are no longer in those same tenancies. The last figures showed that 7 850 people actually moved out of their accommodation, and the opportunity is then given to the next group of people to be accommodated.

There is a very active turnover but, from the point of view of those who are long-term tenants, the State's position is quite unequivocal: there is no change to the security of tenure they have enjoyed for many years. It just does not make any sense. With a stock as strong as the stock we have in this State and the turnover that we have through that stock, we do not have the sorts of pressures or demand that other people may have. It simply does not occur, so our position is quite unequivocal: they have security.

Ms HURLEY: The new tenants that come in might not have that same security.

The Hon. S.J. Baker: The Commonwealth is saying that, under the priority scheme that it wishes to see introduced, it wants a better check on whether the people in public housing are reasonably consistent with those in other circumstances. The Commonwealth has said that there will be a priority in terms of public housing placements in all States. In South Australia we can actually meet the priority list and others on the waiting list because we simply have a very large stock—the largest stock in comparison to every other State. So, the States that have this difficulty will need to prioritise their housing more. That means that they will need to have reassessments of their housing needs at particular points in time. The South Australian position is that, quite clearly, we do not have that need, so I do not believe that it is a concern of the Commonwealth.

One thing we do have to look at is where we have new tenants in prime space, which has very important locational aspects. If they are in particular need—say, the disabled or those who may have some mental health problems that need servicing—we want to make sure that that space is as available as possible. We are actually looking at how we can manage, within the existing housing stock, to meet those

people who have the greatest need. I think the honourable member can appreciate that.

So, if new tenants have severe disabilities, we will attempt to place them close to the facilities that they need. In respect of all new tenants, we must ensure that critical housing space which is in a high rent district and close to facilities in the city is utilised to the maximum capacity, but the same principle does not apply in areas north and south. That is not an issue. We must manage our stock to get the best possible results, as I am sure the honourable member would appreciate.

Mr BUCKBY: What action is the trust currently taking to address soil contamination in the Florence Crescent development at Brompton?

The Hon. S.J. Baker: Florence Crescent has received a significant amount of publicity over the past few years. The Housing Trust has been more than anxious to settle down concerns about the site and more importantly to find a solution. The area that we are talking about is bounded by Second, West, Third and Chief Streets. Florence Crescent runs through the centre of the estate and connects with Brompton Square. The site, formerly known as the Footersville site, was previously used for industrial purposes but, more importantly, the central portion of the site was once a pug hole.

A residential development was constructed on the site by Prominent Homes under the trust's design and construct program, and 47 units (21 single and 26 attached houses) were purchased by the trust upon completion in 1987. The trust has retained and tenanted 41 of the 47 units. Although soil investigations were undertaken on the site prior to construction of the development, these investigations were for geotechnical purposes only—that is, to see what sort of footings were suitable for the site. These investigations did not include investigations for soil contamination, and soil contamination did not emerge as a potential issue requiring attention until 1988.

Ongoing detailed investigation of the soil and groundwater was conducted by the trust and independent environmental consultants between 1991 and 1997 to establish the full extent and type of contamination present. These investigations established that 26 lots—17 within the area that was previously the pug hole and nine outside the pug hole—have a potential unacceptable health risk and will require remediation. These investigations also identified that contaminants from an off-site source have migrated and entered the site through the groundwater. The EPA is currently managing the broad regional groundwater contamination issues. An accredited environmental auditor was appointed by the trust as well as a consultative committee to ensure that the investigation and remediation process conformed to relevant guidelines and accepted practices. The auditor concluded that the probability of adverse effects on health arising from current pug hole contamination at Florence Crescent is low.

During this period, the trust established a consultative committee consisting of representatives from the Trust Tenants Association of SA, the United Trades and Labor Council, tenant representatives and environmental consultants in order to inform and involve tenants and older parties with an interest in the site and to ensure that all the contamination issues were addressed to the satisfaction of all stakeholders. In order to alleviate any tenant concerns, the trust agreed to transfer tenants who wanted to be transferred from the site as a priority. As at 16 June 1997, 21 properties on the Florence

Crescent site are vacant. The trust will not re-tenant these properties until remediation work on the site has been completed.

The environmental consultant Maunsell in conjunction with Rust PPK are, first, currently developing a further testing program to satisfactorily complete the audit process for the site; and, secondly, preparing a draft management plan, including remediation options for the site, to adequately address the contamination concerns for the site identified by the previous investigations and health risk assessment. Following agreement from all affected tenants, the environmental consultant will complete the full management plan and prepare the tender contract documentation for the remediation work. It is anticipated that the remediation work will commence early in 1998 following completion of all testing and agreement with the auditor and tenants of the detailed remediation strategies.

The total cost of the remediation of the Florence Crescent development could be in the range of \$1.5 million to \$2 million. The cost of remediation is dependent upon the number of allotments to be remediated and the methodology selected. That has certainly received a considerable amount of publicity. I cannot fault the endeavour of the Housing Trust to satisfy this issue. Statements have certainly been made by particular individuals that have not helped the cause of those living at or near the site, but the Housing Trust recognises its obligation. I know that hindsight is wonderful, but the fact is that someone made a huge mistake in 1988 and we are having to clean up the mess, just as we have had to clean up messes everywhere.

Mr WADE: My question relates to future customer representation in South Australia, the Program Estimates and Information, page 251. First, why has the Government chosen not to continue funding the Tenants Association of South Australia and instead has sought tenders for the provision of this service? Secondly, has an agency been selected through the tender process to undertake the establishment of a customer representation-advocacy service for customers of the South Australian Housing Trust? Thirdly, when will the new service be established and what processes will be undertaken to select the new service?

The Hon. S.J. Baker: The issue of tenancy representation-tenancy advocacy is a matter of some importance to the trust and to the Minister. Clearly, under the Commonwealth-State housing agreement that advocacy has to be in place. It was part of the deal that was done with the Commonwealth Government, and the trust has been looking at the best form of advocacy that can be provided under the prevailing conditions. For a variety of reasons—and I am not pointing the finger at any individual—some gaps were identified in the advocacy provided by the tenants association. Some concerns were raised about the limited focus of the tenants association. That concern has been present for some time and has been expressed through a number of forums. Those concerns include the narrow geographical coverage of the service, the failure to communicate with the regional advisory boards of the Housing Trust, lack of establishment of an outreach service and a number of other issues that not only were of concern to tenants but to other people related to the delivery of Housing Trust services.

The former Minister (Scott Ashenden) recommended that a new model for tenant representation, which included a requirement for some of those deficiencies to be corrected, should be developed and funded through the community housing organisation grant fund. It was then determined that

that should go out to tender so that any organisation that felt it could supply the level of service that the Housing Trust and the Minister were seeking could tender under the guidelines that were developed. A panel of representatives from the South Australian Housing Trust, the Department of Housing and Urban Development and the Department for Family and Community Services met this month to consider the submissions.

The Anglican Community Services has been awarded the new service. Selection was based on assessment of tender submissions against the essential minimum criteria outlined in the tender guidelines. Site visits were also undertaken by members of the selection panel to assess the site from which the service was proposed to be delivered to determine accessibility and appropriateness. It is anticipated that the new service will start next month. Officers from the department visited the TASA office on 13 June to explain and reassure staff about the changes taking place.

The new advocacy service will cost approximately \$250 000 per annum. I put out a press release on the changes we see. The process was independent. The Minister had no say in the outcomes, and neither he should. Ministers should not dabble in these things. The assessments were quite clear from the various representatives. The Anglican Community Services clearly demonstrated the best capacity to provide not only an advocacy service for trust tenants but it also had support services that would be complementary to the delivery of housing. I discussed that issue earlier in terms of community housing. There are an enormous number of strengths to the Anglican Community Services submission and that submission impressed the panel to the point where I understand it was a unanimous decision that the Anglican Community Service could fulfil all the needs that the trust and the Minister perceived needed to be satisfied under this advocacy service.

We are very pleased that we have such a strong linkage with such an organisation, plus the capacity to allow Housing Trust tenants a wider voice than they had previously and they can feed into the trust and the Minister the things that are necessary and happening out there in the areas which previously were somewhat isolated in terms of what we can do to improve our service and our coverage of public housing services. I certainly believe, having looked through the documents and the decision taken, that the trust will have a very strong and vibrant advocacy service in the form of the Anglican Community Services.

Mr VENNING: I refer to the CSHA reform referred to on page 250 of the Program Estimates. What is the current status of the State and Commonwealth reform of housing assistance?

The Hon. S.J. Baker: The prime issue from the Commonwealth's viewpoint when the Government changed hands was to determine whether the moneys allocated to public housing through the grants system was actually providing the best outcomes. A calculation was done and they got it wrong. They suggested that the replacement of capital assistance by rental assistance would provide a better outcome. We strenuously resisted that, as did all other States. I am pleased to report that we have changed the mind of the Commonwealth, which is quite unusual. The Prime Minister recently wrote to the Premier advising that the Commonwealth will be discontinuing its previous proposed reforms to housing assistance, which involved the Commonwealth's ceasing capital grants to the States and providing subsidies to tenants.

The Commonwealth has, however, put us all on notice that it needs to get better results from its funding. The Commonwealth has said that it would not pursue the reform that it was previously interested in pursuing but that it wanted to see further efficiency in the management of the housing stock. The States, Territories and the Commonwealth have been meeting on this issue in order to look at the outcomes from public housing and, in turn, to deliver a more effective service to the tenants under public housing and at least satisfy the Commonwealth that its money is being well spent.

On that basis the Commonwealth has not only satisfied our need for funding during 1997-98, rather than the first six months, but has also undertaken to fund through to 1998-99. That is on the basis that meaningful reform will take place. So that is the basis of where the Commonwealth started. We started off in a very difficult situation. We do not necessarily say that we have a very pleasurable situation but certainly it is a lot better than where we were last year, and in fact early this year.

In terms of the reform agenda, we have looked at a number of items that they want to advance and we have put a point of view to the Commonwealth that certainly we have capacity in the State not only to meet its reform agenda but we can do much better than that in terms of public housing provision. The Commonwealth has laid down some priority housing, meeting the needs of those most in need. There are three categories of need that the Commonwealth has specified in terms of urgency and they are the ones that will receive priority in the process. We have examined the list and agree with the Commonwealth that we have to use the public housing stock to meet the needs of those most in need, and we can meet that under the policies that are currently being pursued within the Housing Trust today.

In terms of the other issues, one of the major issues is the one that was mentioned earlier relating to tenure. In some States the issue of tenure revolves around how you meet the needs of those most in need, where you can satisfy the three tiers of need. In other States, because of the tightness of the housing stock, it is far more limited. They have had to look at tenure in terms of reviewing the tenure situation. We have rejected that approach. We have said that the only issue in relation to tenure should be in areas where there is very strong service provision to make sure that, with those new tenants who enter that stock, at the end of the period that stock is still meeting their needs and that, if there is alternative housing and people with greater need, then they can still be managed within the stock. Also we have said that we can meet the needs of those on that priority rating without any difficulty. So we believe in South Australia that we can achieve very strong outcomes and utilise our stock consistent with the Commonwealth Government's determination to improve efficiency of delivery of service.

Ms HURLEY: I refer to maintenance expenditure. Page 252 of the Program Estimates states that the maintenance for 1996-97 is \$52.3 million and that the estimate for 1997-98 is \$55 million, a difference of \$2.7 million. The Minister's press release of 29 May says that there will be an increase of \$3.5 million, to \$55 million for maintenance. From where does the other \$.8 million come to make up the \$3.5 million?

The Hon. S.J. Baker: They were the figures at the time. I will check that out; I will have to go back to the component parts of the \$55 million, because there was certainly an increase of \$3 million in the allocation, which I felt sure the Housing Trust tenants would be very pleased with. There was also a commitment on smoke alarms, which I am sure the

honourable member would be very pleased about. Housing Trust tenants seem to be more prone to misadventure in this regard, so we are providing greater protection than previously. We are providing more money in housing upgrades than we were able to provide last year, so there is some very good news for Housing Trust tenants.

We had a breakdown of the figures, and it is my recollection that an extra \$3 million was allocated for housing maintenance, which was basically this component associated with the smoke alarms. In fact, we are doing better than that. I have the maintenance expenditure figures, and I will mention some of the larger items which add up to \$60 million. We have underestimated.

For day-to-day maintenance, we have allocated \$20.1 million. Every time a unit becomes vacant, there is a clean-up process and quite often a re-painting process. Any repairs as a result of damage or the ageing process are carried out on changeover, and we have allocated \$11.8 million for that. A total of \$39 million is provided for responsive-type maintenance. Included in the total of \$12.8 million for programmed maintenance is an allocation of \$3.7 million for exterior re-painting, with \$1.7 million provided for re-fencing. An allocation of \$500 000 for demolitions and \$1.5 million for remediation at Brompton has been made. Management fees of \$1.2 million have been provided.

Some of the figures may well be included in the items of demolitions and remediations for Brompton, as well as the external fees for construction and horticultural managers. An amount of \$55 million has been allowed for the total recurrent maintenance expenditure planned for this year. On top of that we have a total of \$5 million for minor improvements, including \$1 million for smoke alarms and \$2 million for sanding and polishing the floors. In total, there is \$60 million.

When the figures were done previously, the difference may well be that certain items like the Brompton remediation may have been taken out for the total programs and have now been put back in. I will make available for the honourable member this table (appendix 7) which sets out the total expenditure. Obviously, we are spending a lot more than was actually specified. I am sure the honourable member would be pleased about that outcome.

Ms HURLEY: With respect to page 185 of Financial Paper No. 2, the estimated income tax equivalent payments for 1997-98 are \$12.862 million compared with an actual payment of \$43.03 million in 1996-97. What is the reason for the drop of an estimated \$30.168 million?

The Hon. S.J. Baker: With regard to tax equivalents for housing management, the swings and the roundabouts come about because, due to a requirement to pay land tax, the land tax increases and the income tax decreases. We recognise the real cost of providing the service. No less money is provided; it is simply a recognition. The estimate of income tax equivalents for 1996-97 was \$25.4 million; the revised estimate was \$43 million; and the estimate for 1997-98 is \$12.9 million. There is no change in monetary allocations, but there is a recognition in the books. The Housing Trust is one of the hardest areas to understand because of these offsets. The income tax equivalent decreases to \$12.9 million, but we have a recognition of the land tax factor in there, simply to be able to show the full cost of the service delivery. On page 185 members will see that land tax has increased to \$55.6 million, and the income tax equivalent is \$12.9 million. Some other changes have taken place in the swings and roundabouts, but I can assure the honourable member that the basic numbers we have put out in terms of outcomes are

consistent. What will happen on the ground is not necessarily the recognition that a cost is associated with housing: land tax has to be recognised in the payments.

Ms HURLEY: I did not follow that. Are you saying that there was a recognition of land tax last year?

The Hon. S.J. Baker: No, it was this year. Last year the income tax equivalent went from \$25.4 million to \$43 million, and there was no land tax (page 187). This year, the income equivalent drops to \$12.9 million and land tax is at \$55.6 million. Under the Commonwealth-State Housing Agreement (CSHA), all the money has to come back to housing. Irrespective of the accounting treatment of that matter—and as I said this is a difficult area; I had to work my way through it at least three times—the commitment of moneys cannot change. I also inform the honourable member—and she will be pleased about this—that, despite the drop in the Commonwealth contribution, we met the same standard we had previously met in terms of State contribution to the Housing Trust budget. So the budget has received more of a boost than it should have normally under the Commonwealth-State Housing Agreement.

In terms of what the numbers show, there now has to be an explicit recognition of all the costs that would be incurred in an equivalent situation in the private sector. We are looking at full cost delivery. Land tax has not previously been paid: it is recognised as not physically being paid over, as the honourable member would appreciate. If the costs of housing management increase because there is a land tax, then the dividend decreases. It all levels out on the swings and roundabouts. If the honourable member would like further information on that, I can get someone to brief her on how those changes do not have any net impact on the trust but certainly have some impact in terms of the accounting associated with the trust.

Mr BUCKBY: I refer the Minister to the issue of consumer debt and the Housing Trust (Program Estimates, page 250). The average level of overdue debt owed to the trust by customers during 1996-97 was \$10.4 million. What work is being undertaken in this area?

The Hon. S.J. Baker: One of the items that has featured consistently in the estimates books—and certainly in the Auditor-General's Report—is what seems to be a relatively high level of debt associated with Housing Trust tenancies. As the honourable member quite rightly points out, \$12.67 million was owing at 30 June 1995. That has reduced to \$10.42 million as at 28 May 1996.

One of the major impacts on reducing debt has been the introduction of the Easy Pay system, which allows Social Security payments of trust tenants to have the money taken out and paid directly to the trust. We believe that scheme has a level of brilliance for two reasons: first, the trust gets paid, which means that the landlord gets paid and, secondly, people are better able to budget and do not then have to worry about how they will make the rent at the end of the week. We believe that the Easy Pay system is particularly special for trust tenants who are receiving Social Security support, in that it provides them with some levels of certainty that were not there previously.

We find that the take-up on the Easy Pay system has been very strong, and obviously the trust will be seeking other tenants to sign up voluntarily to the Easy Pay system. That means that the rent comes out and they can then spend their net income safe and sure in the knowledge that they will not have to try to find rent at the end of the week, which is a major problem for some tenants. Currently, we are getting

about 200 people signing up each fortnight to put themselves on the Easy Pay system. I know that they appreciate that they do not have to handle the money and that they get all the bills paid.

As a result of the excess water policy, some tenants are working their way through the system. There was an allowance of 136 kilolitres of water, and that was reduced to 125 kilolitres in terms of the general allowance which was free to tenants. Whilst that involved only \$11, there had been some resistance to that charge and some perceived incapacity to pay that charge but, in most areas, if there has not been a capacity to pay at the time, they have worked their way through and reached an agreement on how the money should be repaid. It is not just the \$11—it is a matter of when the water bill comes in and they have to pay the bill. That has had an effect.

Certainly, there has been an effort to look at overpaid benefits where they have prevailed with trust tenants, and there has also been some scrutiny of income levels to ensure that the rent with the ceiling in place has actually been met. Without those two factors we would have seen a more dramatic decline in customer debt. We feel pleased with the progress that has been made but certainly further progress will be made. The other factors have probably slowed it somewhat.

In answer to the member's question, the improvement in the debt situation is basically the result of the Easy Pay system, and it makes life much easier for tenants if they know they have a certain sum of money in their hands and they can utilise it for their own purposes rather than worrying about whether they can afford to pay for the bed in which they are lying at night.

Mr WADE: I refer to page 251 of the Program Estimates concerning promotion of immigration. Can the Minister outline what assistance the trust is giving to new migrants?

The Hon. S.J. Baker: The trust has established an accommodation program to assist in the Government's immigration promotion strategy. That was mentioned yesterday in the Premier's Committee, and members of this Committee would clearly understand the Government's determination to target certain skilled migrants to increase the capacity of firms in this State. The trust is playing its part in that process.

We are providing 15 furnished units in 1997-98 for short-stay accommodation as a pilot program subject to evaluation. The dwellings will be leased to newly arrived migrants for an initial period of 12 weeks at normal Housing Trust market rents with a loading charge to the tenant for furnishing costs. The total cost of providing the 15 furnished dwellings will be approximately \$124 980, and full program costs will be recovered through market rents and a loading for furnishings provided.

The trust is actively assisting the Government in its determination to provide housing assistance for those people who are newly arrived. My understanding is that the first tenants from that targeted program will arrive this month, and they will be able to take up accommodation that has been provided by the Housing Trust. It is important for the skilled migration program to work, and this is a very cost effective method of providing someone with decent accommodation, giving them security (at least when they arrive here), and making sure the stay is only short term so that they have to find their own premises. They have a bed to lie in when they arrive and, in conjunction with the other support that is being

provided, it will be of considerable benefit to our new arrivals.

Mr VENNING: In relation to the capital programs budget which appears on page 247 of the Program Estimates and Information document, will the Minister outline plans for the next financial year to upgrade and build new Housing Trust stock?

The Hon. S.J. Baker: The trust has concentrated much of its efforts in recent years on refitting, redesigning and re-engineering existing Housing Trust stock. So, the commitment from the trust is now to do better with the stock it has rather than spend large sums of money building new houses. Members would clearly recognise that, because of the previous trust provisions, we have large numbers of houses. We own about 60 000 houses. They are quite often in clusters and many of them were built in the 1950s and 1960s. They are not in strong demand from certain people who are seeking trust accommodation.

The trust has determined that it is better to spend money wisely in improving the quality of that stock rather than the far more expensive option of building new houses. We did not have a strong program last year on a number of fronts because of the lack of determination on the Housing Trust's Commonwealth Government grants.

In terms of what is being spent, we have a number of programs. An amount of \$6 million has been allocated for the new build program, and that represents 75 completed houses. This program continues to be held to minimum levels based on the trust's priority to repay debt and upgrade existing housing stock. The sum of \$17 million has been allocated for the stock improvement program, and that represents approximately 850 minor and major house upgrades, depending on the mix of major and minor upgrades, as well as \$5 million for minor improvements such as smoke alarms, exhaust fans, exterior paving and the sanding and sealing of floors.

An amount of \$3 million has been allocated for the land purchase program, which is primarily related to the trust's legal obligation to purchase land at Golden Grove and Northfield. There is a \$6 million allocation for the purchase of 45 dwellings under the trust's house purchase program, which is used to meet specific needs in a cost efficient manner within areas of high demand and low supply, and support the relocation of tenants out of The Parks redevelopment area. There is also \$6.38 million cash surplus from the urban renewal program based on sales of \$17.03 million and expenditure of \$10.65 million.

Obviously, we have various commitments to the urban renewal program, as we see in Hillcrest and Mitchell Park. We are also hoping to make an announcement within the next month or so on the progressive rejuvenation of The Parks area, depending on the negotiations that are currently progressing. Hopefully it will be good news when the residents know what is going on down there. In terms of the asset management objectives, it is important to understand that whilst the policy of the trust from the 1950s to the early 1980s was the provision of new housing accommodation to meet emerging needs, with such a large stock and the value associated with that stock, the trust and the Minister believe there are new priorities. The issues are outlined as follows.

Reducing the concentration of public housing in particular areas is very important, as is the change of housing type to break up the areas. Locational issues involve meeting the demands that prevail, and selling to tenants to give them home ownership opportunities is again a high priority on the agenda, as the honourable member would recognise. There

is also the issue of urban renewal. The trust is now turning its attention to all those matters. With such a large stock available to it, it makes good economic sense to get good outcomes out of the existing stock rather than continue large housing builds. Our capacity to sustain large housing builds is dramatically reduced, given the funding decrease from the Commonwealth Government.

Ms HURLEY: I refer to rental housing (page 250). Cottage flat rents are now based on 18 per cent of total income rather than 18 per cent of pension income. How many pensioners have been affected by this decision and what total revenue has this gained for the Government?

The Hon. S.J. Baker: The trust's policy on cottage flats (which is different from that involving bed sitters, which are on 16 per cent) has always been a basic demand of 18 per cent of income. There has been some recognition of extra income—I think in the case of British pensions—but my information is that very few people have been affected by the recognition of that element of income. I can provide the honourable member with a more complete answer. I do not understand why British pensions or any other forms of income would somehow have been excluded from the calculations. It does not make sense to me; I would assume that they would always have been included in the income assessment and not separated from that. However, I will provide a formal response for the honourable member. My information is that there are about 600 of these cases and that very few people are affected.

Of course, a few people might have talked to the member for Napier about it. Quite often you hear from those people most affected. The best answer I can give is that very few people are affected. I cannot understand why total income was not taken into account originally. I will get some background detail on what change has taken place and why it has taken place and provide the honourable member with a more formal response. The honourable member would recognise that the policy has consistently been about income, and it was always my assumption that it was based on total income.

Ms HURLEY: The rental rebates allocation referred to at page 251 of the Program Estimates, under the heading 'Issues and Trends', states:

Increase in rental rebates . . . will accelerate as the trust increasingly directs housing assistance to those in greatest housing need. But the allocation for rental rebates under 'Community Assistance' at page 246 is \$132.659 million, a drop of \$2.6 million in 1997-98 from this year's revised estimate of \$135.28 million. If there is expected to be an increase in requirement for rental rebates, why has the allocation for this rebate fallen?

The Hon. S.J. Baker: The honourable member would also recognise that some contras are involved. The rental rebate or what could be regarded as the community service obligation is based on the difference between what is paid and what is market rent. The figures reflect the current situation with the sale of certain parts of the stock and with urban renewal, resulting in a lesser call on the rental rebate scheme. There will be blips when the countervailing influences will be greater, but the underlying trend is that more and more of the stock is being occupied by those people in income need and therefore eligible for some rental rebate or subsidy.

In 1991, 30 per cent of tenants were paying full rent and 70 per cent were paying rebated rent. The estimate of tenants paying full rent in 1997-98 is 16.5 per cent, and rebated rent, 83.5 per cent. There has been a consistent absorption of the

Housing Trust stock by those people who are deemed to be in some need and recognised as being in receipt of pensions, etc. In this case the influence of that underlying trend is less than the situation involving change of trust stock occurring through sales. In addition, my understanding is that more houses are going through an urban renewal process which are not being utilised and which therefore incur the rebate simply because they are occupied by people who are receiving that level of subsidy. I can assure the honourable member that the long-term trend for rental rebates heads only one way, and that is up.

Mrs GERAGHTY: A moment ago, the Minister talked about excess water. Why are excess water charges collected from a small percentage of my constituents who are obligated to water the council nature strip at the front of their property?

The Hon. S.J. Baker interjecting:

Mrs GERAGHTY: SA Water. There is an encumbrance on the property to water that council nature strip for a period of two seasons, or 12 months. They have no choice about watering that, because the sprinkler system installed by the Housing Trust not only covers the front of the trust property but also the council strip. So, they have to water it if they are to water their front garden, yet they are charged excess water.

The Hon. S.J. Baker: Is this in Regent Gardens?

Mrs GERAGHTY: Yes. I have asked the trust to waive those charges for those residents, but I have not been successful.

The Hon. S.J. Baker: I require further information on that issue. It is quite unusual, but I suppose with a place like Regent Gardens they want the area maintained to the standard and level that all people in that area would require, particularly given the mix they would be looking for. Do you know how many of those tenants are on rental rebates and how many are full rent payers?

Mrs GERAGHTY: No, I do not. The point is that these people have no choice about watering that strip, yet they may incur excess water charges by doing that.

The Hon. S.J. Baker: I will take that on notice and consider what the member has raised. When we are dealing with a place like Regent Gardens, obviously all residents want a beautiful green garden area and therefore there should be some obligation on everyone to maintain their property, irrespective of whether they are renting or purchasing the property. In terms of the capacity to do that, we can look at that and see who the properties have been allocated to. We also recognise that, given their location, they are obligated to make some effort to water the garden. We will look at that issue and come back to the honourable member.

Mrs GERAGHTY: Many of those people came from the Hillcrest redevelopment area and would have been quite happy to stay at Hillcrest. They are not unhappy about moving into the new location and are quite happy to meet their obligation to the standards of the area, but they are incurring a cost that they need not.

The Hon. S.J. Baker: This is the first time that has been brought to my attention. I am certainly happy to look at it. Are there any particular streets?

Mrs GERAGHTY: It is general Housing Trust properties.

Mr BUCKBY: I refer to the level of debt of the Housing Trust, in particular the reference on page 185 of the Estimates of Receipts and Payments. What action is being taken by the trust to deal with its high levels of debt?

The Hon. S.J. Baker: I have probably covered this, but I would like to emphasise the point that it should be clearly

understood that the expenditures during the 1980s, in a very high interest rate regime, loaded the Housing Trust with an extraordinary amount of debt. The level of debt increased by about \$1 billion, most of which was due to the particularly high interest rates which prevailed at the time. We recognise that Governments make decisions on these matters. No other States felt that it was important to prioritise their funds in this way.

The unfortunate part is that, whilst there have been some benefits from that building program and that raising of capital, there have certainly been some costs. The debt is at higher interest rates. It is, if you like, strangling the trust's opportunities and therefore there is a program of debt repayment for the higher interest bearing debt. We believe that, if we can eliminate that higher interest bearing debt, the Housing Trust will be in a much sounder position to continue to provide a service to the trust community. So, large dobs of money were borrowed at the time. They are now putting a drag on the trust's capacity to meet its obligations; therefore, we must eliminate that high cost in debt for the future benefit of the financial stability of the trust.

Mr WADE: Will the Minister outline the progress being made by the Housing Trust in its redevelopment of the areas of Mitchell Park, Rosewood and Hillcrest?

The Hon. S.J. Baker: It was a great pleasure to be present for the Mitchell Park launch. One of the great things about being a Minister is that when everyone else does the work the Minister goes along and does the opening. One pleasurable experience I had in recent times was not necessarily to launch Mitchell Park but to recognise the effort made by the trust and by private enterprise in the redevelopment of that area. There are some really good stories to tell. In Elizabeth we have had the Rosewood experience which by and large has been a very productive exercise. Certainly, there has been adverse comment in the media about several houses in that area but, by and large, the trust feels very comfortable with the Elizabeth North redevelopment.

As I said, a few of the houses have suffered from cracking. They have been dealt with in a public fashion. We have had a significant amount of support in talking to the residents. In that area alone we have sold 250 properties, and 40 homes have been identified for upgrading by the trust in addition to the 250 properties already upgraded and sold in stage 1 of the project. There has been progressive improvement in Rosewood Estate at Elizabeth North. Of course, in the process we have improved the mix of Elizabeth North.

HomeStart Finance currently provides a special loan for homebuyers with incomes less than \$650 per week. Over 30 per cent of the upgraded homes in the area are sold to trust tenants or applicants on the waiting list. By 30 June 1998 we will have reduced the trust ownership concentration to about 20 per cent. I have viewed the area, and it looks pretty good. We will have a new suburb with upgraded houses, better amenity, better quality, a better housing mix and by and large it will be a great success. There are three houses that have some structural problems, but these have been worked through. There are several houses where the quality of the upgrading of the stock was not quite as good as we would have expected, but by and large everyone will feel that the outcomes have been very successful.

As far as the land at Hillcrest is concerned, the project is located in the suburb of Hillcrest adjacent to the Regent Gardens development. There are over 300 ageing South Australia Housing Trust timber-framed houses which will eventually be sold at auction and removed, with the vacant

land subdivided into 450 new housing allotments. The project commenced in January 1995 with Brock Barrett appointed to project manage and market the land and houses.

A range of house and land packages is being sold in association with a number of private sector builders and developers. Almost 200 allotments have been sold, generating gross revenue to date of some \$6.8 million. The project, when completed in late 1998, will generate a projected gross income of some \$26.5 million. It provides for development of renewed community infrastructure and the physical improvement of public parks, roads, street lighting and stormwater disposal systems to the value of some \$10 million. The trust, again, will retain some 20 per cent of the stock after project completion. The project has now sold over 80 homes with the aid of the Deposit 5000 scheme since its introduction in 1996. The Housing Trust has a very strong relationship with the Port Adelaide-Enfield council.

Again, we are seeing some pretty good outcomes, and I suggest that, if members have the time and the opportunity, it is worthwhile, first, to call in at Rosewood; secondly, to call in at Hillcrest; and, thirdly, to call in at Mitchell Park. If members who have visited those areas previously look at the suburbs that are being created today, they will certainly be very impressed with the outcomes being achieved. In Mitchell Park we have seen some fantastic changes take place. We have a number of areas of activity, The Vines development being the one with which I was recently associated. It is the fifth project within the redevelopment area of Mitchell Park, and it consists of 85 allotments in two stages. I launched it on 12 March and the project has been highly successful, with 65 out of the 85 allotments either under contract or placed on hold with the four builders involved in the joint development of the site.

In conjunction with the developers, the land has either been set aside for housing in a land-housing package or has been sold to new home owners. The project includes such innovations as zipper allotments, town cottage allotments and extensive stormwater management and landscaping—successful features that provide a high level of amenity to residents. In fact, that featured on the *Building Ideas* program recently. A forecast income for The Vines development of \$3 million is predicted for 1996-97, and \$2.9 million is budgeted for 1997-98. If people were visiting Mitchell Park for the first time, they would say 'What a desirable suburb to live in.' And it is. It is a far cry from some of the streets I doorknocked in 1970 when I was a candidate for the seat. I now have full appreciation of what a remarkable transformation is taking place in the area of Mitchell Park.

This is part of a much wider development: The Vines is the fourth of the modules. There has been significant improvement in the housing stock in the general area. We have a number of developments such as Orange Grove, Maldon Green and Alawoona Gateway. Each has had its own special upgrades, and the suburb is looking particularly good.

Ms HURLEY: I refer now to the criteria for priority, page 250 of the Program Estimates, under 'Rental housing'. Of the total number of people housed by the Housing Trust, how many are housed under the priority criteria? Is there any limit on the number of people who are housed using these criteria, and is homelessness of its own a criterion for priority?

The Hon. S.J. Baker: The longer term series from the Housing Trust is basically 15 to 18 per cent of those who are housed or in this priority, high need area. I mentioned earlier that there were 7 850 placements, and about 1 000 of those belong in that category. That is the order of magnitude.

Ms HURLEY: Has it peaked at that level?

The Hon. S.J. Baker: There is no restriction on that. Homelessness can be one of the criteria.

Ms HURLEY: Is it a criterion on its own?

The Hon. S.J. Baker: Yes, but it is not the only criterion.

Ms HURLEY: So being homeless would not be enough to get you priority housing?

The Hon. S.J. Baker: Other matters that are addressed by the Housing Trust include income capacity and the person's circumstances and whether there are other alternatives. Before you can get a guernsey as a priority housing tenant you must meet a number of criteria, as the honourable member well understands. Youth homelessness has been given publicity recently as has homelessness amongst older people, mainly males. The homelessness of young people is of a temporary nature and related to a number of factors, and there are a number of other ways to satisfy their housing needs.

Large numbers of young people seek Housing Trust accommodation. Over the past five years to June 1996, applications from young people (that is, where the head of the household is aged less than 25) have averaged about 6 380 or 40 per cent of all applications received each year. Of these applications, about 60 per cent are aged 18 to 25 and 40 per cent are under 18. Over the same five-year period, allocations to applicants in these younger age groups have averaged about 2 600 per year or 32 per cent of the annual number of allocations.

In addition to mainstream housing activities, the Housing Trust operates the direct lease youth priority housing scheme specifically for the benefit of young people under the age of 25. This scheme provides priority access to medium term public housing with minimum leases of 18 months for eligible young people so that they have an opportunity to work towards stabilising their housing situation. These tenancies are monitored more closely than general tenancies by field staff. The direct lease scheme operates in conjunction with workers in Government and community based organisations who refer young people with housing difficulties to the trust. Over the past five years, allocations under the scheme have averaged 430 per annum. The demand is at about that level or it may even be falling. So, that scheme has provided 430 opportunities for young people. It has been utilised but it is not on the increase.

The trust also provides significant help for young people through the Crisis Accommodation Program (CAP) and the Supported Tenancies Scheme (STS). CAP provides capital through the Commonwealth-State Housing Agreement for the purchase, construction or upgrading of accommodation for people who are homeless or at risk of becoming homeless. Since 1993-94, \$8.56 million has been allocated through CAP for the support of current youth housing services across the State. In the last round of CAP allocations, eight of the 20 approved projects focused on youth. These eight projects are valued at \$326 000.

Since CAP's commencement in 1983-84, the program has funded youth developments owned by churches or local government to the value of approximately \$2 million. This has provided 50 bedrooms and related administrative support components. The trust Supported Tenancy Scheme has also provided housing stock for the needs of the homeless. The accommodation is leased through the scheme to Government and community organisations providing housing and related support services to homeless people including youth. In the youth sector, approximately 500 beds are provided in

196 properties owned by the trust, including 84 funded through CAP.

Young people are also major consumers of the trust private rental assistance. So far this financial year the trust has provided bond guarantees valued at \$3.6 million to 7 321 customers under 25 years of age so that they could access private rental accommodation. At the end of May this year 42 per cent of the 10 512 households receiving rent relief were in the under 25 year age group. Assistance for homeless people generally hovers around 200 per month. This includes people facing eviction, overcrowding and not necessarily sleeping rough. It means that they are not necessarily sleeping out under a bridge or something such as that, but are more at risk of homelessness. On rare occasions the trust may need to place a young person in hostel accommodation overnight when no other options are available.

There has been no notable increase in demand from homeless people. Currently, boarding houses in Adelaide are full, which is common in winter. In view of the recent media coverage, the trust will call a meeting of all crisis accommodation agents to explore reported trends and to identify ways in which the trust may assist. In terms of the options, whilst the trust has a large demand and people believe that because the Housing Trust is available it is an easy ride for free accommodation, the philosophy of the trust is that it should be able to put people in a position to be able to help themselves: it should not be there to serve people with their hand out. With all the schemes that we have mentioned, plus the support provided by the housing associations which the Government has funded, there is considerable support for genuinely homeless people. Many of the people who claim homelessness are not homeless and members will find that, if the trust's figures are right and the monitoring is right, the number coming to their door seeking this level of assistance has not been increasing.

I talked with the Archbishop of Adelaide, and with a number of other people, about the homeless situation and how well it is catered for. We were all struggling to get some statistics that made sense because when one or two people are found there is some assumption that there are a very large number of people in this situation. The support developed by the trust is certainly being maintained and obviously being used very productively by those people who do not have housing alternatives, and I suggest that at this stage it is probably miles in front of any other State in relation to this matter. It is absolutely miles in front of Sydney or Melbourne. If members ever want to hear of some genuinely very difficult situations which prevail over a large section, then I suggest they wander across the border some time and hear some of the stories that I hear at least out of Melbourne and Sydney in particular, and there are similar problems in the other States. South Australia is well placed generally, and generally there is a capacity to accommodate young homeless people as well as older homeless people should they seek that form of assistance.

Further to a response that I gave to a question from the member for Napier, I take this opportunity to correct the record. I did not give as good an explanation as I should have. In fact, the explanation was quite inadequate and I now have a full explanation that I would like to share with the Committee.

Cottage flats tenants now have their rents adjusted twice a year like other subsidised tenants. These adjustments will occur during the change to DSS pensions, which usually take place at the end of March and September each year. The

procedure of income taken as rent will remain at 16 per cent or 18 per cent, depending on the type of accommodation. That is basically the difference between bed-sitters and cottage flats. Tenants in receipt of additional income will have that income assessed in full in line with trust policy on assessable income.

These changes greatly improve equity among cottage flats tenants by eliminating the previous system of maximum rents. Where rents are increasing, no tenant will be required to pay more than full rent for their flat. Increases will be applied in maximum weekly increments of \$10 at six monthly intervals.

The effective date for tenants' increases is Saturday 17 May 1997. There has been large acceptance of the changes amongst cottage flats tenants with few complaints being received by the trust. The member for Napier stated that there has been some contact with her office on this issue. The issue is not a few in total because of other income, which I had always assumed had been fully assessed at the 16 per cent or 18 per cent. Obviously a lot of tenants are receiving other income because 3 040 tenants are having their rents increased and some 1 760 tenants are having their rents reduced. No reductions are being made effective to the changes in policy.

Until September 1996, the trust's practice was to increase cottage flat rents once a year as part of the general increase in trust rents. There are approximately 800 bed-sitters and some 5 500 flats with separate bedrooms. Rents were set as a percentage of the Australian aged pension—16 per cent for a bed-sitter and 18 per cent for a flat with a separate bedroom. Up to \$3 per week was added to the rent where tenants received income additional to the pension. Previously, tenants of cottage flats were required only to submit proof of income and occupation. Thereafter, their circumstances were not reviewed.

As a result of this policy, we found that a large number of trust tenants—we are also finding this in other areas—have been receiving other forms of income, yet they have never been assessed at more than the pension that was originally prescribed at the time they entered their unit. I apologise to the Committee for the error I made earlier. I did not want to mislead the Committee. That is a fuller and more accurate statement of the situation that prevails in relation to bed-sitters and cottage flats, and I thank the Committee for its indulgence.

The CHAIRMAN: There being no further questions, I declare the examination of the vote completed and I take this opportunity to thank the ministerial advisers for their attendance this evening.

Department of Mines and Energy Resources, \$19 766 000
Office of Energy Policy, \$8 590 000

Departmental Advisers:

Mr A. Andrejewskis, Chief Executive Officer, Department of Mines and Energy Resources.

Mr T. Welsh, Acting Deputy Chief Executive Officer.

Mr A. Finch, Acting Manager, Administration and Finance.

Mr J. Laubsch, Acting Director, Corporate Services.

Mr R. Laws, Director, Petroleum.

The CHAIRMAN: I declare the lines open for examination.

Ms HURLEY: I refer to page 201 of the Program Estimates. How much of the State has been surveyed under the South Australian Exploration Initiative since the program began in 1992 and how much has the initiative cost to date? What plans are in place to extend the initiative to cover the remainder of the State?

The Hon. S.J. Baker: The specific SAE initiative covers 40 per cent of the State. The total initiative, including documentation of the results, is of the order of \$20 million. There are no specific budget provisions for additional flyovers at this stage. From the departmental view, there is some keenness to have that occur. From the ministerial point of view, I have clearly said that, given that we have gone into the areas of the State with the most mining potential, the issues will revolve around specific areas of exploration.

For example, we have already discussed with the Anangu Pitjanjatjara people the possibility that future mining joint ventures could benefit from the level of detail provided by the aeromagnetic surveys, but that assistance will not be forthcoming until we have reached some agreement with the people in our northern lands. It is our hope that we can combine future survey efforts by the Department of Mines and Energy Resources with specific applications. So, at this stage, until they are forthcoming, that process will be put on hold.

The other issue is native title, which is causing an extreme amount of distress to the mining community, the Department of Mines and the Minister right now, because everything is on hold. Whilst there has certainly been an increased exploration effort, it is unlikely that any new mines will actually start up in the near future until the native title issue is satisfied.

Ms HURLEY: As a supplementary question, is there no budgeted allocation for survey work in 1997?

The Hon. S.J. Baker: No. There are specific areas of survey work, but no money is set aside specifically to do an aeromagnetic survey. A whole lot of ground work will continue in conjunction with other commitments. We are doing some work in the Curnamona block at the moment. A whole lot of on the ground work is being done to enhance the imagery that has come out of the exploration initiative.

We are very pleased with the uplift in exploration. We believe it will actually explode once we have native title out of the way. The mining industry will deal with that over the next year or so until we get some sense and sanity into the process. The Gawler Craton commanded nearly 65 per cent of total exploration expenditure of the State, with the Curnamona province to the north of Olay in the State's Mid North being the next most active region. We have seen miners in there doing considerable exploration.

In terms of initiatives, \$635 000 has been provided for 1997-98 to upgrade geological knowledge of the poorly known but prospective Gawler Craton areas of Eyre and Yorke Peninsulas to promote exploration. The initiative involves broad scale structural and mineralisation modelling of key areas of the Craton, in particular the highly prospective Yalbrinda Shear Zone south of Tarcoola. A total of \$430 000 is allocated for geological mapping, broad scale mineralisation modelling and investigation of areas not currently covered in the Curnamona province. Considerable interest in the province has already been shown with extensive take up of exploration licences. Further, \$820 000 is set aside for a substantial upgrade of all data collection, interpretation and

processing to ensure earlier release of up to date information. They are some of the expenditures which are practical support for the mining industry and which are currently provided for in the budget.

Mr QUIRKE: I refer to Wirrina.

The Hon. S.J. Baker: Surprise, surprise!

Mr QUIRKE: I am sure it is no surprise because, as I reported to the Minister approximately two months ago, activities were occurring in flagrant breach of the Mining Act. Dams were being constructed on top of a hill and I understood that the department was seeking urgent legal advice about that exercise. I would like to know how it has gone and whether anything has happened about it?

The Hon. S.J. Baker: The issue to which the honourable member refers was a matter that was brought to my attention by the honourable member who seems to have taken some inordinate interest in the construction—

Mr Quirke interjecting:

The Hon. S.J. Baker: It is obvious that the honourable member is getting out and about, and that has to be of some advantage to some people. I am not sure that he has the best interests of Wirrina in mind. In terms of the issue raised, yes, the matter is under investigation, and I will give the honourable member a briefing on the Wirrina quarry.

I will give the honourable member a potted history. Extractive mineral lease EML5596 was granted in 1989 to supply rock for the Wirrina marina project. Quarrying commenced in October 1996. When a MESA officer visited the quarry on 5 April 1997, the quarry appeared to have been excavated within the approved area but drilling was in progress to extend the quarry excavation south outside EML5596 through the boundary fence into the adjoining property. Representatives of Adelaide Civil Pty Ltd advised that they had commenced excavating a hillside water storage dam for the adjoining property owner who intended to pump and gravitate water to it in winter and use it in the summer. In return, the property owner has agreed to allow the excavated rock to be used for the construction of the marina.

Mr Quirke interjecting:

The Hon. S.J. Baker: I do not know why the honourable member is cynical. MESA was advised by the Crown Solicitor that the construction of the dam was not development under the Development Act and that, to prove unauthorised mining, evidence was required that the purpose of the excavation was to win the rock and not to make a dam. The honourable member can clearly understand the point being taken. To establish its *bona fides*, Adelaide Civil Pty Ltd, the contractors for the project, have provided evidence that, first, prior to 24 March, the adjoining land owner had placed an order to construct a storage reserve with Adelaide Civil Pty Ltd and, secondly, Adelaide Civil Pty Ltd's successful tender included the preferred method of rehabilitating the quarry on EML5596 was converting it into a lake water storage. That was his preferred method of rehabilitating the quarry from which he was taking the stone.

Since then, detailed plans for the constructing of water storages have been lodged with MESA. MESA has engaged a consultant engineering geologist to comment on the engineering aspects of the water storages in order to assess the practicability of the proposal. It is expected that the engineering assessment will be completed within the next week or so. The evidence provided by Adelaide Civil Pty Ltd and the assessor will then be provided to the Crown Solicitor's Office. That is basically what has happened.

The honourable member raised the matter with the Minister; the Minister then spoke to MESA; MESA then contracted someone to look into the matter; and the matter is being pursued. If Adelaide Civil is correct and it does have a contract for a water storage dam and it makes sense, obviously no further action will be taken. However, if it is the conclusion that the dam is a sham and that the rock is being taken for other purposes, and that is the sole purpose of the taking of that rock, there will be some ramifications.

Mr QUIRKE: It seems to me that the Minister has been taken for a ride before—or at least his Government has—because as I understand it Adelaide Civil got this contract for \$6.7 million from MBf. The reality is that the Government is paying \$8.6 million for the work to be done. So, MBf is getting \$1.9 million out of this; the Minister's department is showing that its laws are not worth the paper on which they are written. The Minister said that my comments are not in support of Worrina. This whole sorry saga started out with environmental impact statements and a whole range of other things that are happening there. Quite frankly, they are making monkeys out of both the Minister's Government and the Department of Mines on the whole thing. When I rang in that day, the Department of Mines was not even aware of the fact that not only had it expanded outside the Worrina and drilling had taken place but also that the first shots had been fired on an area four or five times greater than the original quarry lease on the Worrina site.

The Hon. S.J. Baker: The honourable member is probably transgressing in his observations. I simply point out to the Committee the facts of the situation—not what the member for Playford surmises. The facts are that there is a hole in the ground near the original hole. The original hole had a right to quarry; therefore, there was no need for an environmental impact statement, so let us get that right. In terms of dams being constructed, I can only say that dams are constructed every year.

Mr Quirke interjecting:

The Hon. S.J. Baker: The member for Playford should listen rather than draw inappropriate conclusions because, as I said, the matter is being examined. First, he is out of court on the environmental impact statements—right out of court. Secondly, if they are building a dam they do not need an environmental impact statement for that, either, so he is right out of court there, too. If the dam is being legitimately constructed for the benefit of the landowner on the adjoining property, I am not going to have a fight with Adelaide Civil.

In terms of costs being borne by the Government, there is a sharing of the actual costs involved in the construction of the marina, and it is not a matter of our having to pay this amount of money if it costs less to build the marina. So, the member is out of court on a number of counts. All I have said there is that the member brought the matter to my attention, and it has been taken in hand. It is being investigated, and the results of that investigation will be provided to the Crown Solicitor. The member may or may not be right. It is inappropriate, given the delicacy of the situation, for the member to fire bullets at Adelaide Civil or the Government. I do not think the Government has done anything wrong in the process because the building of a dam does not involve the Government in normal circumstances. Since the matter has been brought to our attention it has been investigated. That is simple and straightforward and the honourable member cannot ask for more than that.

Mr QUIRKE: I am curious about this operation. Is the Minister going to rule out now any funds or additional funds

being made available to either Adelaide Civil or MBf out of the Extractive Earth Rehabilitation Fund for any of the rehabilitation that will be necessary on either the borrow pit on the Worrina site or the dam being constructed on the farmer's land? Will any Government money go into that project out of the fund? Will that be totally ruled out?

The Hon. S.J. Baker: I am not aware of any claim on the fund for that work. Again, having seen the site, I would have thought it was a simple matter of just flattening out what was there. I would expect the contractor to clean up after himself and not to be making a claim on the Government for that process. I will check with my officers to see if there is any further information on that. If a dam is being built on the adjoining property, I cannot imagine why we would need to have any environmental improvement or rehabilitation of the site, for goodness sake. I will just check if any further information is available. I am not aware of any claim or the potential of any claim being made for the rehabilitation of that site. It has been confirmed that it would be far too early to make that assessment.

Mr BUCKBY: I refer to page 199 of the Program Estimates. The South Australian exploration initiative has stimulated an increase in exploration activity in mineral discoveries in this State, particularly in the Gawler Craton region and in the northern areas of the State. What is being done to ensure adequate water supplies for those potentially important mining opportunities?

The Hon. S.J. Baker: One of the important issues that received a high public profile is the capacity to supply water for mining ventures should they take place in the northern part of our State. In relation to Roxby Downs, there has been considerable debate about the issue of a water supply, and Western Mining has responded positively to the issues that have been raised.

MESA is being very pro-active in this area and, as the budget would reflect, has undertaken extensive assessment of ground water availability in the Gawler Craton and the Great Artesian Basin regions. The study will take about two years to complete and will involve some investigative drilling and ground water modelling. An assessment of ground water availability on the eastern margin of the Great Artesian Basin will also determine the impacts of any potential bore fields on Mounds Spring and existing users. It will be completed in 1997.

Over the past year, MESA has completed an inventory of the available ground water resources throughout the study region. Selected targets have recently been drilled in the Southern Pirie Torrens Basin and in the northern part of the Gawler Craton. MESA is involved in the 1997-98 year and will assist with the formulation of management strategies based on the availability of ground water resources and the suitability of host aquifers to receive additional recharge.

MESA's contribution will include an assessment of potential storing of surface water in underground aquifers and the preparation of a geographical information system to facilitate access to and manipulation of the ground water data. This information will form the basis for developing and managing the ground water resources in the region. The information gained from these projects will be made available to the mining industry which will then be able to carry out targeted and more detailed investigations to obtain water supplies for mining operations.

I believe that the department is to be congratulated on seizing the initiative for the preservation of ground water. The availability of ground water is a key issue not only for the

prospective areas of the northern part of the State but also for many areas across the coastline and beyond. It is an issue that will become increasingly important. We have a very highly skilled team within the department and the amount of information that is now being gathered will be to the benefit of not only miners but also, for example, people in the South-East and on Eyre Peninsula not covered by the craton, in a whole range of areas about which little information on water has previously been known. Things are progressing very well.

Mr WADE: I refer to mineral exploration, as indicated on page 201 of the Program Estimates. What is the level of company mineral exploration or activity in this State, and what economic benefits are there?

The Hon. S.J. Baker: Much of the information has been provided to the Parliament and the population at large, but it is useful to bring it together. We have experienced a huge uplift in mineral exploration, driven by the prospectivity of the Gawler Craton. The Gawler Craton was the prime focus of the Government's SAEI program. The expenditure by companies on mineral licences for the calendar year 1996 was \$26 million. That is the highest level for 10 years and represents a 25 per cent increase on 1995.

Some 300 500 metres have been drilled, and that is over double the previous year's total. A total of 142 companies are engaged in exploration on 314 licences, with 447 000 square kilometres or 44 per cent of the State under licence or application. We have seen a dramatic increase during 1996; 25 new companies took up exploration licences in the State and three new exploration offices were established in Adelaide. There were record levels of employment activity for the South Australian based geoscientific contractors and suppliers. More significant economic and employment benefits to the State will soon be realised when a commercial goldmine is established.

It is generally recognised that small to medium sized mines, which are certainly within the bounds of high probability, create up to 1 000 employment opportunities during the construction phase and about 300 mine production jobs, and there are significant multiplier effects. I mentioned earlier that the issue of Wik and native title must be sorted out in a very constructive fashion and in a big hurry; it is really holding back the mining and mineral production effort in this State. We have said previously that a number of other States have benefited from mining. We have certainly had Santos and Western Mining, two very significant players in South Australia, and there are a number of other smaller companies. If we can lift the cloud of native title I believe that the State will see an enormous boost in activity, and that will be to the great benefit of the people of this State.

Mr VENNING: My next question is on my favourite subject of ground water, not so much about who controls it but more about the resources in the Clare region. I appreciate the answers the Minister previously gave on water resources in our outback areas. Page 89 of the Program Estimates refers to ongoing investigations of the ground water resources in the Clare region. Will the Minister provide information on the objectives and status of these investigations, particularly bearing in mind that the town of Watervale has no water?

The Hon. S.J. Baker: What the honourable member says is quite correct: the Clare region does not have reticulated water. Additional water is required to meet the demand for the expansion of vineyards in the region. In order to quantify better the long-term availability of ground water in the region, the department has commenced a program of investigation to assess the interaction between services and ground water

and the natural replenishment rate to the ground water system. An assessment of the potential to artificially replenish the ground water system with available excess surface water is being undertaken. Considerable expertise is being generated within my own department and in other areas, both private and Government, in relation to the storage of water during winter and the use of the water during summer. We are hoping that perhaps in the Clare region this process will provide a capacity to boost the available water supplies for an industry that is hungry for water. The Clare region, the Willunga Basin and the Barossa Valley are all hungry for water, and parts in the South-East could certainly do with a lot more water.

Some huge needs for ground water are emerging, and the department is again playing a very important role in identifying the potential for different methods of storage and recovery simply to meet those needs. In respect of some of the efforts concerning the Great Artesian Basin, I have previously mentioned to the Committee my enthusiasm for the work of the department and particularly the Ground Water Services Division in assisting future mineral production by identifying water sources. The matter concerning the Great Artesian Basin, the extent to which anyone can intrude on that area, and the question of a sustainable water supply into the future, has been the subject of debate, albeit poor debate, on many occasions.

The department has conducted a very active rehabilitation program in that area. Some 163 wells have been rehabilitated to date, and another 34 have been targeted for attention. In respect of the sheer volume of water saved as a result of the rehabilitation program, the estimate is that through this program alone in excess of 90 megalitres a day is staying down rather than coming up. So, the available water supply through the Great Artesian Basin for a variety of uses is being enhanced dramatically through this capping of wells. Some information was made available about how much water is lost through natural seepage and disused wells, and the amount far exceeds the amount resulting from mining activities in the basin. When we consider that the Olympic Dam operation will use between 15 and 42 megalitres a day while through its own efforts the department is saving 90 megalitres a day simply by capping wells, even the environmentalists would applaud the effort being made there. Some great things are happening and the efforts of the department should be recognised.

Mr QUIRKE: Minister, you answered a moment ago that it was too early to advise on whether any claims have been made under EARF for the project either in the borrow pit at Worrina or even for the supposed dam next door.

The Hon. S.J. Baker: I ruled out the supposed dam. If it is a dam, it is a dam and does not need rehabilitation, and it is therefore irrelevant to the conversation we are now having. I simply said that, as far as I was aware—and I had not been provided with any other advice—no suggestion has been made that EARF will be used for the purpose of rehabilitation. I looked at that site when I visited Worrina last year and I think that a bulldozer could sort that one out quickly in terms of rehabilitation, but that was my non-technical and probably ill-advised assessment of the site.

Mr QUIRKE: Here is something else for the Minister to think about while we are on the subject: my hearing of what was said earlier is that mining started on that borrow pit in October last year. The lease, as I understand it, was signed in 1989 and, until October last year, no monthly returns had been made as a result of that lease, even though the Act, I

believe, requires monthly returns. Have monthly returns been received by Mines and Energy since October last year in accordance with the Act, or has that been breached as well?

The Hon. S.J. Baker: Six monthly returns are required, which may mean that they are still within the ambit of a return.

Mr Quirke interjecting:

The Hon. S.J. Baker: Yes, but there is also a period of grace within which you file a return. It is a bit like taxation: normally you incur the tax and you have three months to repay. I do not know specifically in this case when they would be required to file a return.

Mr QUIRKE: I understood the period of grace was 30 days.

The Hon. S.J. Baker: I will provide the honourable member with a full response rather than my attempting to answer a question for which I do not have the answer.

Mr QUIRKE: My understanding is that each return insists on not only a tonnage requirement but also a royalty to be paid which eventually is split into a 50/50 deal for the Treasury and for the EARF. Have these people paid anything in terms of this royalty?

The Hon. S.J. Baker: The numbers are something like 10¢ a tonne for the EARF and about 10¢ in royalty. I will be very anxious to receive my 10¢, I can assure the honourable member.

Mr QUIRKE: Minister, I think you will find that these people are bragging about the fact that they do not have to pay any of that.

The Hon. S.J. Baker: I will be very surprised if the honourable member is right. That may well be construed as a breach, if it is true. We are into hypothetical speculation. I said to the honourable member, in the most constructive sense possible, when I have an answer I will provide him with an answer. It will be provided to him very quickly and it will be an accurate answer, but I cannot respond right now.

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

ADJOURNMENT

At 10 p.m. the Committee adjourned until Thursday 19 June at 11 a.m.