

HOUSE OF ASSEMBLY**Tuesday 16 June 1998****ESTIMATES COMMITTEE A****Chairman:**

The Hon. D.C. Wotton

Members:

Mr R.D. Clarke
 Mr S.G. Condous
 The Hon. M.D. Rann
 Mr G. Scalzi
 Ms M.G. Thompson
 Mr M.R. Williams

The Committee met at 11 a.m.

Legislative Council, \$3 058 000, House of Assembly,
 \$5 661 000 Joint Parliamentary Services, \$5 591 000

Witness:

The Hon. J.W. Olsen, Premier and Minister for Multicultural and Ethnic Affairs.

Departmental Advisers:

Mr G.D. Mitchell, Clerk of the House of Assembly.
 Mr M. Gerschwitz, Manager, Finance.
 Mr K. Simms, Leader, *Hansard*.
 Mrs E. Grove, Manager, Catering.
 Ms S. Dawson, Acting Parliamentary Librarian.

The CHAIRMAN: A relatively informal procedure is traditionally adopted in respect of Estimates Committees. The Committee will determine an approximate time for consideration of proposed payments to facilitate changeover of departmental advisers. I understand that the Premier and the Leader of the Opposition have come to an agreement on the program for the day, namely, that immediately we will move into the Legislature and deal with the Legislative Council, House of Assembly and Joint Parliamentary Services as one line.

At approximately 11.30 a.m. we will move to the State Governor's establishment and at 11.45 a.m. the Department of the Premier and Cabinet, output class, central coordination and policy advice. After lunch we will deal with protocol and special events. At approximately 2.30 p.m. we will move to State Development. At approximately 3.45 p.m. we will deal with Public Sector Human Resource Management, followed at approximately 5 p.m. by multicultural services. At 7.30 p.m. multicultural services continues with capital administered items, Premier and Minister for Multicultural and Ethnic Affairs, Other Items, and at 8.30 p.m. approximately we will move to Auditor-General's output class, auditing services, capital administered items, with an established finish at 10 p.m.

Changes to the composition of the Committee will be notified to the Committee as they occur. Members should ensure that they have provided the Chair with a completed Request to be Discharged form. If the Premier undertakes to

supply information at a later date it must be in a form suitable for insertion in *Hansard* and two copies submitted no later than Friday 3 July 1998 to the Clerk of the House of Assembly. I propose to allow the Premier and the Leader of the Opposition to make an opening statement if desired of about 10 minutes but no longer than 15 minutes. There will be a flexible approach to giving the call for asking questions based on about three questions per member, alternating sides.

Members may also be allowed to ask a brief supplementary question to conclude a line of questioning, but I remind the Committee that supplementary questions will be the exception rather than the rule. Subject to the convenience of the Committee, a member who is outside the Committee and who desires to ask a question will be permitted to do so. Once the line of questioning on an item has been exhausted by the Committee an indication to the Chair in advance from the member outside the Committee wishing to ask a question is necessary. Questions must be based on lines of expenditure as revealed in the Estimates Statement commencing at page 15.

Reference may be made to other documents, including the portfolio statements at pages 1.16 to 1.53. I suggest to members of the Committee that, as numbers are not included on all pages of the Portfolio Statement, they write in the page numbers. I think it will be a lot easier when questions are asked and we will all know where we are. I suggest that it would be advisable to write in the numbers of the pages so that members can identify a page number or the program in the relevant financial papers from which the question is derived.

With accrual accounting there may be some difficulties in following that through, and I intend providing some flexibility for that reason. Questions not asked at the end of the day must be placed on the next day's House of Assembly Notice Paper. I remind the Premier that there is no formal facility for the tabling of documents before the Committee. However, documents can be supplied to the Chair for distribution to the Committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the House, that is, that it is purely statistical and limited to one page in length. Again, particularly for the information of new members, all questions are to be directed to the Premier, not to the Premier's advisers. The Premier may refer questions to advisers for a response.

I also advise that for the purposes of the Committee some freedom will be allowed for television coverage, allowing a short period of filming from the northern gallery. I invite the Premier to make a brief opening statement.

The Hon. J.W. Olsen: I do not intend to make an opening statement in respect of the Legislature.

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

The Hon. M.D. RANN: Yes, Sir. My opening statement will cover the general area of Premier's Department. The work of the Estimates Committees will be hampered this year due to the changeover to accrual accounting and resulting changes in the format and presentation of the budget. As members will be aware, there were changes in the procedures of Parliament several years ago, which meant that the Auditor-General's Report ceased to be available to Estimates Committee hearings prior to the Estimates Committee process. Of course, for many years, since the Tonkin Government introduced Estimates Committees, the Auditor-General's Report was very much the meat and potatoes of Estimates Committee.

First, we have been prevented from seeing the Auditor-General's Report in advance of these hearings, and now there are major changes that we believe will substantially disadvantage the Committee in its actions, not least of which is that for many years we have been asked to name the page number, yet many of the pages are not even numbered. Whereas previous budget papers, particularly Financial Information Paper No. 1, Program Estimates, provided the Parliament with program information and estimates of expenditure compared with the previous year's budget and actual expenditure, this information is no longer available. No detailed information is given on programs. For example, there are no details on how much has been budgeted for the operation of our hospitals, which is a bit strange in a health budget estimates, or on community health services.

Even more misleading is the fact that in many cases next year's budget figures are now shown only in comparison with last year's actual expenditure, and comparison is not made with last year's budget. This means that members of the Committee are not able to compare budget changes year on year or make any judgment about overexpenditure or underexpenditure.

There is no information to indicate whether programs have been wound down or, indeed, overspent. Instead of program estimates, the new format provides us with portfolio statements. These statements, which attempt to quantify outputs in the delivery of services, will create a good deal of debate. During briefings before the budget the Under Treasurer and senior officials assured the Opposition that the transfer to accrual accounting would be totally 'transparent'. In fact, the opposite is true and is intentionally so in my view. Departments still run programs even with the cutbacks that have been made in this State, yet we are unable to find out what inputs are being used to deliver services to the public or to make comparisons between this year's allocations and the allocations for next year. That is why, in the Estimates hearings dealing with the key services agencies such as health, education, police and so on, the Opposition will ask for a line by line reconciliation of the 1998-99 budget with the allocation—not just the actual expenditure—in the 1997-98 budget.

This budget brings the credibility of the Government to an extraordinary low ebb. Before the election the Government promised not to privatise ETSA. The Premier promised that the big spending cuts were over and that the Government would keep a lid on taxes. Then the Government claimed that it had to sell ETSA to prevent the need for service cuts and tax increases. Before the Parliament has even had a chance to vote on the ETSA sale, the Government has brought in a quarter of a billion dollars worth of new taxes plus an emergency services levy and more cuts to essential community services. It is little wonder that the Premier's own Liberal colleagues in both the *Advertiser* and the *Australian* today are saying that it is no longer a question of if the Premier goes but when.

In conclusion, I wish to put a number of important questions on notice at the commencement of this hearing. In the House on 3 June the Deputy Premier stated:

In terms of questions being put on notice, the Opposition is aware that any number of questions can be put on notice during the Estimates Committee and that the Minister has a limit of 14 days in which to answer those questions. . . The Government does not believe in filibustering and so members opposite will get very competent answers from all Ministers.

We certainly look forward to that. Mr Chairman, we have a series of omnibus questions. Shall I read those into the transcript now, or shall I do it at the end of the session, given the generosity of the Deputy Premier in guaranteeing that that will happen?

The CHAIRMAN: I would prefer that it be dealt with at the end of the session.

The Hon. M.D. RANN: We have no questions to ask about the Legislature or the Governor's Establishment. We have great faith in the competence of the Governor and his administration and would prefer to get down to real business.

Mr WILLIAMS: Since there has been debate over quite a few years now on the number of members of the Legislature, what is the relationship between the expenditure in these items and the number of members? Is it a direct relationship, or would reducing the numbers in either House cause a direct reduction of those figures?

The Hon. J.W. Olsen: The cost of operating the Legislature—the House and the Legislative Council—is actually amortised across all members of Parliament. In fact, much of the operating cost would be the same whether it was servicing the 69 members or some other multiple of that: that is, there are fixed costs in the operation of the Parliament. The actual number of members of Parliament does not impact significantly on that, although, for example, there would be a variation if there were an increase by way of additional costs. If there were a decrease, it would not be a proportionate decrease in the cost of operating the Legislature.

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

The Hon. J.W. Olsen: There is just one point I would like to make prior to our moving to the State Governor's Establishment, and that is in relation to remarks by the Leader on the Auditor-General. As the Committee is aware, the House has an opportunity to debate, upon release, the Auditor-General's Report. We note his report which opens up lines of debate and questioning specifically related to the report.

State Governor's Establishment, \$1 886 000

Departmental Advisers:

Ms S. MacIntosh, Director, Strategic and Executive Services, Department of the Premier and Cabinet.

Mr S.J. Archer, Manager, Financial Services.

Membership:

Ms Key substituted for Ms Thompson.

The CHAIRMAN: I declare the proposed payments open for examination. Does either the Premier or the Leader wish to make a further statement?

The Hon. J.W. Olsen: I will make a brief statement. During 1997-98 the Governor, Sir Eric Neal, has continued to represent the State internationally. He has strong support from the business community for this role in representing South Australia overseas. During the last few weeks he has led delegations to Brunei and East Malaysia with considerable success. The Governor has agreed on occasions to represent me in leading trade missions overseas, and I am grateful for his agreement to do so and for the success of those missions.

In relation to IT at Government House, it is not only a heritage listed establishment but also a significant place of business. It is part of the ministerial and parliamentary information communication system projects and has a major role in that regard. Therefore, there has been a major upgrade of the computing and information infrastructure. The need to upgrade equipment had already been identified by Government House in its IT strategy plan. The project upgraded the network and desk top infrastructure as well as providing a link into the whole of Government wide area network.

New services now operating include electronic mail and access to the Internet. The funding for the project was provided by the Department of Administrative and Information Services. The total cost is estimated at \$70 000. In comparison with facilities available to other State Governments, those in South Australia are equal to the best in terms of access to the Internet and links to the Government network.

The restoration of the interior of Government House has continued during 1997-98 with repainting and refurbishment of the reception room, the small dining room and the main entrance. Some refurbishing of the two guest bedrooms has also been completed. In relation to public openings, the house and grounds were open to the general public on four separate occasions during the year. In addition, the grounds were open to the general public on a further six occasions. Also during the year, eight large functions were held in the grounds, with at least 15 000 people visiting Government House and its grounds during the last year.

Charities and community organisations which have benefited include: Scouts, Guides, St Johns, Red Cross, Minda, Open Garden Scheme, RSPCA, National Trust, Rotary Health Research Fund, Mission SA, Mary Potter Hospice, Helping Hand, Chronic Fatigue Syndrome Association and Medic Alert. I place on record my appreciation to Sir Eric and Lady Neal for their energy and commitment to South Australia (and to all South Australians) as they have discharged their duties over the past year.

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

Department of the Premier and Cabinet, \$41 027 000

The CHAIRMAN: I declare the examination open, and refer members to pages 42-50 in the Estimates Statement and pages 1.1-1.53 in the Portfolio Statements.

The Hon. J.W. Olsen: This year, as all members are aware, the budget papers have changed. They reflect the Government's commitment to budget reform. The ultimate objectives of budget reform in South Australia are to assist in delivering improved services and value for money and sound State finances. These objectives are to be achieved through better information for decision making and clearer managerial authority and accountability. There are three key elements to budget reform: a move from cash to accrual budgeting; a move from program to output budgeting; and a move from a control to results focus.

The 1998-99 budget is transitional. The new information contained therein will form the basis for an expanded presentation in the 1999-2000 budget. This Government is committed to ensuring that the South Australian public sector is focused on the fundamentals of good management practice

and the delivery of services to the South Australian community. The key to these changes is integrating planning, budgeting and performance reporting. The experience of the Australian States tells us we are doing well. The Victorian and Western Australian Governments have both handed down accrual output budgets this year and New South Wales will be doing so in the near future. The Commonwealth is also moving in the same direction.

I turn to the specific Portfolio Statement of the Department of the Premier and Cabinet and I will briefly highlight some of the key objectives of the department for the next 12 months. The output classes for the department reflect the new emphasis and structure of the agency. They will support the key Government goals which are: improved competitiveness of South Australia's economic and business structure to ensure that the business climate is conducive to create a vibrant and prosperous environment for all South Australians; an open, inclusive cohesive and fair society where cultural and religious diversity is supported and valued; an effective and efficient public sector which operates from a whole of Government perspective; best practice people management in the public sector and a highly motivated quality Government work force that operates with equitable, productive, safe and healthy work system and cultures.

The key priorities for the portfolio are: reducing the level of youth unemployment; revitalising the City of Adelaide; establishing long-term links with Asia; refining public sector wages policy; achieving significant reform in the public sector; introducing a more strategic approach to Government; and improving Commonwealth-State relations. In relation to reducing the level of unemployment, the Government approved two specific employment packages during the 1997-98 financial year. The first package established the small business employment incentive scheme to facilitate the employment of 1 000 trainees in small business over two years. It also provided funds for a further 500 public sector trainees; an additional 500 regional trainees; an additional \$250 000 for DOME; and \$1.5 million towards the local government employment program.

The second package announced as part of the 1998-99 budget provides further funds to extend the small business incentive scheme, and that will facilitate an additional 1 500 trainees in small business over the next two years. It extends the public sector training program by providing an additional 2 400 trainees over two years. The package extends the public sector graduate recruitment program so that an additional 600 graduates will be employed in the public sector over the next three years. It expands the Community at Work program and self-starter grants, and it provides \$1.5 million for new pilot projects and special employment initiatives.

These measures complement the range of other activities designed to reduce unemployment in South Australia. These include expenditure on capital works, investment attraction, tourist development and specific initiatives such as the expenditure on aeromagnetic surveys to stimulate private sector mineral exploration.

In relation to revitalising the City of Adelaide, I advise that following the report of the Governance Review Advisory Group in January this year, the Government has agreed on a series of measures to revamp the city council and at the same time will establish new institutional mechanisms to facilitate better working arrangements between the State Government and the council. The Government intends introducing a Bill into Parliament which will reduce the size of the council's

elected representation to eight members and reduce the number of wards to three. The Lord Mayor will continue to be elected at large, but the position of alderman will be abolished. The electoral franchise will be amended to make it easier for corporate bodies to exercise their vote and to restrict the capacity of natural persons to exercise more than one vote.

Assuming the Bill passes through Parliament before the session ends in July-August, elections for a new council are likely to be held in November this year. A Capital City Committee is to be established to enable the State Government and the council to work together on matters of joint interest. Members will be the Premier plus two Ministers and the Lord Mayor plus two councillors. The committee will on an annual basis update the Capital City Development Program, which is intended to be a statement of broad policy direction, together with specific commitments by the State Government and the council. The committee will meet quarterly to oversee the implementation of that program.

I turn now to the review of the office of the Commissioner of Public Employment. A review of the office has resulted in a change of focus. More emphasis will be placed on supporting public sector management reform, while non-core functions such as the upgrade of CONCEPT, the whole of Government resource system, will be transferred to the Department of Administrative and Information Services. The emphasis will be on encouraging management improvement through development activities targeted to executives, in particular.

There have been a number of significant achievements. A cornerstone of economic development in this State is the ability to attract and retain skilled people who are able to meet the needs of business and industry to grow, particularly in relation to new and expanding export markets. With this in mind, the Government has implemented the Immigration SA scheme, which commenced on 1 July last year. This scheme, which operates through the Office of Multicultural and International Affairs, is designed to promote South Australia as a migration destination for skilled, independent migrants to provide a State settlement package to help support new arrivals during their initial settlement period and work with employers in the State to target migrants with skills and expertise not available from the local labour market.

There are a number of initiatives that relate to the translation service, such as the ISO 9002 quality assurance certification, as it relates to the Interpreting and Translation Centre. I believe that significant achievements have been made by those agencies in the course of the last year.

The Hon. M.D. RANN: I am pleased to hear that one of the priorities of the Premier's Department is to help coordinate the revitalisation of the City of Adelaide. I understand that the priority last year was Capital City and the tower of inspiration, so I certainly wish them more success in the coming year. I refer to Program Estimates—and I cannot give the page number, because there is no page number on this document.

The CHAIRMAN: I suggest to the Leader of the Opposition that he pencil the pages in; it would make things much easier.

The Hon. M.D. RANN: It shows extraordinary incompetence by Treasury. I refer to Central Coordination and Policy Advice on pages 1.18 and 1.9 of the Portfolio Statements Volume 1. Under 'Central Coordination and Policy Advice' on page 1.9 it is stated:

Developed strategies for the reform of Commonwealth-State financial relations including national taxation arrangements.

I have a clipping from a newspaper last week which quotes the Treasurer (Hon. Rob Lucas) giving his strong support for a State-based income tax during a speech to the Securities Institute Forum on 11 May. Does the Premier agree with his Treasurer that a State-based income tax should be introduced?

The Hon. J.W. Olsen: As the Leader, I do not always rely on the accuracy of some verbatim reports. South Australia wants to ensure that there is fundamental taxation reform for Australia. To achieve this, the lead will have to be taken by the Commonwealth Government, because taxation reform will require the abolition of wholesale sales tax to ensure that the impost against our exporters going to the international market is removed. I do not know the exact figure of the impost, but it is in the order of \$1.5 billion or \$1.7 billion, whereby manufactured goods leaving Australia have a tax within Australia that puts them at a disadvantage when going to the international marketplace.

In addition, for a State such as South Australia (and a manufacturing State such as Victoria), wholesale sales tax has a disproportionate effect—unlike Western Australia, Queensland and New South Wales, where financial services, mining and tourism do not have a wholesale sales tax. Therefore, South Australia and Victoria disproportionately bear the impact of wholesale sales tax. We have certainly argued with the Commonwealth that, in any fundamental taxation reform, that tax needs to be the first to go.

The Prime Minister has said on a number of occasions that he wants to ensure that, in respect of financial services, Australia becomes a location for the base of financial services in the Asia-Pacific region. To enable that to occur, cost impacts against financial services, such as stamp duties and financial institutions duty, impact against any consideration for Australia reaching that objective. The Prime Minister has indicated that he wants the abolition of financial institutions duties and stamp duties. That would compound and erode the revenue base of the States.

We saw the *Ha and Hammond* case last year erode the revenues which have traditionally been there for the States from petrol, alcohol and cigarettes, and in this current financial year we are something of the order of \$41 million to \$44 million short—originally to be \$50 million. I believe that the end of year result will be in the order of a \$41 million to \$44 million one-off shortfall—despite being reassured that we would be compensated fully for that by the Commonwealth. That has meant a lack of agreement between the States, as the Commonwealth will not move to compensate all the States fully, and it is still a matter for negotiation between the States. We will pursue with our interstate colleagues the need for us to be fully compensated to ensure that we actually pick up that \$41 million to \$44 million over the next few years. But to achieve that will require agreement between all the States.

The last Premiers' Conference broke up early. The conference agenda included taxation reform. As agreement with the Commonwealth could not be reached in terms of future funding of the Medicare Agreement, the States terminated the last Premiers' Conference. South Australia has sought from the Prime Minister a further meeting on taxation reform. I know that a number of other State Leaders have also written to the Prime Minister indicating that it would be appropriate for meaningful discussions to take place with the

States in an attempt to achieve fundamental taxation reform. To this point that has not occurred.

Additional Departmental Advisers:

Mr I. Kowalick, CEO, Department of the Premier and Cabinet.

Ms P. Martin, Director.

Ms E. Wilson, Director, Cabinet Office.

Mr P. Lockett, Director, State Development Policy.

The Hon. M.D. RANN: The question should be asked again because the Premier did not answer it. This will not count as a second question as I remind the Premier of my first question: do you agree with what the Treasurer said? The article states:

A call for income tax powers to be handed over to the State as part of the Howard Government's tax reform package. State Treasurer Rob Lucas yesterday called for income tax discretion to be given to the States.

I repeat: income tax discretion. The article further states:

Mr Lucas told the business forum that many countries, including the United States and Canada provided the second tier of Government with shared access to the income tax base. He urged the Howard Government to reduce the marginal rate of income tax and allow States to levy their own income tax within this margin . . .

Do you or do you not agree with your Treasurer who came out in favour of a State-based income tax, particularly when, during the election campaign—and you will remember this particularly well—I was handed a State Treasury document, which I then released on the day of our debate? That Treasury document advocated a GST and a State-based income tax. You then, of course, categorically ruled out support for a State-based income tax. You said that you ruled it out 'absolutely and without qualification'. Admittedly that is the same kind of language that you used in respect of the ETSA sale in the same week. Do you or do you not support what your Treasurer said last week about a State income tax, and will you now release your new submission—I released your last one—to the Commonwealth about State taxation powers?

The Hon. J.W. Olsen: I have just indicated to the Committee that discussions have not occurred at the last Premiers' Conference in relation to taxation reform. I have clearly put to the Commonwealth that the vertical fiscal imbalance that has been exacerbated by the *Ha and Hammond* High Court case last year needs to be addressed. There is agreement amongst all States for a fixed share of Commonwealth revenues to be available to the States. If the States intend to exit areas such as financial institutions duties and stamp duties on a range of transactions and transfers, that is a further erosion of the revenue base of the State. The State must be compensated by the Commonwealth, and the Commonwealth has the capacity to do that.

Our argument has been strenuously with the Commonwealth. First, we want wholesale sales tax eliminated to help our manufacturers; secondly, we want payroll tax considered in the area of abolition; and, thirdly, as it relates to the question of abolition of FID, stamp duties, and therefore the elimination of those State-based revenues, the Commonwealth must compensate the States from the fixed share of Commonwealth revenues.

The Hon. M.D. RANN: It is interesting that, during the election campaign, the Premier was well aware of that High Court decision in *Ha and Hammond*, but at that stage he said that he ruled out State-based income tax absolutely and without qualification.

The CHAIRMAN: Does the Leader have a second question?

The Hon. M.D. RANN: I refer to the Premier's central coordination and policy advice and the emergency services levy. At page 1.5 of the Portfolio Statements, the Premier refers to the administration by the Premier's Department of the State Disaster Relief Fund. I assume that the Premier's Central Coordination and Policy Advice Unit also played a role in the development of the new emergency services levy. I notice this morning that the Premier's own parliamentary secretary, the member for Colton, voiced his concern about this levy in an article appearing in the *Australian*. He said:

There is no way you can impose this on people. It is a form of taxation that has no ending. Anyone with half a brain would totally oppose this.

Mr Condous further said that he would formally declare his stand against the levy at the 30 June Party room meeting, which seems to be getting a bit of publicity in recent times. Will the Government be proceeding with this levy given that the Premier's own parliamentary secretary says that he will not be voting for it as a taxation revenue measure and says that anyone with half a brain in his Party would oppose it, and has he spoken to his parliamentary secretary about the levy and, if so, what was the nature of the discussion?

The Hon. J.W. Olsen: I draw the attention of the Committee to the line to which the Leader referred. The State Disaster Relief Fund has nothing to do with that area into which he has now strayed.

The Hon. M.D. RANN: Is it part of your policy of coordination of taxation?

The Hon. J.W. Olsen: The line at page 1.5 talks about the State Disaster Relief Fund, and that is the peg upon which the Leader posed his question. Nice try, but I suggest that the Attorney and the Minister for Emergency Services would be best placed, during the course of the next two weeks, to respond to the specifics of the Leader's question.

The CHAIRMAN: Does the Leader have a third question?

The Hon. M.D. RANN: Yes, I do. Here we have the Premier of the State overseeing a Premier's Department which, he commenced by saying, was overseeing the policy direction of the Government financially, and he cannot give me an answer about whether or not he is proceeding with the emergency services levy that was announced at the same time as the budget, even though his parliamentary secretary said that he will vote against it. Who is running this State? Can the Premier answer the question?

The Hon. J.W. Olsen: Could we just strip away a bit of the theatre: the Executive Government is running the State. Notification of introduction of legislation on an emergency services levy has been given and will proceed before the Parliament, the detail of which is being worked through by the Attorney-General and the Minister for Emergency Services, in whose portfolio area the responsibility lies.

The CHAIRMAN: I indicate to the Committee that I am showing a considerable amount of flexibility, having allowed the Leader to ask two supplementary questions. As I said earlier, it will not be my practice to allow a supplementary question with every question.

The Hon. M.D. RANN: Sir, I have always appreciated your kindness. Thank you. I refer again to national taxation reform and the GST. No page number is given, but to assist the Premier I refer to Program Estimates 1.18 and the line 'central coordination and policy advice'. On many occasions the Government has given explicit support for the Prime

Minister's plans to introduce a GST. Page 1.9 of the Portfolio Statements Volume 1, under the line 'Central coordination and policy advice', states:

Developed strategies for the reform of Commonwealth-State financial relations including national taxation arrangements.

Just before the election of 6 October the existence was revealed, as I said before, of a confidential paper prepared by Treasury for a national working party on tax, which supported a State-based GST of up to 20.8 per cent. Two days later the Premier responded to a question just before the election saying, 'I am not a supporter of a GST.' The day after the election, which was about three days later, the Premier told the media that he did support a GST as part of fundamental tax reform, so there was about a three day gap in that. Since then, with the election out of the way, the Premier has told us that he does in fact strongly support a GST, but we are still being given no details of where the Premier stands on the matter.

How many submissions have been presented by the South Australian Government in the current financial year to the State Heads of Treasuries State Taxes Working Group and to the Commonwealth Government advocating tax reform and changes to Commonwealth-State funding arrangements, and will the Premier make these submissions available to the Estimates Committee?

The Hon. J.W. Olsen: I wrote personally to the Prime Minister following the Premiers' Conference, as have a number of my interstate colleagues, indicating that taxation reform is important; that the States should be given vertical fiscal and balance; that the matter is urgent for the States in fixing their forward policy settings for revenues and expenditure and needs to be addressed; and seeking a meeting of Federal and State leaders to progress the matter. The Leader would be aware that State leaders (including the New South Wales Premier) met in Melbourne last year in relation to taxation reform, when a largely consistent position was put by the leaders to the Commonwealth as to the taxation reform issues that the Commonwealth needed to address on behalf of the States.

I am advised that no specific paper has been presented to the Commonwealth from South Australia by working officials. I reiterate the points I listed in my correspondence to the Prime Minister: wholesale sales tax; FID; stamp duties on transfers; and payroll tax. I have indicated that they need to go and that the States must have a fixed share of Commonwealth revenues. Unless the States have a fixed share of Commonwealth revenues, we will see a continuing diminished disbursement to the States or disbursements to the States that set a Commonwealth Government's priorities, not a State Government's priorities.

The Hon. M.D. RANN: Is that income tax?

The Hon. J.W. Olsen: No, it is not necessarily.

The Hon. M.D. RANN: So, Rob Lucas was wrong last week, was he?

The CHAIRMAN: The Leader has asked his question.

The Hon. J.W. Olsen: The Leader is quoting a newspaper report: I will go on with the facts of the matter in the correspondence between me and the Prime Minister, which I am more than happy to detail to the Committee today. I would have thought that, if the Commonwealth was to pursue major taxation reform, it would be in its interest to open up dialogue with the States. I look forward to the completion of 'the tax package' by the Federal Government so that discussions can take place. I will be pursuing those discussions on

the basis of what is in South Australia's best interests, and to ensure that we are not disadvantaged compared with the other States in any tax mix put forward by the Commonwealth or by Commonwealth officials.

In addition, some Commonwealth officials are arguing that payroll tax, for example, is not that important. I differ from that view: I think payroll tax is important. Whilst it is levied on only 8 or 10 per cent of businesses, the fact is that they are the businesses employing a significant part of the employment base of South Australia and generally are businesses that are into the export markets. Any costs they have to bear, such as wholesale sales tax, restrict the competitive base on which our goods and services can access the international market. I would have thought that, if the Commonwealth had a commitment to making Australia an exporter—and from South Australia's point of view we have no choice but to be an exporter, because we do not have the economies of scale in this State or in this nation (with only 18 million people) to keep a manufacturing base as we have; that is, the basis of change in the global marketplace—then we would have to ensure that we reduced any input costs on our business going to the marketplace. And that includes payroll tax.

Commonwealth Treasury officials have argued in a number of forums that States are ambivalent about payroll tax. That is not the case, and we have consistently said that payroll tax also ought to be eliminated. The point then is that, if you include payroll tax with wholesale sales tax, the level of any broad based indirect tax therefore has to increase in percentage terms. It is a matter solely in the hands of the Commonwealth to develop its package, and each of the States, including South Australia, has said, 'We want to be involved in the development of the package, because it has serious implications for our State and we want to be involved in the development of the package to ensure that as a State we are not disadvantaged.' We await the advice of the Prime Minister.

Mr SCALZI: I refer to the Estimates Statement, page 34, and the Portfolio Statements, Volume 1, page 1.16 'Implementation of major initiatives across Government'. How is the Centenary of Federation in South Australia being resourced?

The Hon. J.W. Olsen: As we all know, the Centenary of Federation will occur in 2001. There is a commitment in South Australia to celebrating the Centenary, which enjoys bipartisan support, and I welcome that. The Government has committed \$4 550 600 for the operations of the committee and secretariat and for community projects to 31 December 2001. South Australian projects and activities are also eligible for Commonwealth support through two recently announced Federation Fund initiatives: the \$70.4 million Cultural and Heritage Fund, which is for principally bricks and mortar projects up to \$5 million; and the \$30.6 million Community Grants Fund, which is distributed through each House of Representatives electorate.

South Australia's share of the Community Grants Fund is \$2.4 million. The National Council for the Centenary of Federation also has funds to be distributed nationally: \$10 million for history and education projects and \$12.5 million for State-initiated celebratory events. The Treasurer, the Hon. Rob Lucas, is South Australia's lead Minister for the Centenary of Federation and is a member of the National Council of the Centenary of Federation.

The South Australian Centenary of Federation Committee has been established. The committee, comprising 13 mem-

bers, first met in January this year. They do receive an annual fee. Appointment is through to 31 December 2001. The chair of that committee is Ms Jane Jose. A three person secretariat has been established to support the committee and is housed in the Department of the Premier and Cabinet. In addition, an interdepartmental committee has been established to work in parallel with the South Australian Centenary of Federation Committee to coordinate Government department initiatives and dissemination of information to Government agencies.

Mr SCALZI: I refer to page 34 of the Estimates Statement and to South Australia's competition policy implementation program. What progress has been made by the Government in 1997-98 in implementing national competition policy reforms?

The Hon. J.W. Olsen: The national competition reform package was endorsed by heads of Government at a COAG meeting in April 1995. The package links financial assistance from the Commonwealth, that is, \$1.2 billion between 1997-98 and 2005-6, to compliance with a range of competition policy reforms and existing COAG agreements on transport, energy and water. A recent report to the National Competition Council further documents the Government's progress—and it has been substantial progress—in implementing the reform package. That includes commencement of the legislation review program whereby all legislation will have to undergo review; commencement of competitive neutrality reforms, including establishment of a complaints mechanism under the Government Business Enterprise Competition Act; application of the reforms to local government; major progress in electricity, gas, water and road transport reforms; and legislation (in July 1996) to ensure all businesses are subject to the Trade Practices Act.

The National Competition Council's first tranche assessment in June 1997 recommended payment of agreed financial assistance for 1997-98 but noted that 1998-99 payments would be subject to further assessment of programs in local government reforms, gas reform and a review of the casino legislation. These three outstanding issues have been progressed during 1997-98 and, I will argue to the NCC, satisfactorily progressed. Discussions are currently under way with the National Competition Council about its attitude to issues associated with the Government's recently announced asset sales program, including in particular the need for appropriate structural reform of public monopolies before any privatisation.

The present role of the National Competition Council is of some concern. That relates to a tendency to seek to dictate policy outcomes, for example gambling legislation, rather than focus on the assessment of the process. There have been some recent statements in relation to casinos, and I welcome the view as I understand it that is being expressed by the NCC on casino licences and legislation, which I would argue is a province of the duly elected Legislature of the States.

Another area of concern is the uncertainty about the scope of agreed reforms in water and road transport and the lack of appropriate benchmarks for the assessment process, that is, the process by which you put the reforms in place. Discussions are occurring with other jurisdictions in relation to these matters.

In correspondence with the Prime Minister, I have also sought for a future meeting of COAG for the purposes of giving some consideration to competition principles and the way in which they are being applied. Selection of the date for such a COAG meeting has not yet been put in place, but I would hope that in the not-too-distant future a number of

these issues that need clarification, revisiting for either reaffirmation or adjustment can be addressed.

Mr SCALZI: There is a major concern with unemployment in this State, in particular youth unemployment. What is the Government doing to reduce youth unemployment?

The Hon. J.W. Olsen: The Government has provided for a \$100 million package under the budget, the most significant employment package this State has put in place. There are two specific programs. The first established the Small Business Employment Incentive Scheme, to which I have already referred. That started operating on 1 January and was fully taken up by about the middle or the end of February. This indicated that the scheme was well suited to small business creating jobs for 1 000 trainees. That is why we have gone ahead with a further 1 500 traineeship positions. In total, the \$100 million package of initiatives will have the capacity to create 4 500 new jobs for South Australians over the next two years. A number of those have been specifically designed to address youth unemployment.

Given the success rate of the traineeships within the public sector, we will put in place an additional 2 400, that is, 1 200 a year for the next two years. It ought to be noted that, with the program that has been running over the last few years, at the end of the traineeships 70 per cent of the trainees get a permanent job somewhere—not always in the public sector, because the majority of them are in the private sector. It underscores the point that with a track record and training experience they are able to access full-time work at the end of it. With a strike rate of 70 per cent, it underscores the value of the program.

The other area is in relation to the 600 graduates. In looking at the age profile of the public sector, we wanted to put a better balance in the age profile of the public sector. That is why we have decided to recruit an additional 600 graduates over the next three years. Effectively, they will be the managers of the Public Service in the next decade and beyond. We want to bring in some of those people not only to redress the age profile disparity but to ensure that young people have opportunities within South Australia.

In relation to the 1 500 trainees over the next two years, we are also specifying a percentage of that—I think it is 40 per cent—so that 400 will be designated specifically to regional and country areas of South Australia. From 1 January this year we asked the public sector in country and regional areas of South Australia to take on an additional 500 trainees. That was slow in starting. There was some resistance in some areas to the implementation of that; however, it was firmly stressed that it was Government policy, and I am pleased to say that the 500 positions have been filled in country and regional areas of South Australia.

I can give a brief indication of some of the areas which have taken up this offer. I know that the Upper Spencer Gulf took up some 94 traineeships. Berri/Riverland took 46, Ceduna/Far West Coast, 10; Gawler/Barossa, 38; Kangaroo Island, 10; Mount Gambier/South-East, 93; Murray Bridge/Murraylands, 46; the Far North, 12; Eyre Peninsula, 43; the Mid North, 45; Fleurieu Peninsula, 56; and Yorke Peninsula, 15. In total, 508 traineeships were created for young people.

The Hon. M.D. RANN: Again, I want to return to the issue of taxation. It is interesting that members opposite do not seem to think that is a good thing to do. It is very hard to have confidence in the Premier's leadership in interstate taxation matters and negotiations when his own Parliamentary Secretary has pledged to vote against him in the House

on an important item of the budget. That is fairly extraordinary, and we still cannot get a straight answer to any of the questions.

The Premier has mentioned his letter to the Prime Minister on taxation reform. In that letter, and in his submissions and discussions with the Prime Minister, has he advocated a broad base consumption tax and, if so, at what level does he believe that tax should be set and what exemptions, if any, does he think should apply?

The Hon. J.W. Olsen: It is well and truly on the public record that the Commonwealth is advocating a broad base indirect tax. In relation to the specific question as to what percentage that would be, it depends on what will be eliminated. For example, it is generally agreed—and the Commonwealth has acknowledged—that the wholesale sales tax would go. The Treasurer has publicly stated that and has picked up the theme that the manufacturing States are paying a disproportionate share. It is an unfair and inequitable tax and therefore needs to go.

The Prime Minister, as I have mentioned, has a clear commitment to establish a financial centre in the Asia Pacific region and Australia. For him to be able to do that, he has to look at FID and stamp duties on financial transactions and a range of other transactions. The Prime Minister announced in Brisbane about two months ago that any taxation reform would include those provisions. That therefore triggers, of course, keen interest by the States as to what eliminating that will mean in terms of a replacement revenue stream for the States.

If you then put in payroll tax as well, you have to look at what percentage it would be of this broad based indirect tax. I have not seen any final figures. There have been variations of just under 10 per cent up to 11.5 per cent. No figures have been presented by the Commonwealth to the State in relation to what percentage BBIT it is looking at: what exemptions would be put in place, what additional revenue raising measures there would be in looking at trusts, and other areas where there is tax minimisation which certain people have argued is unfair. If we are to have fundamental tax reform and pass the test of fairness and equity, that needs to be addressed. Even the Federal Labor Party has indicated that that is an area that needs to be addressed.

If you couple with that a surplus of the Commonwealth over the next three budgets of \$2.7 billion, \$5 billion and just short of \$10 billion, there is scope for the Commonwealth to look at either income tax reductions or a blend of that and the elimination of a range of other taxes. It will be in the first instance the responsibility of the Commonwealth to put on the table what that mix ought to be. Until the Commonwealth finishes the modelling that it wants to do on the taxation package, it is particularly difficult to be specific, but we have a position including wholesale sales tax, elimination of others, compensation from the Commonwealth in a fixed share of Commonwealth revenues and payroll tax, which also ought to be eliminated, because it is a tax not only on jobs but also on products that are going to the export market.

The Hon. M.D. RANN: The Premier has still not said at what level and what exemptions he believes GST should apply. The Premier was quoted on 6 November—admittedly days after saying he was against the GST—that he supported a goods and services tax of up to 9.5 per cent. If that position still holds, will the Premier now tell us what items and services, if any, would be exempted under his GST proposal, or does he believe that the GST—

Mr Scalzi interjecting:

The Hon. M.D. RANN: If it is a Federal issue, why then have a unit negotiating in the Premier's Department? Does the Premier believe that the GST should be levied on basics and essentials such as medicines for the elderly, education, school books for young people, water, power, food, clothing and footwear, or does he think there should be some exemptions? What we are trying to do, given his myriad of statements both for and against the GST, is establish what his position is, what his Government's position is, and where he stands as regards the rate of GST and what exemptions should apply in terms of basic essentials.

The CHAIRMAN: Order! I think the Leader has asked his question.

The Hon. J.W. Olsen: The Commonwealth-State relations unit is in the Department of the Premier and Cabinet, and therefore principal responsibility lies with the Premier to negotiate with the Commonwealth. Commonwealth-State relations deal with more than just financial relationships. It is referred to specifically because it is a key policy area that will have to be tackled over the next year. The intergovernment relations unit looks at a whole range of things, not the least of which is responding to Senate inquiries, putting down a position paper on a whole range of policy initiatives to which the Commonwealth is giving some consideration, to put the case for South Australia so that we can argue those policy positions.

In relation to taxation reform and the specific question of the Leader of the Opposition, until the Commonwealth identifies the specific areas it wants in its model, there is not the benchmark for the discussion. It is a hypothetical question. I have indicated quite clearly the parameters with which South Australia will go to the table. We have not yet sat down and had this discussion with the Commonwealth. I am sure that those discussions will eventuate when the Commonwealth completes its package. What we will be doing to see that South Australia's position is protected is ensuring that the taxation base and any reform package does not disproportionately affect South Australia in a negative way compared with any other State of Australia, to ensure that South Australian citizens are not put at a financial disadvantage compared with any other citizen in Australia. On the model being put forward as mooted by some States, that could be the case. Well, we will continue to argue.

In addition, I have argued both at the Leaders' forum and with the Prime Minister that horizontal fiscal equalisation (HFE) be part of the tax package. HFE has to be maintained so that the relativities of States like South Australia are not put at risk and that we have an adjustment compared with the more populated States of New South Wales and Victoria in the provision of our health and education services, Commonwealth funding for roads and other measures. The more populated States of New South Wales and Victoria have agreed in their representations to the Commonwealth that horizontal fiscal equalisation grants need to be maintained in the future. It is not a program that will be eliminated with the tax package, whatever that might be.

The Hon. M.D. RANN: Last year we had the Premier being for a GST, then vigorously against a GST; and then, after the election, for a GST. Apparently, now we are to believe that he is just a blank sheet. I have a copy of the Western Australian Government submission on national tax reform. Are we to believe then that South Australia does not have a position, in terms of the level of GST and about what kind of exemption should be applied so that ordinary families

can have exemptions from basics such as water, power, health care, food and other essentials?

The Hon. J.W. Olsen: To repeat and reinforce the point, in correspondence with the Prime Minister and in discussions with the Prime Minister and the Federal Treasurer I have put the principles upon which we will be arguing South Australia's case, and they are clear principles. In addition, I refer the Committee to the communique that was issued post the Leaders' meeting held in Melbourne last year. That looked at taxation reform and the agreement reached on HFE on which South Australia attained the support of the other States. First, we have to get agreement from the Commonwealth on the elimination of payroll tax—and that has not been agreed with the Commonwealth. In relation to the other areas—wholesale sales tax and the FID stamp duties—some clear policy positions have emerged in statements by both the Federal Treasurer and the Prime Minister. Some equivocation has occurred in relation to payroll tax. We take the view that that is important for South Australia. It will be the mix that is finally packaged and put on the table that will be important, and at that point we will continue to argue South Australia's case.

The Hon. M.D. RANN: Has the Premier, or any of the departments and agencies under his portfolio, undertaken an analysis of the impact of the introduction of the GST at the likely rate of 10 per cent (or at any other rate) on the cost of delivering State Government goods and services; and, if so, has the Premier had assurances from the Prime Minister that any State Government services would be zero rated under a GST and, if he has, which services would be so zero rated?

The Hon. J.W. Olsen: That is a matter for negotiation with the Commonwealth in relation to State Government services and whether they are proposed to be in or out of the net of the package that is being drawn up by the Commonwealth. To date, the Commonwealth has not been specific to the State either with me or, as I am advised, with the department. I suggest that some of the specific questions on that latter point are more appropriately for the Treasurer.

The Hon. M.D. RANN: Obviously, under a GST there would be additional costs of running a health service—the cost of buildings, equipment—and the additional costs of delivering a decent education system in this State. For instance, would the State Government have to pay a GST on the cost of selling ETSA, and how would that affect the net proceeds from the sale of ETSA and Optima? Surely, some work has been done on those kinds of questions in terms of the likely impact of a GST, bearing in mind that it has been under discussion now for more than a year.

The Hon. J.W. Olsen: I suggest the Leader direct his questions to the Treasurer.

Mr CONDOUS: Referring to Budget Paper 3, Estimates Statement (page 34) and Budget Paper 4, Volume 1, Portfolio Statement (page 1.16), I ask the Premier whether the Botanic Gardens precinct is the best location for the National Wine Centre.

The Hon. J.W. Olsen: A lot of consideration has been given to the location of the National Wine Centre and, in conjunction with that, the International Rose Garden. In relation to the National Wine Centre, the budget papers clearly indicate a capital fund component of some \$29 million allocated towards that project. We have put submissions to the Commonwealth for additional funding at that location. That is yet to be decided by the Commonwealth. The site of the corner of Hackney Road and the Botanic Gardens offers a tremendous opportunity to create an integrated development

for the Botanic Gardens and the International Rose Garden. The development will also improve significantly the amenity of that area and will make good use of the heritage buildings that have been listed. The location of the National Wine Centre will also promote and reinforce North Terrace as the cultural tourism precinct.

I draw members' attention to the development taking place along the North Terrace boulevard. Something short of \$500 million of capital works development along the North Terrace precinct has either been agreed to or is in the process of being endorsed and agreed to. I hope that construction on the National Wine Centre will start in the last quarter of this year or the first quarter of next year. It will take several years to complete. The location meets the requirements of the industry; that is, it is to be a focus of the wine tourism regions of all South Australia by being located within easy access to any national and international visitors. The facility will house regional displays identifying different wine regions and the features of those wine regions: therefore, they will be marketing those areas. Its location picks up the ease of access for tourism. It will underpin the further marketing of other regional tourism opportunities.

Mr CONDOUS: I believe that the wine centre is a significant State project. My next question relates to Budget Paper 3, Estimates Statement, page 34. Because of the concerns expressed by members of the public, will the Premier reassure the public that the special needs of the State Herbarium will be recognised and properly accommodated in the Tram Barn?

The Hon. J.W. Olsen: The project team has been working closely with the staff of the State Herbarium in developing a practical and effective strategy to accommodate their current collection of some 800 000 plant specimens, some dating back to the voyages of Captain Cook. The importance of the Herbarium should not be underestimated. Its transfer to Tram Barn A, once upgraded, will provide superior accommodation, in that the State Herbarium will have more room to expand and the collection will be stored in better controlled climatic conditions than those provided in the existing building. So, there is an advantage in the use of Tram Barn A. The Goodman Building will be used for other display facilities. Therefore, we meet the heritage listing of this matter by the former Labor Government on both the State and Commonwealth list.

The Commonwealth made it clear that it would not countenance the elimination of any of those buildings, so we have modelled the facilities around that. Therefore, the heritage listed buildings will be retained and will take on a useful purpose. The Herbarium's facilities will be upgraded. I want to reinforce the point that the Herbarium is important and the facilities that will be created will enhance the plant specimens that are currently contained in the existing facilities.

Mr CONDOUS: My final question concerns Budget Paper 3, Estimates Statement, page 34, and Paper 4 Volume 1 Portfolio Statements, page 1.16. Much interest has been shown in this project not only in Australia but also internationally, so what people are now asking is when will work commence on the site and when can we expect the project to be completed?

The Hon. J.W. Olsen: At this point the project team is aiming to have the total development completed by the middle of the year 2000. That target will enable the State to do some tourism marketing that capitalises on the Sydney Olympics. Clearly significant economic and tourism oppor-

tunities will arise because of the Olympics. The target is ambitious, given that the start date has been delayed once or twice. The first major target for construction activities is the upgrade of the Goodman Building and tram barn, and that is planned to occur in October or November—the last quarter—of this year.

Ultimately, the completion date hinges on advice from the Federal Government in relation to Federation funding. We have made a number of applications for funding for the wine centre. It was part of the application for Federation funding for major capital works projects. The Adelaide-Darwin rail link was part of that application. The Commonwealth allocated us \$100 million for the Adelaide-Darwin rail link. The response, therefore, was that on a per capita basis we have had our share. Our argument to the Commonwealth has been that the \$100 million Adelaide-Darwin rail link ought to be effectively shared between South Australia and the Northern Territory, so therefore only half of that on a per capita basis ought to be designated to us, so additional funding should be made available to South Australia from Federation funding.

I have written and spoken to the Prime Minister on several occasions in relation to that. The matter has also been taken up with Federal Cabinet Ministers from South Australia to press the case. To date we have not had a response to those applications, but we will continue to pursue it.

The Hon. M.D. RANN: I thank you, Mr Chairman, for the way that you are conducting today's proceedings. I find it extraordinary that the Premier can give us an enormous amount of detail about the rose garden but he cannot tell Parliament or the people of this State whether he supports a GST on water, power, education, health, or even on the sale of ETSA and Optima, which is so close to his heart. But let us move on. On page 1.11 of the budget portfolio document, mention is made of the central coordination and policy advice provided by the Department of the Premier and Cabinet.

About two weeks ago Mr Kowalick sent the Premier a memo reminding him of the process undertaken by the Government in 1995-96 when it proposed the so-called vanilla flavoured proposal to sell 50 per cent of ETSA transmission and lease the other half. A document obtained by the Opposition under freedom of information shows that ETSA's Managing Director wrote to the Chairman of ETSA, informing him that the proposal to sell off 50 per cent of ETSA transmission was 'outlined by [the then] Minister Olsen and had been received favourably and that work although confidential would continue on the proposal through ETSA's liaison person Terry Kallis.' Because this is about policy coordination, I would like to clear up the four different versions of what happened in this matter in the light of Mr Kowalick's recent letter.

We have been told that, first, the vanilla proposal submission recommended that no further work be done, and that was accepted by the Cabinet subcommittee. That was the Premier on 29 May 1996 and on 3 June 1998. The second line is that the Cabinet subcommittee received the submission favourably and that work on it would continue. That came from Mr Armour. Thirdly, the Cabinet subcommittee considered the proposal and rejected it. That came from the Premier on 3 June 1998. Finally, Mr Kowalick said on 4 June 1998 that the submission was not even considered by the Cabinet subcommittee. We have had it endorsed and received favourably by the Cabinet subcommittee, we have had it rejected by the Cabinet subcommittee, and now Mr Kowalick has said that it was not even considered by the Cabinet

subcommittee. My question to the Premier is: can he tell us which of these four versions of the events is the correct and honest one?

The Hon. J.W. Olsen: The head of the Department of the Premier and Cabinet, in his communication, relied on the official minutes of the meeting, and I would argue that there is a consistency in my response in 1996 and my response this year and Mr Kowalick's correspondence.

The Hon. M.D. RANN: By way of a supplementary question, how can it be consistent, when Mr Kowalick said it was not considered by the committee and the Premier said it was considered and rejected, but the head of ETSA said that it was actually received and considered favourably? If that is consistency, no wonder we keep having these about-turns on tax, ETSA and the Premier's leadership. My question is: why was Mr Armour under the impression that the submission had been received favourably, and would it have been the responsibility of the Department of the Premier and Cabinet to pass on that information to Mr Armour?

The Hon. J.W. Olsen: The official records are consistent with my public statements and the correspondence of Mr Kowalick. There is an absolute consistency there. It is not normal practice to communicate Cabinet committee minutes to anybody but Cabinet members.

The Hon. M.D. RANN: Can we hear what is the process of disseminating Cabinet and Cabinet subcommittee deliberations to the various Government agencies that have had an input into submissions before Cabinet and Cabinet subcommittees and who has direct responsibility for this role?

The Hon. J.W. Olsen: The Leader well understands the process, being a former Minister, that is, the decisions of Cabinet are communicated via the Ministers to their department where and when appropriate.

The Hon. M.D. RANN: It is not surprising that there is confusion in this Government when the Premier and his head of department have a different recollection of events.

Mr Kowalick interjecting:

The Hon. M.D. RANN: I am not asking you, Mr Kowalick, I am asking the boss.

The CHAIRMAN: Order!

The Hon. M.D. RANN: The Premier and his head of department have a totally different recollection of events, as does the head of ETSA, who presumably was informed by his Minister.

The CHAIRMAN: Order! Does the Leader have a third question?

The Hon. M.D. RANN: We could ask a question, Sir, based on the information on page 1.11 under central coordination and policy advice, where the portfolio papers indicate that the department is responsible for revising the Cabinet Handbook. A recent study of the September 1997 Cabinet Handbook has revealed that Cabinet submissions, whether to Cabinet or a Cabinet committee, must be signed in by the responsible Minister. Is that a new requirement under the Cabinet Handbook or has it been standard procedure for some time?

The Hon. J.W. Olsen: Mr Kowalick's letter clearly identified the sequence. I was asked this question at a press conference last year, and I have been asked this question in the House during Question Time. I have answered it consistently and repeatedly, and I see no purpose in replying to the same question yet again.

The Hon. M.D. RANN: The Premier might not see any purpose, but it is fundamental to the honesty and integrity of both him and his Government, because the fact is that the

Cabinet Handbook does require a Minister to sign the document: yet the Premier told Parliament and the media that in fact it was walked into a Cabinet subcommittee with no prior knowledge or permission of the responsible Minister. So, who is telling the truth: the Premier or Mr Kowalick?

The CHAIRMAN: Order! The Leader has asked his third question.

Mr WILLIAMS: My question relates to traineeships, about which the Premier has already spoken, and he presented some figures with regard to 500 traineeships in country and regional areas of South Australia. Does the Government have any research data as to the effectiveness of these traineeships; does the Government know what percentage of traineeships lead on to permanent jobs; and does the Government know the cost to the State of each of these permanent jobs?

The Hon. J.W. Olsen: In relation to the 508 positions in country and regional areas of South Australia, that was something that I asked the officers to put in place, given that for two to three years we had significant employment for traineeships in the metropolitan area but it was not filtering out to country and regional areas. I was concerned that country and regional areas were not participating in the program. Given the 70 per cent success rate in permanent job employment, I did not see why country people should not have the same opportunity.

There is no extra cost involved in employing a trainee in a country location vis-a-vis the city. It was made a requirement for a range of Government agencies and departments based in regional centres and country towns that they take on a trainee. It is too early in the traineeship period to identify whether there will be a 70 per cent strike rate in terms of permanent employment being created for these trainees at the conclusion of the 12 month training period. We have a track record in the metropolitan area, for example, that has been operating for several years, so we know what the rate is.

We started putting this scheme in place in country areas in January this year. As I said, there was some tardiness: some departments did not want to participate in the scheme or suggested reasons why it was too difficult in country areas. However, the point was put that this was Government policy and that we wanted the matter seriously addressed.

To the credit of those departments, they have done so, and 508 trainees are now employed in the following Government sectors: in administration and information services, 13; ArtsSA, two; the Attorney-General's Department, two; the Youth Arts Centre, two; the Country Arts Trust, three; the Courts Administration Authority, eight throughout country areas; the Department for Employment, Training and Further Education, 314; electorate offices, seven; the Department of Environment and Natural Resources, 11; the Department of Family and Community Services, eight; the Health Commission, 63; the Housing Trust, five; Human Services, two; the Department for Industrial Affairs, one; Optima Energy, two; Police, three; the Department of Primary Industries, 15; the Department for Recreation and Sport, two; SA Sport, three; SA Water Corporation, 16; Services SA, five; the South Australian National Football League, seven; the South Australian Research and Development Institute, one; the Tourism Commission, four; Transport SA, four; and Treasury and Finance, two.

Mr WILLIAMS: Is the Government assessing the effectiveness of the dollars spent in this area compared with the effectiveness of dollars spent through the Department of Industry and Trade, for example, in helping new projects and new industry start up, particularly in country areas?

The Hon. J.W. Olsen: I am advised that we are doing a tracking program of the trainees—where they go and what they do—post their trainee period, to identify the success rate of this program compared with others. That will be compared with industry incentive schemes. A regular check of these schemes is carried out to ascertain the effectiveness of employment creation for industry schemes. We will be benchmarking this tracking program at the conclusion of their traineeship—which still has a way to go. We will then look at where they go, what they do, what percentage get full-time employment and how that full-time employment works out for them, and compare it with the industry and trade scheme. The purpose for that is to ascertain whether in the future we should put money into traineeships, or whether it should go into other investment attraction programs.

Mr WILLIAMS: I refer now to COAG agreements. With regard to State policies, earlier the Premier specifically referred to the Casino licence, and he made the statement that he thought that policy in these areas should be the province of duly elected State Governments. There has been quite a bit of discussion over the past couple of days in response to the election in Queensland last Saturday, and some people have been complaining about the effect of COAG in the bush and the effect of State Governments rationalising the way in which they deliver services into the bush. I have made the statement in my electorate—and, I believe, in this House—that there is a problem in the bush in that, when Governments pull services out of such entities as the Department of Road Transport and then supply those services through city-based contractors, the trickle down, or multiplier effect, of employment is lost in rural and regional centres.

This morning, Professor Hilmer was talking on ABC radio in response to the Queensland election and the discussion regarding the effects of COAG. I believe he was trying to say that he would have been worried about some of the COAG principles being undone if this had all happened two to three years ago, but he felt that we are a long way down the track now and that we have gone too far to undo them. Is there a commitment by the South Australian Government to assess the effect in rural and regional South Australia, and is there a commitment to try to revisit some of the COAG agreements?

The Hon. J.W. Olsen: Regarding the question of COAG sign-offs some five years ago, as I mentioned earlier, some time ago I wrote to the Prime Minister. I had originally sought for this topic to be listed at the Premiers' Conference but, given Medicare, the proposed taxation reform and the review of gun legislation, there was not room on the Premiers' Conference Loan Council meeting agenda for a discussion on COAG. However, the Prime Minister indicated his agreement that the question of national competition policy should be discussed at a future COAG meeting.

We have listed a number of areas that we believe need to be reconsidered. In relation to the Casino, if this Parliament determines that there ought to be one casino in South Australia—that is, as a monopoly licence—then that is the determination of the duly elected Legislature of this State. It is my view that that ought to be the dominant issue. Some say that, because it has a monopoly licence, it is therefore anti-competitive and will work against you in the disbursement of your competition payments: if there are 20 areas of test for competition payments, it is not good enough to get 18 or 19 out of 20 and consider that a pass. A view would be taken about the impact and anti-competitive base of that one-twentieth area in which you did not pass to determine the cost

to the broader community and, on the basis of that assessment, you would discount the cash disbursement from the Commonwealth to the States.

It is these process questions that need to be addressed. Our view is that the National Competition Council and Commissioner have a role and a task to look at process: are States and local government pursuing reform and meeting the spirit of COAG sign-off?—not that it ought to be judge and jury on other aspects of decisions of respective State Governments. This matter has been raised in some specific areas with the National Competition Council. I also took up this issue with some of my interstate colleagues in March and April this year. We looked at some of the principles signed off by COAG.

That does not mean that you will jettison the principles but rather you will look at the implementation. What are the consequences? Are there unintended consequences to the States? If there are, should we modify the sign-off between the Commonwealth and the States without penalty being applied by the National Competition Council? I have sought for a meeting to be held on that basis, so that the principles, after their operating for a period of time, can be assessed to determine whether changes ought to be made and how we might amend some of the principles, or to reaffirm the principles that were signed off a number of years ago.

The resources of Government devoted to meeting the requirements of the National Competition Council are enormous—one needs to look only at legislative review. I do not disagree with the principles, the thrust. What is the outcome supposed to be? I support and endorse that which the Hawke/Keating Government implemented and which was signed off by both conservative and Labor State Governments. I agree with the general thrust and principles. It is a matter of whether, in practice, some unintended consequences ought to be a matter for further assessment and judgment, reaffirmation or perhaps modification—minor modification.

Mr WILLIAMS: Government services have been increasingly provided on a user-pays basis where individual users of specific services are charged for the delivery of those services. The latest trend appears to be the moving of revenue raising to the setting of levies, for example, the Water Resources Act 1997 and the proposed emergency services levy. If the Parliament accepts the emergency services proposals what, in dollar terms, in a full year will be raised by levies in this State and what percentage of total receipts will that be?

The Hon. J.W. Olsen: I do not have with me the specific details. I would ask the honourable member to address that question specifically to the Treasurer or the Minister for Environment and Heritage when she comes before the Estimates Committee. I would like to talk about the general principle contained in the honourable member's question. It was not so much a shifting of revenue raising from State Government to local government. In the past four years, the Government decided that it needed to tackle, in a meaningful way, environmental degradation in the broader community and put in place appropriate conservation measures so that we tackle the protection of the environment in South Australia.

It was a good and right policy approach. In the initial phase the levies that were struck and put in place were for the establishment of natural processes (wetlands) for the cleaning of water and waterways, which involved a substantial cost. The levies that were raised were designated specifically to put in place those wetlands for the cleaning up of water as it traversed a region. We took the view that the aquaculture

industry, in particular, with a pollution-free environment, would add a substantial advantage to investment in that industry and to exports of South Australian product.

It was not a matter of compensating the Department of Environment and Planning for its activities: this was a totally new program of initiatives that took us a quantum step forward in cleaning up our waterways. In some areas, as the honourable member would know, we have determined a desired levy. However, given representations, consideration of levies, if any, has now been referred to the boards of respective areas.

Mr WILLIAMS: My question related more to the philosophical approach of the raising of revenue for the State. I asked about the shift from traditional taxation systems, which have been in place for many years in South Australia, to the setting of various levies. I was talking about the global amount of revenue raised by levies and not those from or through specific agencies. I am trying to get a feeling for the shift in policy setting of the Government to raise revenues via these new types of levies, and I cited those two as examples of levies rather than traditional revenue raising.

The Hon. J.W. Olsen: The reason why the Government decided on levies was for the cost recovery of environmental programs, which were totally new programs designed for environmental remediation. The allocation of the levy goes directly for that purpose. The view was put that, if you have a designated environment levy, people know that they are paying that for a specific purpose, that is, the clean-up and protection of the environment, and that, on that basis, there would be broader community understanding and greater community support than its just going into the bucket of tax revenue measures where, in many instances, other priorities will compete and the money raised originally for the environment will be spent on a greater priority somewhere else. Therefore, you do not have a designated amount of money on a consistent basis year after year, which will be required to clean up the environment.

The policy position was simply that we needed to put in place a program for the environment; it needed to be a long-term shift covering the cost of this program; the community would better understand and support the program if it knew that it was putting money towards a clean-up of the environment; and it is, in effect, a dedicated fund. If you were to say, 'We are increasing your taxes and charges for the purpose of going into Treasury and we will put some of that money into an environmental program later,' it could be argued that that might be all right for year 1, but what about years 3, 4, 5 and 6? Environmental remediation needs a long-term and consistent program; that is the reason.

In relation to some of the country and regional areas, with the community service obligations under the National Competition Council we have to identify the cost of providing some of those services. They will be designated as specifically community service obligations for country regional areas of South Australia, which will identify the extent to which funds are committed to have the equity question addressed between city and country and regional areas.

The Hon. M.D. RANN: Just going back to the previous questions about our submissions on tax, as I noted, the submission from Western Australia dated May 1998, of which I have a copy, actually talks about the Western Australia Government supporting State access to the personal income tax base. The Premier mentioned his letter to the

Prime Minister. Will he table that letter and release it publicly and, if not, why not?

The Hon. J.W. Olsen: I will obtain the principles contained in the letter. Aspects other than taxation reform would have been included in the letter to the Prime Minister. I do not mind extracting the principles of taxation reform from the correspondence, but I will not release the whole letter because of other issues that I canvass in it.

The Hon. M.D. RANN: Why is that? The Western Australian Premier seems to be a bit more open about what he intends.

The Hon. J.W. Olsen: With respect, I think a leader of a State is entitled to write to the leader of the country in correspondence occasionally in confidential terms.

The Hon. M.D. RANN: Talking about confidential terms, given that most of the State, I think, is now aware that there were plans to privatise ETSA and Optima before the last election—

Mr Scalzi interjecting:

The Hon. M.D. RANN: Apparently, the member for Hartley is the only person left; it is good to see that you still have one vote in the Caucus. A number of reports were undertaken during 1997, such as the two Schrodgers reports, about which the Premier was briefed in June 1997. Will the Premier release those reports? Also, the Premier stated that one of the reasons for his breaking his pre-election promise not to sell ETSA was the \$97 million write-down, and that he became aware of that only after the election. We understand that that is also not true and that the Deputy Premier was briefed on the matter frequently, starting with the Separation Steering Committee report of December 1996.

For the benefit of this Parliament and again to clarify whether or not the people of this State and the Parliament were told the truth, will the Premier release the Schrodgers reports and the Separation Steering Committee report? I should say that I understand that the Separation Steering Committee report comprises two volumes by Arthur Andersen plus three volumes by the legal firm Thomsons.

The Hon. J.W. Olsen: The Leader continually tries to rewrite history in the posing of the question. I simply pose this question to the Leader: if the Government were intent on pursuing the course he suggested last year, why did we enter into and put a position in relation to Riverlink, and why did we endorse the leasing arrangements off-shore last year? Those policy decisions of the Government simply give the lie to the proposition put forward. I note that the member for Hart also had a series of meetings last year with people who had an interest in this matter, and the discussions that the Government has had have been no different from the discussions the Opposition has had over the past 12 to 18 months.

In relation to the question of Schrodgers, I draw to the attention of the Leader the press conference that I held, and no doubt a colleague in the media has given him the response to that press conference, that is, that my meeting with Schrodgers only had some overheads; they did not give me any report. There were only some overhead presentations and they included, if my memory serves me correctly, some valuations. Because they include valuations, they will not be released.

The Hon. M.D. RANN: It is interesting that the Premier is maintaining that this is a lie but will not release the reports. If he has nothing to hide, why will he not release the reports? I can actually quote from the Arthur Andersen report directly, if that would assist the Premier in refreshing his memory.

The Hon. J.W. Olsen: The Leader can quote all that he wants and can take extracts from different publications and put them together to create a perception and a picture, but I simply put the point that the Government signed off on some leasing arrangements last year and concurred in putting in place the Riverlink proposal. If it were pursuing the course alleged by the Leader, why would it have done that?

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

The Hon. M.D. RANN: On page 1.24 of the Portfolio Statements dealing with the Premier and Cabinet, it is stated that the department will oversee and coordinate with relevant Government agencies the asset sales process. Given this, will the Premier provide the Committee with a copy of the full list of responsibilities of his former adviser, Alex Kennedy, and a former adviser on the Government's water management privatisation scheme, Geoff Anderson, together with their role in the privatisation of ETSA and Optima? I would like a clear idea of the role of these two individuals, given that I understand Mr Anderson has also been involved in some other areas of promoting the Government in recent weeks which appeared to be outside the realm of what we have been informed he has been hired to do with ETSA. I would be very interested to have not only a full list of the responsibilities of Mr Anderson and Ms Kennedy but also an idea of how much they are being paid to deliver this service and whether either of the pair have written any correspondence, memos or press releases on the Premier's behalf about the sale of ETSA and Optima assets? Have any of those documents been released publicly?

The Hon. J.W. Olsen: Both Mr Anderson and Ms Kennedy are employed by the Treasurer under contract as he has the responsibility for the sale of the power utilities. They are part of the electricity sector reform unit. I would ask that questions about the job, function, description and other matters be directed to the Treasurer when he appears before the Committee.

The Hon. M.D. RANN: I am asking the question here because your own budget papers state that the department will oversee and coordinate the asset sales process. I am trying to ascertain whether Ms Kennedy and Mr Anderson are in fact working with you directly on the politics and publicity of the sale process and, indeed, on the politics and publicity of the budget process?

The Hon. J.W. Olsen: As I mentioned, the contract of employment is between the Treasurer and, in Mr Anderson's case, his company. With respect to the conditions of that, the Treasurer is in a better position than I to provide an answer. They work within the Treasurer's area of responsibility and report to him.

The Hon. M.D. RANN: Do they have contact with you on parliamentary replies, on the selling of the budget process?

The Hon. J.W. Olsen: I meet them occasionally. I run into them in the street, and I exchange pleasantries with them.

The Hon. M.D. RANN: You didn't answer the question: have they been working with you on this?

The CHAIRMAN: Does the Leader have a third question?

The Hon. J.W. Olsen: The point is that they are employed by the Treasurer. They work within the unit. They attend the meetings coordinated by the Treasurer in the electricity sector reform unit working with Morgan Stanley and Pacific Road.

The Hon. M.D. RANN: Not on the politics of the State budget? Have they worked with you on that or on parliamentary questions or media matters?

The Hon. J.W. Olsen: We can go around the world. I have indicated the conditions of employment, who they work for, from where they work and what effectively they do.

The CHAIRMAN: Does the Leader have a third question?

The Hon. M.D. RANN: The third question incorporates one item that was not replied to before, namely, how much Ms Kennedy and Mr Anderson are being paid to deliver this service, and whether tenders were called for this communication contract.

The Hon. J.W. Olsen: My understanding is that a tender was called for that. That was an assessment undertaken by the Treasurer, and I would again refer the question to the Treasurer when he appears before the Committee.

The Hon. M.D. RANN: I refer to page 1.4 of the Portfolio Statement, 'Communication support', and to the Premier's media unit. Some time ago before the last State election the Premier's office moved to set up a central media unit under the Department of the Premier and Cabinet and so apparently reduced the number of media advisers, bringing them under the direct control of the Premier's office. The Premier's office has also decided to go against the policy trend of the Government and insource its media monitoring. It appeared that the number of media advisers was reduced from 13 to seven; however, since that reduction a media monitoring unit was set up under a communications manager, and that unit consists of five people in total. I understand that the Premier also took on a director of program coordination attached to the media unit.

I am told that the media advisers have also received substantial salary increases, that their packages include mobile telephones, home computers, faxes and so on, and that several Ministers now also employ media officers. Given the new accrual accounting system, the Opposition is unable to compare the costs of the media advisers and on-costs prior to the establishment of the central media unit and the current costs. Will the Premier's Department supply the Opposition with the cost of employing 13 media advisers under their former salary packages and the cost of employing the present contingent of media advisers under their current salary packages, along with the media assistants both inside the central media unit and directly within Ministers' offices? What was the cost of setting up and fitting out the central media unit?

The Hon. J.W. Olsen: I point out that the communications unit referred to on page 1.4 is separate and distinct from the media unit, which includes the media assistants to the Ministers. I do not have the figures available to me today, but I am happy to make available to the Leader the sum total of 13 press secretaries versus the current remuneration base of the media assistants. In relation to the query about media monitoring, previously the Government had a contract with Warburtons at substantial cost. The Government now handles that same function internally. The communications support unit, which is referred to here, is a function of the Department of the Premier and Cabinet. That is looking at the expenditure by Government across a whole range of agencies, portfolios and publications of Government. That is quite distinct from press secretaries and their role for Ministers.

The Hon. M.D. RANN: Could the Premier provide some information on the cost of setting up and fitting out the central media unit and also provide a comparison between

how much was being spent on media monitoring through Warburtons or otherwise prior to the insourcing of the Government's media monitoring and the cost of running the five person media monitoring unit?

The Hon. J.W. Olsen: Yes, I will seek to get that information.

The Hon. M.D. RANN: I understand that the Premier's media adviser has been informing journalists that she is now a political adviser. Has a replacement media adviser been appointed and, if not, has the salary package for the now former media adviser risen from \$80 000 per year to suit her new position?

The Hon. J.W. Olsen: Shortly after the election the key personal staff comprised four: it now comprises two. John Chapman is the chief of staff, and it is true that Ms Thompson has taken on a more significant role. As well as coordination of the media unit, she provides political advice. There has been an adjustment to her salary base commensurate with the change in function.

The CHAIRMAN: Order! There appears to be some confusion about what areas we are dealing with at the present time. Under the agreement that was reached, we are now dealing with Protocol and Special Events and State Development, and I did ask earlier whether there were any questions on the issues about classes or central coordination and policy advice under the line Department of the Premier and Cabinet being questioned before lunch. So, on the program that was agreed to, we can move through all of those things until afternoon tea, unless it is the wish of the Premier and the Leader to amend the program.

The Hon. M.D. RANN: I do not have any questions on protocol, except to pay tribute to the protocol unit, which has done an outstanding job for some years. I think they act with integrity on all occasions. I would like to ask a few more questions on policy matters.

The CHAIRMAN: That is fine. I will provide that opportunity. Are there further questions to be asked on any of those lines before I come back to the Leader of the Opposition?

Mr SCALZI: I refer to Budget Paper 3, Estimates Statements (page 34) and Budget Paper 4, volume 1, Portfolio Statement (page 1.16). Is there a community consultation program involving the Adelaide International Wine Centre and Rose Garden?

The Hon. J.W. Olsen: Yes, a comprehensive community consultation process has been put in place. It has been recently amended to take into account new interest groups, for example, the State Herbarium, the Botanic Gardens and the rose industry. Once the design elements of the new building are developed, we will be taking on board the written and other comments from those various interest groups. It has shown that a consultative process like this gets greater ownership of the project and it enables you to incorporate it into the project as the key issues, and addresses concerns that people want addressed in such a project.

Mr SCALZI: On the same line, I refer now to the Aussie Woolshed tourist development at West Beach. Late last year prospective developer Penley and Associates announced that the Government had agreed to the establishment of a woolshed tourism complex on the former Marineland site at West Beach. It is now some months since the announcement and still no woolshed. Can the Premier report on any progress in this regard?

The Hon. J.W. Olsen: Since the project was publicly announced by the proponents, perhaps prematurely, there

have been negotiations between the West Beach Trust representing the Government and the proponent. These negotiations have focused on the terms of an extended lease and details of the lease itself. The proponent also had to arrange finance for the project, and to some extent the terms of the financing were inter-related issues. Agreement has now been reached on the terms for leasing of the site. I am pleased to say that the proponent has not asked for any financial assistance from the Government to establish his enterprise and is prepared to pay a commercial rent for the site. The proponent also has indicated that bank finance has been secured, and I am advised that he expects the new tourism development to be completed by the end of the current calendar year.

Mr SCALZI: With reference to the year 2000 compliance, the Premier would obviously be aware of the year 2000 issue looming in this State concerning IT, as well as non-IT. I would be interested to know how prepared his office and department are in this regard and what are the major exposures.

The Hon. J.W. Olsen: This is a particularly important and expensive question, and one that I do not think is being addressed realistically in some areas. I note that the Commonwealth has allocated \$70 million to become year 2000 compliant, and we think that our costs might be of that order as well. Therefore, as I would have thought that the Commonwealth figure was substantially more than that, I do not think that in some jurisdictions they have actually considered it thoroughly.

With regard to year 2000 matters, my office has been covered by the Department of Portfolio Coordinator for DPC. The department has contracted out all its corporate services to the Department of Treasury and Finance. That agency will be dealing with and reporting on all non-IT related year 2000 issues on behalf of the Department of the Premier and Cabinet. In September last, DPC performed stages 1, 2 and 3 of a Department of Administrative and Information Services compliance reporting requirements and completed the IT inventory risk assessment and compliance plan.

As a result of the increased priority of year 2000 issues given by the Department of Administrative and Information Services in March this year, the DPC nominated the Director, Business Services, as the DPC coordinator for year 2000 issues. As a result of the restructuring of the Department of the Premier and Cabinet, for example, the transfer of the Office of Commissioner of Public Employment and the Office of Multicultural and International Affairs, it was obvious that the previous work performed in this area would need to be revised, and the inventory and risk assessment stages were revised at a higher level in order to provide the March 1998 report to DAIS, indicating the current exposure by the department. It is also noted that, as the three areas of DPC were currently under review, a more accurate report could not be produced.

In summary, the department's report in March 1998 indicated that the compliance stages 1, 2 and 3 were being revised due to Department of the Premier and Cabinet restructuring. Despite revision, the Department of the Premier and Cabinet expected to meet the Government deadlines for correction of any critical items subject to available funding. However, total allocation of funds made by DPC within budget year to address year 2000 issues was \$12 000 for 1997-98, and that was mainly for testing to see if we were compliant.

The report estimates that to fix all Department of the Premier and Cabinet year 2000 issues, it will cost approximately \$250 000 with a further estimated \$50 000 for testing and contingency planning. The majority of that figure is to address three major application systems within OMIA, and this was foreshadowed in the DPC budget negotiations in the 1998-99 year.

With regard to Government House, a result of one of the early deliverables of the Ministers and Parliament Information and Communication (MAPIC) system, the IT infrastructure of Government House has been substantially upgraded. The Department of the Premier and Cabinet has suggested to Government House that it be represented by the Department of the Premier and Cabinet on all IT related year 2000 issues and, as a consequence, the Department of the Premier and Cabinet planning and reporting on year 2000 issues will include Government House and its IT issues.

Again, as a result of the involvement of the MAPIC's project team with Parliament House, it was only recently revealed that most of the parliamentary services have not had the year 2000 issue raised either internally or by external parties. The scope of the MAPIC's project will ensure that any new infrastructure installed within Parliament House is year 2000 compliant. However, the areas out of scope for the project are all existing infrastructure, in-house applications and non-IT issues. Those areas come under the responsibility of the respective sections of Parliament House. Accordingly, a briefing session was held recently with all managers of the business units of Parliament House. The DAIS year 2000 coordinator gave a presentation to the group and recommended that it appoint an internal year 2000 compliant coordinator and that it should engage the services of an external consultant to at least perform an inventory and risk assessment of all IT functions within Parliament House.

Mr CLARKE: My question relates to the central coordination policy advice. Budget Paper 4, page 1.11, states:

· implementation of the National Competition Policy Agreement across Government including a micro-economic reform stocktake across the South Australian public sector to indicate progress in the 1997-98 financial year.

What is in this report? Does it include proposals for further asset sales, and will the Premier release that report?

The Hon. J.W. Olsen: The Central Coordination and Policy Advice Unit, as it relates to national competition policy, has a responsibility to furnish to the National Competition Council on an annual basis details of the progress made in terms of implementing the COAG agreements. That includes looking at a review of all legislation to ensure that it is not anti-competitive in nature and, where it is identified as anti-competitive, we have to identify a program for change or correction. The micro-economic reform refers to measures taken to boost efficiency; that is, more productive use of resources and better allocation of those resources in particular sectors of the economy. The concept is equally applicable to both the public and private sectors. Economic reform is a vital component of the State's overall economic development strategy. Examples of the initiatives include outsourcing and asset sales programs, private sector involvement in public infrastructure, corporatisation of Government business activities, labour market reforms, reforms in energy sectors and competition policy regulation reform.

It has looked at priorities, reform of Government business activities, regulation reform and the legislation reform to which I referred earlier where I need to sign off on an annual

basis to the National Competition Council our progress to date. I mentioned earlier today that, if we have 20 benchmarks, the fact that 18 out of 20 are right does not mean to say we receive the full quantum. They will then look at the one or two areas which do not meet competition principles. They will then try to quantify in the broader community what the anti-competitive cost is to the community in their judgment. They will then recommend to the Federal Government that our disbursement from Canberra is discounted to that extent. Our argument has been that, if we get 18 out of 20 right, that is a good pass and we ought to get the full disbursement. However, that is not the basis upon which they are making judgments at the moment. As I said earlier today, that is one of the issues which I would like COAG to reassess.

Mr CLARKE: By way of supplement: the Premier referred to the potential for asset sales or outsourcing. Given that last year the Opposition released a leaked document showing that SA Water was working on proposals for privatisation of all or parts of SA Water, will the Premier rule out categorically that the SA Water company will be sold or will there be further outsourcing?

The Hon. J.W. Olsen: No, I am advised that there is no proposal and no work being done by the MER in relation to that.

Mr CLARKE: On 17 February the Premier told Parliament that Mr Graham Samuel of the National Competition Council had told the Government that the sale of ETSA and Optima was required to achieve national competition payments even though that agreement refutes that. Given that Mr Samuel has impeccable Liberal Party credentials and has denied that, precisely what does the Premier now tell us Mr Samuel said to the Government and when?

The Hon. J.W. Olsen: Mr Samuel has publicly put his position on record. He made a public speech here—I forget the date on which the speech was made. He was subsequently interviewed and, if my recollection is accurate, he endorsed the thrust and direction that the Government was pursuing. It comes back to this point: whilst there are some issues that I have taken up with the NCC—and I do not want to canvass repeatedly the issues about which I and the Government have some real concern in terms of COAG, and we will be pursuing those with COAG—the simple fact is that Professor Fels from the ACCC—and I draw the honourable member's attention to his remarks the week before last in South Australia—publicly endorsed the Government's policy direction.

Mr CLARKE: Is the Premier saying that Mr Samuel told the Government nothing prior to what he read in the press and at this recent public forum with respect to the sale of ETSA and Optima?

The Hon. J.W. Olsen: Both Mr Samuel and Professor Fels have endorsed the Government's policy thrust publicly.

Mr CLARKE: Has the National Competition Council given any similar instruction in relation to our water assets? After all, there is a monopoly situation involving SA Water, in particular United Water, and it has been designated as the key area for reform by the NCC.

The Hon. J.W. Olsen: In relation to water reform, a number of steps have been taken by the Government over recent years that would tend to go well down the track of meeting the National Competition Council's requirements. Pricing reform is a view that it puts forward constantly. I refer to some of the points. In 1994 COAG endorsed a strategic framework for the efficient and sustainable reform

of the Australian water industry and agreed to its implementation. That framework embraces pricing reform based on the principles of consumption based pricing and cost recovery, the reduction or elimination of cross subsidies and making subsidies transparent. We have moved well down that track in identifying the very substantial subsidies we pay for country regional areas in terms of community service obligations, and we will continue those community service obligations but we will make them transparent.

The framework also involves the clarification of property rights, the allocation of water to the environment, the adoption of trading arrangements in water, institutional reform and public consultation and participation. We agreed with the broad principles but we expressed concerns on the detail of the pricing recommendations, particularly related to statewide pricing policy. It is a policy of this Government to maintain community service obligations for country regional areas of South Australia—to identify them and to maintain them in one statewide price.

Implementation of these reforms is linked to the NCC's package and receipt of competition payments. The NCC will assess South Australia's progress in implementing the reforms in 1999, and it will review that progress again in 2001. Jurisdictions are working with the NCC to clarify the scope of these reforms and the benchmarks they put in place. Whether we are judged successful or otherwise, certain benchmarks will be applied. Further COAG involvement will be required in that area.

We have made substantial progress in implementing the framework to which I referred. The Water Resources Act 1997 provides for a comprehensive system of transferable property rights for water allocation. It incorporates principles of ecologically sustainable development and provides water for the environment. The EPA is currently preparing environment protection water quality policy under the Environment Protection Act 1993 to apply to South Australia's inland, surface and ground estuarine and marine waters. We have a pricing system based on annual excess with a two-tier usage component. Commercial charges which are based on property values will need to be phased out, and our subsidies are being made transparent. As I said, it is a policy of this Government to maintain those subsidies.

Mr CLARKE: Given the Premier's statement to the House on 2 June that the Government had calculated the reserve price for the sale of ETSA to achieve savings of \$150 million, and given that the Sheridan report says that to achieve a net saving of \$148 million it would have to be sold for at least \$6 billion, can the Premier give a categorical assurance that, in the event that his legislation passes this Parliament, the Government will not sell ETSA and Optima for less than \$6 billion?

The Hon. J.W. Olsen: In relation to pricing of the assets, the member for Ross Smith knows full well that I will not answer that question. I have not answered that question in any press conference to date, and I will not answer it in the future. It is like selling a house and telling everybody at the auction that you are prepared to settle for X, which tends to take away the capacity to get Y from the sale. It would be totally irresponsible of me to benchmark the price, other than to say that, upon successful passage of the legislation, we will seek to obtain the best price for South Australians. We want to achieve the best price not only to eliminate the debt but also to remove the risk from trading in the national market.

If our power utilities are entering into business contracts interstate that are losing money, that is not something that

South Australian taxpayers should bear the brunt of in the future. I will not put a figure on it—I never have and I never will. Upon passage of the legislation, we will let the marketplace determine the offer, and then the Government will make a decision based on the best and final offer it has received.

Mr WILLIAMS: This morning the Premier spoke about page 1.1 of Budget Paper 4, Volume 1, with regard to increasing employment opportunities for skilled young people through the graduation recruitment program within the public sector. I have been told several times when visiting schools in my electorate that, because the Education Department cannot offer permanent positions to student teachers in their final year at college, the best of our student teachers are being poached interstate. This is happening in particular faculty areas. Does the Government intend to change its policy in that area and offer placements to student teachers prior to the end of their study, because it appears that other States are poaching the best of our students?

The Hon. J.W. Olsen: I do not have the details of the problem that the member for MacKillop has raised, but I am happy to take it up with the Minister for Education, Children's Services and Training to ascertain to what extent interstate poaching is taking place. There was some publicity last year about our key students being given quite lucrative scholarships interstate, and I have had discussions with some of my colleagues during the course of this year to look at a policy that gives South Australia's high quality students the opportunity to continue their education in South Australia rather than being attracted by substantial packages to go interstate. That would require very substantial private sector financial support, as it does interstate. In relation to the first part of the honourable member's question, I would be happy to take that up and see whether we can get an answer.

Mr CONDOUS: Seeing that the theatricals are over, we should get down to some important questions faced by South Australia and every State Government in Australia. My question is based on Budget Paper 3, Estimates Statement, page 34, with reference to assistance to the Asian business market. My question relates to the Asian financial crisis, which is having a dramatic effect on the whole country. What impact is the Asian financial crisis having on the operations of the South Australian Government's commercial representative offices in that region, and what action is the Government taking in relation to this?

Additional Departmental Adviser:

Mr J. Cambridge, Chief Executive Officer, Office of Asian Business.

The Hon. J.W. Olsen: The extent of the impact varies according to location. Generally the quantity of trade and investment inquiries that are handled by the offices has decreased, and the number of business missions seeking to visit South Australia is fewer than it was six months ago simply because there are not the resources in home economies.

However, countries such as Taiwan and Hong Kong and regions of China continue to perform strongly. Prior to my meeting with Tung Chee Wah on Sunday night in Sydney, I had some information prepared. I believe that there has been a 300 per cent increase in our exports to Hong Kong over the past five years. That is quite a dramatic increase in our exports going into the market—not only food and beverage but light manufactured goods also. Business dealings

throughout Asia are based on what I would argue are real relationships. The trade missions that we put in place over the past four to five years will stand this State in good stead. We need to be seen as other than a fair-weather friend: if we are to be there for the long haul in building trading relationships, we need to be seen as a long-term friend. The commercial representatives are continuing to maintain and grow the contacts between businesses in South Australia and the region. South Australian organisations are in a strong position to capitalise on the opportunities which will develop as the economies in the region improve. A view was expressed at the Asia Australia Institute function on Sunday night that a number of these economies would return to reasonable health within a two-year time frame but that others will take a lot longer than that and some of them will take five to seven years to rebuild.

I was in Tokyo for three days last week and I was encouraged in that, one of the furniture manufacturers that we took there about 18 months ago on a trade mission—Pfitzner Furniture, a small company which is based at Littlehampton in the Adelaide Hills and which employs 20 to 21 people—has taken over a young lad from Mount Barker who was previously working at Bedford Industries. He went there as a trainee and is now working there full-time. That company has a contract to supply on Japanese designed kitchen-dining room and lounge furniture. The first container was shipped out last week, and Pfitzner Furniture has now been asked by David Jones to produce display furniture to go into every David Jones store around Australia, based on the same model that is going into Japan. That is just one of the spin-off effects of the trade mission.

The other thing that came out of the Tokyo visit concerns Japanese tourists to South Australia. Last year, we had 25 000 Japanese tourists—as best as one can extrapolate from the visitor figures—visit South Australia, which was a significant increase: in comparison, the number of Japanese tourists, particularly to the eastern seaboard and the other States of Australia, is dropping off.

The other point that showed up from my visit to Japan last week is that, because of the economic circumstances in the region, where they have had traditional suppliers and there has been a comfort zone with those suppliers, they are now being driven by the economic imperative—the bottom line. They are looking for quality products at the right price from anywhere in the region. The economic circumstances have made them look more at from where they source their goods, and that gives them not only a quality product but a price advantage. I believe that we have some real opportunities in that area if we pursue it.

In relation to the wider Australian community, there is not much doubt that the Asian crisis as we are seeing it will roll in and impact on Australia in the latter part of this year and next year. For how long that will be sustained is very difficult to assess. There is a view that the second quarter of negative growth in Japan—which effectively brings about a recession—has caused real concern in a number of western economies. The Japanese economy is so central and important to the economies of the western world that this is a matter that is being seriously addressed by a number of western nations to ensure that the Japanese economy gets back on its feet quickly, otherwise the implications will be substantial.

So, in short, there are certainly some challenges, but there are also some opportunities in the region, if we target market with some of our companies. The deal that was made last week—with the thousand dozen oysters a week, growing to

five thousand dozen oysters a week—was sold, in the end, on a photograph of the gulf waters of South Australia and how pollution-free they are. That factor clinched that deal in the end—and they are paying almost double the local domestic price for oysters, because they can get them off season. We hope to reach a target of about \$400 million by 2010 in our industry sector plan for aquaculture. It is in the order of \$80 million to \$100 million now, and with growth opportunities like that we can really expand the industry in country and regional areas.

Mr CONDOUS: I want to continue on that line, because I believe it is important. What is the value, in terms of trade and investment, that South Australia's overseas commercial representative offices operating in Asia bring to the State?

The Hon. J.W. Olsen: In the first six months of the 1997-98 financial year, the overseas offices facilitated an estimated \$32 million worth of exports for South Australian organisations and an estimated \$86 million worth of inward investment to the State. We have offices in Hong Kong, Jakarta, Jinan, Shanghai, Singapore and Tokyo, and we have opened an office in Bandung. That was to capitalise on the trade and investment opportunities out of the memorandum of understanding that was signed in January this year. We are looking at the feasibility of an office in Seoul, South Korea. With the overseas offices, we are trying to secure business links between small and medium companies in South Australia and wholesalers or retailers in the region. Some 28 missions from Asia visited South Australia in the first six months of this current financial year. They were in the areas of wine, food, water management, IT, defence, automotive and education. We have had major missions involving the Vice Governor and Governor of West Java, a seafood delegation from Japan, delegations from Malaysia and the Tasting Australia initiative, and so the list goes on of inward investment missions. The number of inward investment missions in the first six months certainly stretched our resources, but it was something that we certainly wanted to facilitate.

Mr CONDOUS: What are the benefits of promoting South Australia as a preferred location for business migrants?

The Hon. J.W. Olsen: From 1 July to date, a total of 58 applications from potential business migrants have been received or endorsed by the Office of Asian Business. The total investment value to the South Australian economy of those applications was estimated to be some \$29 million. As to marketing strategies, the Office of Asian Business has planned five overseas marketing trips this financial year into Asia, South Africa, the United Kingdom and Europe. The first of these was in March-April to South Asia, Hong Kong and Taiwan, with some encouraging results. The South Australian Government overseas offices and other networks, local and overseas, are used to target potential business migrants for marketing through private discussions in the seminars that are being run. We will continue to monitor that area because, in the past, South Australia has not performed as well as it ought compared with other States of Australia. We want to improve our performance.

The Hon. M.D. RANN: On 17 May last year the Premier committed his Government to bringing down South Australia's unemployment rate to the national average by the year 2000. Today South Australia's unemployment rate is 10.4 per cent compared with the national rate of 8.1 per cent. Since coming to office in 1993, employment in South Australia has shrunk by 1 100 jobs. This compares to national job growth over the same period of 779 200, or a 10 per cent growth rate.

Our rate of unemployment is now 2.3 percentage points above the national rate, and that is the largest employment gap since October 1981 when the Tonkin Government was in office. In terms of jobs and rate of unemployment, the gap between South Australia and the rest of the nation is the largest since 1981.

People have given up the search for work, and consequently our participation is the lowest since August 1985. The Premier would be aware of the importance of the participation rate. South Australia has a high hidden rate of unemployment and, if our participation rate were the same as that of Australia, our recorded unemployment rate would be around 15 per cent. Someone opposite disagrees: obviously someone else in the Government thinks that the ABS figures are not worth considering.

Since you became Premier, South Australia has lost 21 000 jobs—more than 1 000 jobs per month. Since the beginning of this financial year we have lost 25 600 jobs, which is a fall of 3.8 per cent, despite your 1997-98 budget's predicting jobs growth of 1.5 per cent. So, that target has completely gone adrift. The latest DEETYA labour market review states:

Trend ABS labour force survey statistics for May reveal little good news for South Australia. There was a further drop in the number of employed persons—the eighth consecutive monthly fall. Total South Australian unemployment is now at its lowest level in almost four years. The work force participation rate also continued to fall with the May trend rate the lowest since June 1985. The continuing decline in the State's participation rate reflects the ongoing lack of confidence in the local jobs market.

That quote is from the department's latest labour market review. Given those statistics, and given that your budget figures for jobs growth last year were not predicated on the sale of ETSA and so on, and given the latest figures that show that the present gap between our unemployment rate and that of the nation is the highest for 17 years, do you still maintain the target of bringing down our unemployment rate to the national average by the year 2000?

The Hon. J.W. Olsen: This is an important question involving one of the most important issues facing the State. The levels of unemployment in South Australia are not good enough. They must be worked at in a solid way to reduce the unacceptable levels of unemployment in South Australia and, I hasten to add, throughout the nation. When ABS figures in one month show a .7 per cent decrease and then four weeks later show a 1 per cent increase—a volatility over six to eight weeks—that indicates an abnormal situation. In looking at these figures we searched payroll tax receipts. Importantly, because payroll tax applies only to the larger companies, we then looked at WorkCover receipts over the financial year to see whether those receipts—that really apply to all small and medium businesses in this State—were reflecting the movements as identified by the ABS figures.

The fact is that in both payroll tax and in the broader WorkCover receipts area there is a very significant increase in the receipts of WorkCover, which is paid on the basis of wages paid to employees. I mention that two sets of figures tend to contradict figures provided by the ABS. When one adds to that the best motor vehicle sales in this State for a period of 10 or 15 years, retail trade—which, in percentage terms, is outperforming that in other States of Australia—new private sector capital investment in South Australia—which, in percentage terms, was reported in the *Australian* a few weeks ago as outperforming that in other States of Australia—one sees that some of the signs are encouraging.

However, I am the first to concede and acknowledge that unemployment levels are far too high and unacceptably so. That is why the budget drew together a strategy of expenditure of approximately \$100 million over the next two years. That amount is designed for the creation of 4 500 jobs in that period of time, particularly for younger South Australians. The package also included additional assistance, as we have announced over the past six months, for DOME (Don't Overlook Mature Employment). We assisted that program, particularly its reaching out into regions such as the Upper Spencer Gulf.

We believe that it is important to create a conducive business climate. If we are to create jobs, we must continue to support existing industry based in South Australia. About 90 per cent of the expenditure of the Department of Industry and Trade goes to existing locally based companies. Over 90 per cent of any support we give goes to the existing South Australian industry base, which really belies the view that all of the investment attraction is going to new companies. But new companies are important. For example, Australis (Galaxy) was a project that, in the end, faltered, and that was unfortunate. That occurred as a result of a range of circumstances which, in some instances, was out of the hands of the company. However, that opened the door for our marketing Westpac, Bankers Trust, Teletech and a range of other call-centre operations that we put in place in South Australia. I would argue, without any fear of contradiction, that it was an investment in terms of the development of the call centre back office operations to open up a new industry base for South Australia.

We have also put together a food plan, which has been referred to in recent media reports, particularly as it affects country and regional areas of South Australia, and which targets an increase from \$5 billion to \$15 billion in exports of food and beverage products.

I will be in a position to make an announcement tomorrow, I think, which will indicate that another South Australian company will be accessing the international marketplace and, in doing so, create further employment opportunities in South Australia. That sort of initiative for companies with a competitive economic base to attract new investment into South Australia is a key thrust of what we will continue to do with strategic industry policies that affect areas such as food and beverage, fabric and fibre and aquaculture. So, in an endeavour to tackle the issue to which the Leader refers, we looked at key industry sectors. We asked how we can grow in each of these sectors, and we have a natural advantage in that. We are not starting from a no qualification period.

We will get a more rapid escalation in these key industry sectors with a strategic plan, with the support of industry. The Jobs Partnership has been operating now since just after the last election campaign, and the \$100 million employment package that we have released will start being effective from 1 July, with the creation of jobs for young people, in particular, with 40 per cent being allocated for country regional areas of South Australia. That will start eating into those levels of unemployment and start tackling the problem in a meaningful way. With the Jobs Partnership there are other key sectors that we want to address in order to develop some policies that take into account the views of the broader community.

The Hon. M.D. RANN: The Premier talks about a monthly volatility, but the fact is that the department's own labour market survey talks about the eighth consecutive monthly fall in the number of employed persons. We are now

told that this latest budget of \$100 million—and it was higher last year—will make a dent in unemployment. Apart from the gap in unemployment being the greatest between the State and the nation since 1981, there is also a credibility gap. Given that the Premier's own budget papers (Budget Statement, page 4.2) estimate that this year we will have a full percentage point below the national growth rate and that out to 2001 South Australia is expected to grow at a rate at least half a percentage point below the national figure, will the Premier explain to the Committee how South Australia can get down to the national rate of unemployment in the next 18 months? That was the announcement the Premier made last year, and presumably he meant it when he said it.

The Hon. J.W. Olsen: The Government's *bona fides* on this issue are clearly demonstrated. We have a number of structural problems in our economy that we inherited from the 1970s and 1980s, and it will take us some time to correct those. We have shifted our manufacturing base in this State to that of a sophisticated manufacturing society—not that of a rust belt State but a sophisticated manufacturing society that can produce steering columns from Air International, rear view mirrors from Britex or MAG wheels from Castalloy; that can go into the international marketplace on price, quality and reliability of supply and beat anyone else in the world. That has not come about by snapping the fingers. The Centre for Manufacturing has been a key policy driver in that, in insisting—

The Hon. M.D. Rann interjecting:

The Hon. J.W. Olsen: I readily acknowledge that; it has been. It has been a key factor in assisting industry in this State to get up to speed with modern equipment, to be internationally competitive. The networking operations undertaken by the Centre for Manufacturing in the past year have been identified as the best in Australia, bringing in a range of small-medium companies. We used to import steering wheel covers from Mexico because of quantity; seven or eight smaller instrumentalities here did not have the economies of scale to produce enough. By putting the network together, the steering wheel covers are now made here by seven small companies working together to produce the quantity required by the motor vehicle manufacturers.

Only the other day in Japan, Britex won a contract with Mazda, using the Centre for Manufacturing here, where they can make the prototype of a piece of equipment for a motor vehicle and get into a position of testing that equipment much faster than is the case with anything in Japan. We are doing that in South Australia, with some of the facilities we have here. Therefore, we need to continue investment. Overseas investment such as that by Mitsubishi or Bridgestone and investment in companies such as Orlando Wyndham, whether it comes from Japan (Tokyo) or from the United States (Detroit), from London or Paris, does not worry me. I note that the Leader has questioned that with the power utility sales, but such overseas investment is assisting us to employ a lot of people.

The programs we put together are designed to give confidence and hope within a short time to young South Australians, in particular, about job prospects. In the last set of figures put out we saw a reduction in the number of people leaving South Australia to go interstate and an increase in overseas migration to South Australia. For the first time for a long time, I think since the late 1980s, we are actually seeing a net migration gain for South Australia versus a net migration loss. In the period 1993-94, if my memory serves me correctly, something like 7 900 left South Australia to go

interstate; our overseas migration was of the order of 3 000; and there was a net loss of about 4 000 a year. The number of people leaving South Australia for interstate has now come down to the low 3 000 mark, and the number of people coming into South Australia has risen to just above that. On the population base there has been a reversal of the figures we have experienced for quite a considerable time.

We put money into geophysical or aeromagnetic surveys through our mining and resource area, which likewise was an initiative of the former administration that I acknowledge was a good initiative. After a pause, we have agreed to continue funding for that for the next four years, because we want to get into the vast mineral resource deposits in the northern part of South Australia and open up further mining and investment opportunities. We are pleased that Honeymoon and Beverley have gone ahead; a couple of hundred jobs have been created with the reopening of the Honeymoon and Beverley uranium mines. We have seen the significant expenditure of \$1.5 billion or \$1.6 billion at Roxby Downs. Had it not been for the courage of Normie Foster in the Upper House, getting that project to go ahead by one vote, that might not be there now supporting not only the thousands of jobs but, importantly, the revenue stream into the Treasury that is paying for a whole range of essential services.

So, we are working to increase the mining investment, food and beverage, aquaculture, motor vehicle manufacturing and IT industry sectors. One would want the growth to be quicker than it is, but we would argue that the \$100 million employment package to underpin that will give it some impetus.

The Hon. M.D. RANN: The problem with all this is that the Government in its last term was saying that it would create 20 000 jobs per year, something that the Premier went along with as Minister for Industry and then as Premier. He made very bullish announcements during last year in the lead up to the election. Given that we are losing jobs and not getting within cooee of creating the new jobs needed to reduce unemployment; and given that the current gap between our horrendous unemployment rate and that of the nation is the highest for 17 years, is the Premier now prepared to admit that the Government does not have all the answers? Given the fact that members of the Premier's own Jobs Partnership are calling on him to call a job summit, is it not time that he invited all the political Parties in the Parliament, business organisations, trade unions, the rural sector and community groups to participate in a structured job summit, and is it not time also that he took immediate control and responsibility for the employment portfolio and gave it a place in the Cabinet room?

At the moment, the employment portfolio is handled by a junior Minister who does not sit in Cabinet. Every time anything is mentioned about a coordinated strategy or a summit, you dismiss it as a talkfest. The fact is that if you are to confront unemployment seriously you have to involve the community with your plan, make sure that all political and industrial parties are part of that plan and not just mildly agree to a strategy that, clearly, has failed over the last 4½ years. Are you prepared to consider taking on the employment portfolio yourself or giving it to a senior Minister at Cabinet level, and will you now convene a jobs summit as your own Partnership for Jobs committee members are now urging?

The Hon. J.W. Olsen: I could enter into some political point scoring with the Leader in terms of retorting to how many jobs have been lost while I have been Premier com-

pared to how many jobs were lost while he was Minister, but I will not do so because the issue is too important for that. I want to look at how we are addressing it, and I would welcome any ideas that the Leader would like to put on the table today for the benefit of the Committee in terms of how he thinks the unemployment issues in South Australia ought to be tackled. The Leader has posed several questions about what the Government is doing. I have responded clearly on the initiatives the Government is putting in place: I would invite him simply to put some on the table also.

In relation to the seniority of the employment portfolio, I simply point to the fact that the Deputy Premier has portfolio responsibilities for industry and trade. That canvasses the whole industry base of South Australia; therefore, that is directly related to employment. There can be no higher portfolio base than that of the Deputy Premier to undertake that task. I would argue that since October last the jobs partnership has worked effectively. As the Leader knows, not only are the heads of churches on that (such as Don Hopgood) but there are also the United Trades and Labor Council, the Small Business Association, the Chamber of Commerce and Industry, the Public Service Association and DOME. I think it has worked well; it has been a forum of a size allowing for meaningful debate and discussions and then preparing detailed data and information for consideration by members upon which some sort of consensus view can be reached as to the policy that ought to be adopted.

The Minister for Employment will be establishing in her own portfolio an additional group. That group will be of a wider nature and base and will complement the Jobs Partnership group. In relation to broader communities to which the Leader refers, I suggest that as regards the wine development plan, the plan 20/25 has been developed in detailed consultation with the wine industry. The Government is now looking at the 20/25 plan developed by the wine industry and also at areas that will get sign off and financial support for that. As it relates to the food and beverage plan, every two months I meet with a forum of approximately 30 people who represent industry people both here and interstate, that is, the supermarket to Asia representative from Canberra, the Victorian representative on their food advisory group and a whole range of South Australian people involved in the food and beverage industry at each point in the chain.

I noticed in a report in the weekend media that one of the main processors in South Australia, Maurice Crotti, indicated that the input of the industry and the interaction with Government in developing Government policies that assist them to grow and get further investment is working. Not only is that happening with the food plan where we want to increase exports from \$5 to \$15 billion, but the Minister for Primary Industries, Natural Resources and Regional Development has put together a range of industry sector boards that looks at the aquaculture industry and other industry sectors. The Minister meets with them regularly in developing key policy areas for those industry sectors. Let it not be misunderstood that there is not a whole range of people involved with both myself and Ministers in terms of looking at plans to rebuild this economy from a base where we have a natural start versus a cold start or no base from which to work.

That is separate from looking at those industries we have in South Australia which might be under risk in our manufacturing area and which now have the test of the global market place and the movement of international capital. You cannot take for granted any more that if someone has an \$X million investment it will stay here in perpetuity. The fact is that you

have to keep monitoring that and working with those investors to make sure they continue to stay in South Australia. One of the reasons that we are pursuing the sale of the power utilities is that some of these major companies which have invested in South Australia see the price of power in Victoria at the moment and are simply saying to us that, unless they can have input cost of power similar to that in Victoria, there will be no further investment in this State and they will go where the cheap power is.

If you want to enter an international market place in terms of producing air conditioners, it gets down to what is the cost of the air conditioner getting into that market. If our power costs are 10 or 20 per cent higher than Victoria's, that is an input cost which winds its way into the cost of that item. It might mean the difference between that item getting into the market place, winning competitive tender, or losing it. That is one of the reasons, together with all the others that have been identified, why we are pursuing that so that we can get over this difficulty that the eastern seaboard sees South Australia as a rust belt State, an economy on its knees that is going nowhere. One of the great tasks of any Government, whether it is a Liberal Government or any future Government in South Australia, is to get the investment boardrooms on the eastern seaboard to see South Australia in its right light and not that portrayed by journalists of the last decade which is history and which does not take into account the changes that have been made in this State.

It will not do any of us any good if any Government of any political persuasion in the future cannot get them to understand at least that basic point. It is in that area where we need a bipartisan approach to get them to understand that in terms of industrial relations and work ethic we have the best record of any State in Australia (and have had so for 40 years), that our cost of living is below that of the eastern seaboard—a reason to invest here—and that there is some bipartisan support to get further investment in this State in the future. That will do untold, intangible benefit to South Australia to get them to start thinking about us as an investment location rather than automatically thinking about the eastern seaboard of Australia.

Mr SCALZI: I refer to Budget Paper 3, Estimates Statement, page 34, and to Budget Paper 4, Vol. 1., Portfolio Statement, page 1.16, concerning the promotion of business migration and bilateral trade relations. Will the Premier outline an example of any benefits to South Australia that result from conducting business missions to Asia?

The Hon. J.W. Olsen: I have indicated on a number of occasions to the Parliament in some of the reports that the number of missions that we have taken overseas, the volume of contracts that have been signed and the subsequent flow-on benefit has been substantial. That is as a result of working through the Council for International Trade and Commerce, and using that as a base for taking trade missions to specific countries of origin. The Office of Asian Business has facilitated a total of 124 organisations, that is, companies, agencies or small to medium businesses that participated in a program of missions during 1997-98 to this time.

Some of those major trade missions include a trade and investment mission to Hong Kong for the Hotel Food Asia Expo (HOFEX), held alternatively between Singapore and Hong Kong. The quantum of business signed that has flowed from that runs into tens of millions of dollars. I mentioned just a moment ago that, whilst it is difficult to accurately measure in dollar terms the benefits derived from overseas offices in Asia, some \$32 million worth of exports for South

Australian organisations has been signed up. Additionally, we have about \$86 million worth of outward investment coming into South Australia. That brings with it, once the investment is in place, a whole range of employment opportunities to underpin that investment.

Members have only to look at some of the olive plantations that have been projected in the Murray-Mallee region. That has brought investment, specifically from overseas, to establish that. About \$40 million worth of investment is coming into South Australia to meet some of the market opportunities, particularly the Asia Pacific region, for canola oil.

There is a several faceted function of trade missions: first, to give small and medium businesses contacts and to open the doors for them to wholesale and enter the markets; secondly, to enable them, following the trade missions, to follow up and get further contracts (John Pfitzner, a small family company that has grown and expanded, is an example of what can be done by persevering in the international marketplace); and, thirdly, to market South Australia and to put us on the map, so that when asked people do not say that Adelaide, South Australia, is halfway between Sydney and Perth. That is not a way to describe this State. We have attempted to raise the profile of Adelaide and South Australia, the companies, and the goods and services that we produce here. I would argue that there is an intangible benefit that will flow out over a longer time.

Mr SCALZI: The benefits of trade missions are not always understood. Also with reference to the Council for International Trade and Commerce South Australia, I refer to the inputs into international trade. In our climate that is very important. How is the Government using our multicultural community to promote international trade?

The Hon. J.W. Olsen: Quite simply we have an enormous resource base in South Australia. It comes back to the point that the Leader raised a moment ago, and that is: how do you build, as quickly as you can, industry sectors so that you can create jobs? Look at some natural assets that you have and start building on those as the quickest way for growth, expansion and job creation.

We have great diversity in South Australia, with people from 152 countries throughout the world residing here and, using the Council for International Trade, those people who know the home markets are using their contacts for a specific home market. Through a number of country specific chambers we have supported trade missions to go to the Thessaloniki trade fair: that is but one example. A mission which is going to Korea on Saturday will be a country specific trade mission. The Korean chamber will be involved in that. They are people who already have contacts in their homeland, their mother country. That gives some impetus, support and assistance to getting into the marketplace sooner rather than later.

We have the Malaysian Australian Business Council, the Brunei Sarawak Sabah Council, the Singapore Shandong South Australia Business Council—a whole range of them. It is worked through under the umbrella of the Council for International Trade and Commerce, and I would argue that, although it has only been in its formative years for the past couple of years, it has gone particularly well. There are some 35 members of that board. Nick Begakis is the Chair of the board. The Government underpins its operations, and I would argue that it has been quite successful.

Mr SCALZI: Following on from the previous two questions and referring to the same line, last year's review of

the Council for International Trade and Commerce South Australia Incorporated, and the associated grant schemes, recommended greater flexibility in grant schemes guidelines. What has been done to adopt the recommendations?

The Hon. J.W. Olsen: There was, as the honourable member rightly states, a comprehensive review of the grant scheme guidelines which recommended the re-drafting of those guidelines to address a number of the issues raised, and you have identified some of those. The re-drafted guidelines now allow greater flexibility of the use of funds while maintaining appropriate acquittal and accountability. There has to be appropriate acquittal of expenditure of Government funds for their programs.

The new guidelines have been distributed to all country specific Chambers of Commerce and other interested parties; for example, the introduction of a new special projects grants category which enables funding to be allocated that will benefit South Australia and which falls outside other grant criteria; and the relaxation of the export investment link grants that enables chambers or business councils to host trade missions which may be visiting South Australia. So, we have taken on board some of the recommendations. The guidelines have been re-drafted. They are out for consultation at this stage.

Membership:

Ms Thompson substituted for Ms Key.

Ms THOMPSON: My question relates to the Premier's employment package. The Premier's glossies claim an 8 per cent real increase in capital spending in the new budget, yet this is based on comparing this year's allocation with last year's actual spending which fell short of the allocation by \$172 million. Since the Liberal Government came to office it has under spent its capital budgets by three quarters of a billion dollars. The fact is that this year's allocation is \$48 million down on the allocation for last year. If the Government under spends its capital budget by around 20 per cent again next year, will it again use its under spending to claim a great increase in capital spending that will again not be spent? Does the Premier intend to do anything to lift his game and ensure that more of the capital works money allocated is actually spent in creating new infrastructure and employing people?

The Hon. J.W. Olsen: The capital works budget is not part of my budget lines and more appropriately should be addressed to the Treasurer. However, I will respond in a general sense to the proposition that there is a deliberate delay of spending on capital works. That is simply not the case and, if the honourable member looks back at past records, she will see that in the Bannon-Arnold Government days there was not a dissimilar rollover of capital works spend. That is brought about by a number of reasons, one of which is the process of the Parliament to various development applications and their process and other factors that sometimes delay a project for a month or two. The simple point is that this regular rollover of under spent capital works moneys has been put into the next financial year, and the way in which this Government has handled the issue is no different from the former Labor Administration.

Ms THOMPSON: I refer to Budget Paper 4, Vol. 1, page 1.23, which states:

Effective 1 July 1998, youth employment schemes administered by the Office for the Commissioner for Public Employment will transfer to the Department of Education, Training and Employment.

Given that in the past young trainees have had the advantage of support by an area with considerable expertise and authority with respect to public sector employment, what factors cause the Premier to believe that the new arrangements will work better than the current arrangements, and what indicators of success has he set?

The Hon. J.W. Olsen: The reason for the transfer is to align more appropriately with the management of employment programs by the Minister for Employment. It was considered that the best outcome would be for the program to be administered directly by the Minister who has responsibility for those areas.

Ms THOMPSON: A supplementary question: will the Premier provide information on the indicators of success?

The Hon. J.W. Olsen: The success of what?

Ms THOMPSON: Of the transfer of the program and the success of the new arrangements.

The Hon. J.W. Olsen: The transfer has only just been put in place. I suggest that, if the honourable member would like to ask me the question at next year's Estimates hearings, we will be in a better position to reply.

Ms THOMPSON: I refer to Budget Paper 4, Vol. 1, page 1.32. The paper identifies one of its two key priorities as being to assist major Government agencies to manage the devolution of responsibility for occupational health and injury management. What assessment was undertaken of the agencies' capabilities to manage successfully this responsibility; and what process and criteria have been determined for evaluating the success of the devolution—and I ask for criteria set in advance rather than history?

Additional Departmental Advisers:

Ms J. Andrews, Deputy Commissioner for Public Employment, Office of the Commissioner for Public Employment.
Mr P. Case, Director, Human Resource Management.

The Hon. J.W. Olsen: In relation to the honourable member's query about management having been devolved to major Government agencies, under the devolution process all larger agencies have now assumed responsibility for their own workers' compensation performance. In relation to the areas involved, the payment of lump sums has been the last to be devolved given the complexities involved. Lump sum settlement payments previously were funded through the Government workers' compensation fund. The agencies involved are DECS, DETAFE, Police, Corrections, Primary Industries and FACS. Following a further review and monitoring during 1997-98, funding for the section 43 settlements has now been included in the six agencies' budget allocations for 1998-99. Given that it is a pretty complex area and fluctuations can occur, the allocations will be further reviewed during the year in conjunction with Treasury and Finance and agencies involved.

Ms THOMPSON: I have a supplementary question. I do not consider that the Premier has answered the question, which related to the process and criteria which have been determined for evaluating whether the devolution was successful. I assume that such a move was on the basis of an expectation of improved performance. What is that expectation?

The Hon. J.W. Olsen: In relation to benchmarking, which the honourable member is asking about, the fact is that, with recent transfer and occurrence, when there is a track record on which to make a value judgment, we will be in a better position to answer the question.

Mr CONDOUS: My question concerns Immigration SA and the provision of services (the Estimates Statement, page 34). How many migrants use Immigration SA services and what impact have those services made upon the decision of migrants to settle in South Australia?

The Hon. J.W. Olsen: Some 554 migrants arrived in South Australia under the Immigration SA program between 1 July 1997 and 30 April 1998. From the outset, there has been strong demand for Immigration SA services. The Office of Multicultural and International Affairs Migrant Information and Referral Service responds to inquiries from all places around the world seeking information on Immigration SA, migration in general, job opportunities and life in South Australia. The service has responded to 5 169 written inquiries to the end of April 1998. The Immigration SA program is unique within Australia and it is influencing migrants to choose South Australia as their settlement destination rather than Sydney and Melbourne.

I mentioned earlier today that we are not getting a *pro rata* share or our fair share and we have not for some time, and we wish to address that matter, particularly with skilled migration. We simply do not have the existing skills base in the broader community to meet the requirements. The analysis of two surveys undertaken by OMIA of new arrivals using these services has demonstrated that respondents rated Immigration SA as a factor in their settlement destination.

We are continuing our endeavours to get not only business but skilled migration into South Australia. It will help with further investment from major companies in this State to the extent that we need a skills base to meet the requirement. For example, there is a dearth of software engineers. In the last three years there has been a 15 per cent annual increase in the defence and electronics area. That has meant a requirement for software engineers, in particular. There is scope for further investment and growth in a number of companies, but the simple fact is that there is not the availability of the skilled resource base in South Australia to meet the demand.

Through the Immigration SA program, we have sought to bring people to job opportunities, particularly in the electronics industry, which is growing so quickly, to meet the need where do we not have existing within our current employment base the skills required to meet that need.

Mr CONDOUS: How is the Government promoting South Australia to prospective migrants as a settlement destination?

The Hon. J.W. Olsen: Immigration SA includes a range of initiatives to inform prospective and visa-carrying independent skilled migrants of the settlement services—and some of them are unique—that are provided through the scheme. Immigration SA has had an operational web site for a little over a year. The site is receiving approximately 2 000 hits or visits a week. It has hot links to 15 other services agencies, including SA Central. We have made presentations in Manchester, Dublin, Warsaw, Kiev, Moscow, Belgrade, Kuala Lumpur, New Dehli, Hong Kong, Singapore, Bangkok, Durban, Capetown and Johannesburg.

It is estimated that some 1 600 visa-carrying and prospective migrants attended these presentations arranged by the Department of Immigration and Multicultural Affairs on OMIA's behalf. OMIA attendance at two London immigration fairs has provided the opportunity to inform an estimated 24 000 people attending these fairs each year about Immigration SA. As I mentioned in a previous reply, 5 169 written submissions were received and are being handled by the department, which has brought about

554 migrants through to 30 April. As I said, that is meeting some of the needs in our community to attract further investment.

Mr CONDOUS: My next question concerns the large growth area of international students. How can South Australia assist the education sector to boost its share of international students?

The Hon. J.W. Olsen: We have just recently announced a program to get the number of overseas full fee paying students in South Australia to meet on a *pro rata* basis what we ought to be receiving nationally. In 1997, the total number of overseas students studying in South Australia was 7 220, which was 4.8 per cent of the national total. They generated an estimated \$210 million for the local economy. The national data on the impact of overseas students on the local economy indicate that each overseas student spends approximately \$30 000 per annum on fees and living expenses in Australia. South Australia aims to boost its share of the national total to at least a per capita share of around 8 per cent.

An Education Industry Development Council will be established to meet the objective and it will be financed by the South Australian Government, the Adelaide City Council and the three universities. There is a commitment of \$3 million every year for the next three years to progress the initiative, and the Office of Asian Business is contributing 10 per cent of the project funding arrangements. In addition to that, the office will use its extensive network of overseas offices to facilitate and enhance the initiative.

Later this year—I think it is the first or second week of October—the Australian Universities Alumni Association will hold a conference in South Australia. It is expecting well over 1 000 people to come from various parts of the world who have been educated in South Australia. Once again, we want to use these people who know South Australia, who have spent some time here and who have been educated here to re-market South Australia in the broader international community. The economic spin-off in the South Australian economy created by the presence, the spending power and the pattern of these people whilst they are here is not the only benefit. There is also the intangible benefit that, when they return home, they have a link to South Australia and they know the sorts of goods and services that we produce. They are effectively ambassadors for South Australia, and we want to use them to present and re-market South Australia.

Ms THOMPSON: While the Premier has claimed this as a jobs budget, the fact is that he still intends to get rid of 550 public sector workers next year alone. This cancels out the graduate recruitment program, which takes on another 600, but over three years. Will the Premier inform us how many positions are targeted to go from each department of each portfolio over the coming year?

The Hon. J.W. Olsen: The figure included in the budget papers is an estimated figure of some 554. That would be on the basis of restructuring in some departments and some positions becoming redundant. They are people who would be retiring under targeted voluntary separation packages. However, as I mentioned to the Public Service Association both prior to the election and since the election, the Government does not have a strategy for major downsizing of the public sector. In fact, in the 1993-94 year—which was part of the Arnold Government term—there was a reduction of 4 183, and in subsequent years there were reductions of 4 213, 3 683 and then 2 648. However, this year (1997-98)

full-time equivalents are anticipated to be 67 873, which is an increase of 407 over the year.

The number of targeted voluntary separation packages does not only equate to work force reductions or further outsourcing but will create opportunities for replacement youth employment in the public sector. The potential for that is currently under assessment. But the total numbers that we anticipate through to 30 June this year will see an increase of 407.

Ms THOMPSON: Will the Premier provide us with the name, title and agency of all persons eligible for a bonus performance payment in 1998-99, and will he provide the name, title and agency of all persons who received a bonus payment in 1997-98?

The Hon. J.W. Olsen: Generally, there are no performance bonuses paid. However, there are occasionally exceptions to the rule. We will have to check to see whether there are any exceptions to the rule.

The CHAIRMAN: That question is on notice?

The Hon. J.W. Olsen: Yes.

Ms THOMPSON: Will the Premier provide the Committee with a schedule of separations effected during 1997-98 by agency, employment classification, age of person separated and the cost to each agency of the separation package?

The Hon. J.W. Olsen: I will have to take the question on notice.

Mr SCALZI: I refer to the Estimates Statement, page 34, and regional migration initiatives. How is the South Australian Government supporting employers who are experiencing skills shortages?

The Hon. J.W. Olsen: As I have mentioned, we are facing a shortage of skilled workers in a range of occupations, both professional and trade. The Government supports the filling of all vacant positions by South Australian residents; that is the priority. In a globalised marketplace, and during times of very significant and rapid change, gaps will exist between the introduction of new technology and the capacity of Australian training institutions to fill those gaps. As such, employers may need to look further afield for highly skilled and experienced staff to fill their needs—and I have already referred to the example of software engineers in the electronics industry.

When employers have been unable to fill vacancies from the local labour market, the Government also considers it crucial for the growth of the economy, as well as the health of such businesses, that employers are able to obtain the skills they need from overseas. Therefore, the programs that I have already referred to are the basis for achieving that.

Under the Regional Sponsored Migration Scheme, employers are able to have access to skilled independent migrants. In South Australia, OMIA is the Commonwealth's approved certifying body under the RSMS and, as part of its responsibilities, it ensures that only positions which cannot be filled from the local labour market are certified for filling by non-South Australian residents. Employers have been given substantial support by OMIA and, to the end of April 1998, have accessed some 108 skilled persons to fill key positions in their organisations which could not be met by South Australian residents. All persons entering South Australia under the scheme do so on a two year contract in a full-time position with their employer.

We are also assisting employers to have quicker access to skilled persons for occupations which are in shortage in South Australia through participation in the State-Territory Nominated Independent Scheme, which commenced on 1

November last year. At this point, the South Australian Government is the only State or Territory Government in Australia committed to assist employers under that scheme. Under the scheme, OMIA, in conjunction with the Department of Immigration and Multicultural Affairs and the Department of Employment, Education, Training and Youth Affairs, has conducted a skills audit and identified occupations which are in shortage in South Australia, as well as estimated the number of skilled persons in those occupations who are required to meet the current and future demand of employers.

Through the STNI, OMIA aims to reduce the number of occupations which are in shortage by nominating skilled migrants to enter the State. As such, employers will have quicker access to these skills and will not be required to directly sponsor the migrant. Migrants entering under the STNI do not have guaranteed employment contracts when they arrive. However, they would have an expectation of securing employment soon after arrival, as their skills are in areas of identified shortage. OMIA ensures that those entering under the scheme (STNI) are aware of this and have the capacity to satisfactorily settle without resorting to State or Commonwealth Government assistance.

Mr SCALZI: I refer again to the Estimates Statement, page 34, and the Portfolio Statements, Vol. 1, page 1.16. Will the South Australian Government seek to introduce Australian workplace agreements in the South Australian public sector?

The Hon. J.W. Olsen: Australian workplace agreements were introduced by the Federal Government in 1997 as part of its changes to the Workplace Relations Act. They provide for individual agreements between employers and employees and, because of constitutional limitations, apply only to incorporated companies—that is, at this stage. Legislative change will be required to enable the widespread application of Australia's workplace agreements in the South Australian industrial system and their use within the South Australian public sector. Other public sector jurisdictions—namely, Victoria and Western Australia, and, to a lesser extent, the Federal Government—use this or a similar form of individual agreement widely. The South Australian Government currently uses individual contracting arrangements for executive level staff and employees appointed on a term basis. The Government is in the process of developing long-term collective enterprise agreements with the majority of its work force. It is proposed that these agreements will have application at least until the end of the year 2000.

The wider use of AWAs or any other form of individual agreement in the SA public sector is, therefore, not considered possible in the short to medium term. A previous attempt to introduce legislation to facilitate access to AWAs in South Australia was defeated in the Upper House. We are looking at a revised legislative package which will again be presented to Parliament, perhaps later this year, and which will seek to introduce an individual agreements stream, although, for the reasons outlined above, individual agreements are not directly relevant to the SA public sector at present. The Government does support a wider range of choice for employers and employees in developing workplace based agreements.

Mr SCALZI: The Government has successfully completed 1 035 traineeship placements in the South Australian public sector through the Government youth training scheme in the present financial year. Will the Premier indicate the diversity achieved within that intake?

The Hon. J.W. Olsen: Through the intake, 1 035 young people were engaged as trainees; 658 (64 per cent) were female and 377 (36 per cent) were male. Of this number 73 (7 per cent) were Aboriginal or Torres Strait Islander trainees, 47 (4.5 per cent) were young people with declared disabilities and 508 (49 per cent) were placed in rural locations. I have already indicated the designated areas within which the trainees have commenced work.

Mr CLARKE: How many days per week does Cliff Walsh work for your department, on what project is he working, how much is he being paid, and does the South Australian Centre for Economic Studies receive from the State Government an annual subsidy in addition to Professor Walsh's consultancy fee?

The Hon. J.W. Olsen: I am advised that the Government gives an annual grant to the Centre for Economic Studies to undertake work that is unrelated to Professor Cliff Walsh. No contract is in place that designates a number of days per week that Professor Walsh works with the department. He is simply contracted on an occasional basis to assist with inter-government relations in particular.

Mr CLARKE: What are the actual costs for Professor Walsh and what is the amount of subsidy paid to the Centre for Economic Studies?

The Hon. J.W. Olsen: The annual grant to the Centre for Economic Studies is \$150 000. I will have to seek information for the honourable member in relation to other fees but the amount is not substantial.

Mr CLARKE: We will see by whose yardstick. In relation to the Office of Asian Business, in January you were in Bandung, Indonesia, to sign on what you described in a press release dated 6 January as a multimillion dollar water contract. It was not a contract, as it turned out, but an agreement involving a steering committee and no binding clauses. Precisely what has United Water done towards this agreement, what will it do in the future, and what additional work, if any, has been generated for South Australian firms under this agreement?

The Hon. J.W. Olsen: I will ask Mr Cambridge to respond to that question.

Mr Cambridge: A memorandum of understanding has been entered into between SA Water, the Government of Bandung, or West Java, as it is called, and its water authority to undertake a strategic planning study of the water needs of the province of West Java. That study is currently being financed by SA Water. No income stream has been generated at this point, but it means that SA Water has been appointed as the key adviser to the Governor and the Government of West Java to let some major water contracts as that Indonesian province, which includes Jakarta, has a significant water problem.

It is anticipated that, through its being the advisers to the Governor and the Government of West Java, that will lead to further downstream work for the water bodies in South Australia, namely, United Water and Riverland Water, but also for local companies supplying parts, pumps, engineering services and a range of other goods and services.

Mr CLARKE: The agreement, as I understand, at no time mentions United Water, which, supposedly, was to be the company to develop a water industry for South Australia. Do I take it from Mr Cambridge's answer that United Water does not do anything in so far as this agreement is concerned: it involves only SA Water. United Water is not doing anything towards the development of this strategic plan.

Mr Cambridge: United Water is not a party to this particular agreement but, because of the significance of Government-to-Government links, not just in Indonesia but in Asia generally, it is anticipated that once these sorts of agreements are put in place then a range of services and activities will flow onto the outsourced water bodies, namely, Riverland Water and United Water in South Australia. At the moment it is mainly a planning process to map out the water needs for the province of West Java for the next 50 years. United Water is not, at this stage, party to that agreement or memorandum of understanding.

Mr CLARKE: Given Mr Cambridge's last answer, do I take it that persons are employed at taxpayers' expense, in so far as making this agreement or strategic plan go forward? Does it involve any taxpayers' money going to United Water, because it is not involved or employing anyone to do any of that work?

The Hon. J.W. Olsen: Government involvement is evident in a number of countries in the Asia Pacific region. Government involvement and a badge of Government gives an authority with which other Governments will more readily sign off on. This is an opportunity to put in place a plan for infrastructure as a result of which a range of companies in South Australia will ultimately be the beneficiaries. It is a position of creating the environment and conditions within which South Australian companies will be able to participate in the infrastructure. Despite the fact that Indonesia has gone through extraordinarily difficult times and will continue to do so for some time, that infrastructure is considered the key to the economic rebuilding of the country and it will have a priority in terms of expenditure.

Mr WILLIAMS: I refer to Budget Paper 2, page 1.2, which states:

- increase fees and charges by an average of 4.5 per cent reflecting growth in the cost of providing services to the community;

Yet at page 4.2 of the same document a table indicates the CPI figures for South Australia and the projection of those figures into the next millennium. It quotes the current figure of minus ½ per cent, although a footnote states that the underlying CPI figure is 1 per cent in the current financial year but it is projected to grow to 2¾ per cent for each of the next financial years, and then to drop back to 2½ per cent for the financial year 2000-1. Why is there a considerable difference between the cost of providing services from the Government sector in South Australia, or a difference in the expected increase, which is put down at 4.5 per cent over and above the CPI projections for the next three years?

The Hon. J.W. Olsen: In the past four financial years the Government has not increased taxes and charges above CPI; neither has it in four years introduced any new taxes. The budget that has been brought down breaks that nexus. Over the past four years, whilst there has been movement no greater than CPI, if you look at teachers, police officers and health workers, in many instances increases on an annual basis were far in excess of CPI. In the past four years, with the rate of growth of Government expenditure and given that some 70 per cent of that expenditure is on the wages bill of Government itself; given that we are spending that sort of quantum on wages; given that it has grown substantially beyond CPI over the past four years; and given the projected salary and wages movement over the next four years, there was a substantial structural deficit in the economy.

Therefore, this year the 4.5 per cent announced increase in taxes and charges was put in place. The 4.5 per cent that

was put in place this year, which has a revenue gain to the Government of the order of \$20 million, was announced on a Wednesday morning. That Wednesday evening the Commonwealth provided its offer document for the next financial year, and in special purpose payments it reduced the allocation to South Australia by over \$21 million. Effectively, the 4.5 per cent went within the same 24 hour period in a reduction of the allocation of funds from the Commonwealth. Such are the vagaries of State Government.

Mr WILLIAMS: Is it still important for South Australia to have a cost structure below that of the Eastern States? If so, how is the Government ensuring that we maintain that cost edge, and what initiatives does the Government have to further enhance our position?

The Hon. J.W. Olsen: It is important for us to maintain a cost structure competitive with that of the other States of Australia. I noted previously our industrial relations record in this State. That is a significant asset for South Australia when arguing the case for investment. The cost of housing in South Australia is substantially lower than that which applies on the Eastern Seaboard. Average weekly overtime earnings in South Australia are substantially below those of the Eastern Seaboard, and generally, in agreements put in place here, it has always been argued that there is a substantially lower cost of living in this State than on the Eastern Seaboard with housing, transport, etc.

Therefore, that ought to be reflected in the wage structure, which would have been reflected in the decisions of companies to invest in South Australia. In the purchase of supermarket goods, recent data (which is regularly checked) indicates that for a basket of average household goods purchased on a weekly-fortnightly basis we have a lower cost than any of our Eastern States counterparts. To be competitive in the future, there is simply no choice for us but to lower the debt servicing costs, which are \$2 million a day, every single day. That \$728 million in the budget papers we seek to have eliminated as we go into the next century and, if we are able to achieve that, in my view it will be a significant legacy for future generations of South Australia.

That debt reduction and, therefore, funds saved can give us the capacity to lower further other import costs in South Australia to ensure that we have a conducive business climate, certainly well ahead of other States in Australia.

Mr WILLIAMS: How important does the Premier see the proposed rail link between Adelaide and Darwin in giving us a cost advantage over the Eastern States into Asian markets?

The Hon. J.W. Olsen: In my view, the completion of the Adelaide-Darwin rail link is one of the most important pieces of transport infrastructure that this country will put in place this century. As has been previously identified, three consortia are preparing best and final offers that we anticipate receiving by October this year, and resolution following the next quarter as to the successful tenderer will mean a start at the end of the first quarter in 1999. It will enable us to get time-sensitive goods into the Asian marketplace, and let me give the honourable member an example. Recently, during the launching of the very significant investment in the piggery and abattoirs just south of Murray Bridge, the proponents of the scheme identified to me that, by sending frozen pork to the marketplace ex-containers out of the port of Adelaide or the port of Melbourne, the price compared to chilled pork via containers in the port of Darwin would see a return to growers of an additional \$1.50 per kilogram.

That is, by chilled pork rather than frozen pork going to the market, there is a producer advantage of \$1.50 per

kilogram. That is one of the intangible benefits that the rail link will bring. In addition, the transport infrastructure gives us the capacity to further open up mineral resources in the northern part of South Australia and to take those out via the port of Darwin to the marketplace in Asia. It is interesting that several companies that are part of the consortium that has bid for this are large shipping companies working in the Asia-Pacific region. That is where South Australia's future is.

Given the increase in exports from South Australia, a range of different transport infrastructure options is important. In our port, Sealand operations have benchmarked themselves well and are ahead of other States of Australia. In addition, we will shortly be opening the runway extension at Adelaide International Airport, and in November we will be starting the construction of the new integrated terminal facility. If you add to that the sea/air option then land bridge via rail to the port of Darwin, you have a range of transport options that will serve the economy well in the future.

There has been much speculation about the Eastern Seaboard's rail link. What that has overlooked is that under the Murray Darling Basin Commission there is currently a cap. Those arguing that a rail link on the eastern seaboard will open up a whole range of other agricultural pursuits using water from the Murray Darling Basin Commission overlook one fact: that the Governments between them have signed off on the cap that would preclude that happening. In any event, the cost of that line is substantially higher than the approximate \$1 billion cost of building the Adelaide-Darwin link.

Ms THOMPSON: I refer to the Office of the Commissioner for Public Employment and to employee entitlements. Given the recent increase of remuneration to chief executives by as much as 12 per cent, how much was saved on chief executives' salaries by the reduction of portfolio groupings from 13 to 10?

The Hon. J.W. Olsen: The remuneration for chief executives does range from 6 per cent to 12 per cent and, compared to the percentage adjustment across the public sector, it is therefore not out of the same ballpark increase as other members of the public sector will receive. In a couple of instances the increase in portfolio responsibilities was quite substantial. The Government sought independent advice from Cullen, Egen and Dell. That independent advice clearly indicated higher salary packages compared to interstate comparisons than we were prepared to pay. We asked for them to undertake a further review, with the purpose of reducing the figures. In any event, the Government selected a salary base well below that recommended.

There are a number of people whose contracts were not renewed or whose contracts expired. For example, those who have left or resigned from senior positions were: Mr Stanford, DETAFE; Ms Beasley, Information Technology Strategy Workshop; Mr Bob Solly, Housing and Urban Development; Mr Ray Blight, Health Commission; and Mr Andrejewskis, Primary Industries. I cannot give the exact figure, but I will attempt to obtain it. It is in the order of an annual \$1 million saving over that which applied before going from 13 to 10 CEOs. My understanding is that the saving in respect of terminations was of that order. There were several other contracts that had expired, and one was terminated—that was when we concluded the South Australian Development Council.

Ms THOMPSON: I refer to budget paper 4, Vol. 2, page 1.23. A key priority listed here is to achieve significant reform in the public sector. Given the changes to portfolios that have already been made and to which we have just

referred, what reforms do you expect to achieve this year, what criteria have been determined for indicating the success of these reforms, and what evaluation processes other than seeing what happens will be used?

The Hon. J.W. Olsen: The restructuring has occurred post the election last year. The new arrangements for the agencies and departments have been consolidated during the course of this year. We have discussed the savings on chief executive salaries of the order of \$1 million on a per annum basis that will be achieved. In addition, there are savings in the salary base in other areas related to the restructuring of those departments. The honourable member asked about what other reform is being proposed. There will be further reform in the budget process. The budget papers that have been distributed clearly indicate the next step that will be taken in the accrual accounting methods, which will be established next year.

In terms of planning processes, the Cabinet now meets once a month on strategic planning. That is a new initiative to give opportunity for effective planning for the future. The performance measures are built into the Government management framework and the budget. It will be benchmarked against those performance measures.

Ms THOMPSON: On the same page the Premier refers to the graduate recruitment program and the welcome recruitment of 600 further graduates over the next three years. What work force planning was undertaken prior to the introduction of this program to determine the nature of the graduates required and their destination? Again, what was the criteria for success and process for evaluation of the program?

The Hon. J.W. Olsen: Twice a year the Office of Public Sector Employment has discussions with agencies about their planning strategies and about what they require in terms of a skills base for the future. From those discussions twice yearly with agencies a strategy is developed. We looked at the age profile of the public sector, and in the course of the past 10 years we have seen a drift, with targeted voluntary separation packages and no recruitment at the bottom. There is now a skew in the age profile of the Public Service. Therefore, we took the view that not only were young people coming in on a traineeship for a year, some of whom would then go on and get permanent positions as and when they became available in the public sector, having undertaken some training, but by bringing in 600 graduates, which was an increase on the intake on an annual basis, we would assist that process in the future.

As part of the Government's employment strategy, \$3 million was provided to ensure that up to 500 high calibre young people were recruited into the State public sector during the 1997-98 financial year. They are in a number of areas: accounting, agricultural science, architecture, business, economics, environmental studies, forestry, health, human resources, information technology, law, marketing, natural resource management, art, social services, social work and urban planning. The recruitment is designed to be across-the-board to ensure that there is a skills base within the public sector to meet the management requirements of the public sector in the next 10 to 20 years.

Ms THOMPSON: The Premier has not addressed the issue of the criteria that have been determined for success and the evaluation process to be used. My public sector training indicated that that should always be done before embarking on a major program.

The Hon. J.W. Olsen: As I have indicated to the committee, the process that was put in place by the Office of Public Sector Management has been in place for some time. It is not a new process introduced by a Liberal Government: it is a process that was followed by previous Administrations. Apart from addressing the age profile imbalance in the public sector, which has not been there for some time but which is now being addressed with some considerable commitment of funds to address that, I would have suggested to the honourable member that there is a broad and comprehensive strategy—broad in the nature of looking across all agencies and comprehensive in meeting specific needs.

Mr CONDOUS: I refer to public sector management at page 34 of Budget Paper 3, Estimates Statement. In relation to the customer service management improvement program, what is the Government doing to support the development of better customer service in the Public Service?

The Hon. J.W. Olsen: Individual agencies have addressed customer service needs in terms of daily business. The Office of the Commissioner for Public Employment coordinates a customer service management improvement program, a management development initiative designed to assist agencies to achieve change in their business using customer service as the focus.

Customer service management improvement program number 10, which commenced in May 1998, allows agencies to nominate a team of three managers to attend the customer service management improvement program. Each team builds skills in customer service, change management, continuous improvement in teamwork and undertakes a major practical project. Some 55 managers from 16 different public sector agencies and one private sector agency have participated in the customer service management improvement program to date. Projects completed have introduced a customer service focus to major areas of Government work.

In late 1997, the coordination and administration roles for the customer service management improvement program were tendered out to consultants. The Office of the Commissioner for Public Employment now project manages and evaluates the outsource customer service management improvement program. In addition, senior executives and CEOs participate in forums. That is also focused on providing better customer service for the public.

Mr CONDOUS: Continuing on the same line, again referring to public sector management, what is the current level of industrial disputation in the South Australian Public Service?

The Hon. J.W. Olsen: As I indicated, one of the great assets of the State is the attitude of the work force. The Government now has available the most recent data for the 1997-98 financial year which shows that time lost during industrial disputes in the South Australia Public Service as at 31 May 1998 amounted to a low 13 hours per 1 000 employees. This covers employees in Government departments and the South Australian Health Commission.

Figures for the 1997-98 financial year are well down on previous years which accounted for 443 hours per 1 000 employees in 1994-95, 1 711 hours per 1 000 employees in 1995-96, and 1 045 hours per 1 000 employees in 1996-97. These figures support the Government's management credentials in dealing with the work force as they come at a time of what is very significant change not only in the broader community but in the public sector, which includes the restructuring and realignment of departments.

The data also supports the Government's industrial legislation as providing employers and employees with processes to develop genuine workplace agreements and ample scope to resolve issues without the need for heavy-handed industrial action.

Mr CONDOUS: Continuing on the same line, what is the Government doing to support the development of middle level officers in the Public Service?

The Hon. J.W. Olsen: A public sector management course, a joint State-Commonwealth initiative, provides high quality management development specifically directed at middle managers within the public sector. It is nationally accredited and provides local reticulation into post graduate courses. In the frequently changing world of management training, the public sector management course has sustained what I believe is a reputation as one of the best general management development programs for public servants. It takes middle level employees, often without tertiary education and over 12 months of active reflection on work experience and academic input, and equips them with a broad management framework which enables them to work in a wide range of settings. As a result of the course, participation feedback regularly speaks of a significant change in outlook and skills.

The public sector management course is in its sixth year of operation in the State. As at the end of May, 405 South Australian participants have completed the course or are currently enrolled. To date, 172 have graduated. State public sector participants make up 69 per cent of total participation, whilst Commonwealth agencies contribute 29 per cent and local government 2 per cent. The South Australian participants achieved amongst the highest academic results nationally and, with the Northern Territory, share the highest participation rate.

The public sector management course had its first Aboriginal graduate in April this year, and this course develops middle managers within the public sector who are identified as having potential for leadership and higher management roles.

Membership:

Ms Key substituted for Mr Clarke.

Ms KEY: I refer to the Premier's comments this morning that fit in with this line on the public sector human resource management, as well as the Department of the Premier and Cabinet portfolio, central coordination and policy advice. This morning the Premier said that there would be a transfer of human resources into the Department of Administrative and Information Services. Could the Premier give more information about what that will mean with respect to staff numbers and the sorts of responsibilities those staff will have in relation to this section of Human Resource Management?

The Hon. J.W. Olsen: I will ask Ms Andrews to respond.

Ms Andrews: The move to DAIS of staff from the Office of the Commissioner for Public Employment comprises eight permanent members of the office and concludes the concept program. In other words, the implementation of the common human resource management information system of the Public Service is concluding, after three years, the mandated implementation of that system across the Public Service. Those people are now moving over to the Department of Administrative and Information Services for the commencement of a second phase of basically ongoing monitoring and

business as usual for the everyday running of that project, and that is more properly located in the IT agency of Government.

Ms KEY: The member for Colton quite rightly asked for information with respect to the executive training program. How many of the people involved in training in this area were women?

The Hon. J.W. Olsen: I will have to take the question on notice.

The CHAIRMAN: In accordance with the arrangement made between the Premier and the Leader of the Opposition regarding the program, it is my intention to put the question at 5 o'clock. Earlier today I gave a commitment to the Leader that he could place some questions on notice if he so wished, and it is appropriate that he do that now.

The Hon. M.D. RANN: Thank you, Sir, and I will try to do it as expeditiously as I can. In relation to all departments and agencies for which the Premier has responsibility:

1. List all consultancies let during 1997-98 indicating if tenders or expressions of interest were called for each consultancy and, if not, why not and the terms of reference and cost of each consultancy.

2. Which consultants submitted reports during 1997-98, what was the date on which each report was received by the Government, and was the report made public?

3. What was the cost for the financial years 1996-97 and 1997-98 of all services provided by EDS including the cost of processing of data, installation and/or maintenance of equipment, including the cost of any new equipment either purchased or leased through EDS, and all other payments related to the Government's contract to outsource information technology to EDS?

4. During 1996-97 and 1997-98 were there any disputes with EDS concerning the availability, level or timeliness of services provided under the whole of Government contract with EDS and, if so, what were the details and how were they resolved?

5. What are the names and titles of all executives with salary and benefit packages exceeding an annual value of \$100 000, which executives have contracts which entitle them to bonus payments and what are the details of all bonuses paid in 1997-98?

6. What are the names and titles of staff who have been issued, or have access to, Government credit cards, for what purpose was each of the cards issued, and what was the expenditure on each card for 1997-98?

7. What are the names and titles of all officers who have been issued with Government owned mobile telephones, what arrangements apply for the payment of mobile telephone accounts, and what restrictions apply to the use of Government mobile telephones for private purposes?

8. What was the total number and cost of separation packages finalised in the financial years 1994-95, 1995-96, 1996-97 and 1997-98?

9. What is the target number of staff separations in the 1998-99 budget, how many TVSPs have been approved by the Commissioner for Public Employment for 1998-99, and what classifications of employee have been approved for TVSPs in 1998-99?

10. How many vehicles by classification were hired in each of the financial years 1996-97 and 1997-98 and what was the cost of vehicle hire and maintenance in each of these financial years?

I have a number of other questions. Given that the Premier has said that he will not put a figure on ETSA's sale price, why did the Premier clearly flag a sale price of \$6 billion on

2 June when he said that he had estimated savings from the sale of ETSA of \$150 million per year and given that Mr Sheridan estimated annual savings of \$148 million from a sale price of \$6 billion?

Finally, what activities within the Premier's portfolio responsibilities are subject to review under national competition policy and which projects, if action is not taken in response to this policy, would put at risk part of the \$1 billion in Commonwealth incentive payments?

The Hon. J.W. Olsen: We indicated that we would attempt to get the replies within 14 days and certainly we will endeavour to do that. There is a fairly comprehensive list of questions, but we will certainly endeavour to meet that deadline. It has been suggested to me that it might be stretching some resources to achieve that but we will do our best.

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

Premier and Minister for Multicultural Affairs—Other
Items, \$1 100 000

The CHAIRMAN: I declare the proposed payments open for examination. Does either the Premier or the Leader of the Opposition wish to make a statement in regard to this line?

The Hon. J.W. Olsen: In relation to the capital items, no.

The CHAIRMAN: I suggest then that we go straight into general questions.

The Hon. M.D. RANN: All of us acknowledge, particularly after the weekend's events in Queensland, the absolute importance of bipartisanship in terms of ethnic affairs and indeed Aboriginal affairs. I think it is something on which we in South Australia can pride ourselves. I stress right from the start that, in relation to Aboriginal affairs policy, land rights Bills were passed by the Dunstan Government, the Tonkin Liberal Government, the Bannon Government and so on and that, for instance, the Aboriginal lands parliamentary committee always worked in a bipartisan way, as we have certainly attempted to do in terms of multicultural and ethnic affairs. I think that is vitally important. From time to time there may be differences in policy directions but they tend to be around the margins and both Parties, the Premier and I and our predecessors have embraced multiculturalism both in policy politically and in terms of our society's needs.

In saying that, I would like to have one issue cleared up today. The Opposition has been sent a copy of an article from a Polish newspaper which appears to attribute statements to Dr Ozdowski, the Chief Executive Officer of Multicultural and Ethnic Affairs, regarding the Immigration South Australia program and includes (or purports to include) Dr Ozdowski's opinions on other aspects of life in Australia. I refer to what I understand to be the official translation. Various translations have been sent to members of Parliament but I refer to what I understand to be the official translation, which states:

The situation of migrants and Aborigines is totally different. Migrants probably experience unpleasantness and difficulties but the basic policy of the Government is directed towards the openness of the society so as to facilitate it for the newcomers to join, not to be marginalised. The situation of Aborigines is different; simply 200 years ago they lost the battle for Australia.

The article continues:

Many people are of the opinion that the Aborigines do not deserve anything and that they should be happy with what they have. This is also causing confusion in the economy: Aborigines claimed that, for example, in Northern Australia a uranium mine was located on their sacred grounds—and as a result the mine was closed. Or on certain hills they do not wish agriculture—and the fields are not cultivated.

Finally, the article states:

Especially outside of the big cities, Aborigines live in great poverty. Their money from social security they very often spend on alcohol; alcoholism is a serious problem among them. They also suffer from diabetes, which is a result of switching to a European diet. The mortality rate is much higher than for Australians of European origin, and the average life expectancy is not much higher than 50 years. Federal and State Governments try to remedy these problems but I am a bit pessimistic and I do not think that they will succeed within, say, 100 years.

When I received a copy of both translations I doubted that they were genuine because I do not believe that a senior South Australian Government official in the area of multicultural affairs would say something which appears to be so insensitive and misleading, that is, 'Simply 200 years ago they lost the battle for Australia.' I believe that Dr Ozdowski must have been seriously misquoted.

However, given that this material has been sent out to a number of members of Parliament and I believe, although I am not sure, to various ethnic groups in South Australia, I feel that the report needs to be set straight, as the article has appeared in a major overseas publication. Is the Premier aware of this article and is my quote from the article accurate in terms of what was said to the Polish reporter? Can the Premier give an assurance that, given the wide publication of this document, South Australia's reputation and that of the Office of Multicultural and International Affairs is not damaged or compromised as a result of the publication of the article?

The Hon. J.W. Olsen: The Leader prefaced his comments with the statement that one of the things that South Australia can be proud of is that, in the area of multicultural affairs, there has generally been bipartisan support, and that has extended to decisions made in South Australia in terms of One Nation preferences. I underscore the fact that we have taken a view in government that we support a harmonious, multicultural and diverse society. We are a tolerant society. This State can be very proud of the fact that people from 152 countries around the world call South Australia their home, that they live here harmoniously, and that they have made an outstanding contribution towards the professional and economic development of South Australia. I want to put that on the record to restate the attitude of my Government towards the multicultural communities in South Australia. The fact that it has been by and large bipartisan over a quite considerable time reflects credit on the major Parties and on the attitude of South Australians generally towards multicultural society.

OMIA has an important responsibility: to assist, service, encourage and identify areas to which the Government ought to give consideration to advance a multicultural, tolerant and harmonious society in South Australia. Since its inception, by and large OMIA has achieved that objective.

In relation to the specific question about the translation of an article, I advise that an article was brought to my attention only in the last day or two. I have referred the matter to the Chief Executive Officer of the Department of the Premier and Cabinet to look at the circumstance and report back to me. That is the appropriate course to be followed.

Membership:

Ms Bedford substituted for the Hon. M.D. Rann.

Mr Atkinson substituted for Ms Thompson.

Mr ATKINSON: The coming year's budget sets a target of 30 business migrants for South Australia. However, the Portfolio Statements, Vol. 1 (page 1.10), regarding progress towards the 1997-98 targets, only makes the statement 'implemented the Immigration SA strategy' and does not list any specific outcomes. I assume that means that the overseas migrants assisted under Immigration SA did not bring any particular business capital with them but were perhaps just looking for a job. The Premier issued a press release this week describing talks he had had with Chinese officials in Sydney about attracting business migrants. What outcomes were achieved under the Immigration SA program and how much capital have business migrants who were assisted under Government programs brought into South Australia in the current financial year?

The Hon. J.W. Olsen: The outcomes in the course of the current financial year are not substantial, and it is our endeavour to correct that. It is also our endeavour to get a *pro rata* share. I am advised that, from 1 July 1997 to date, the office has endorsed 58 Form 927s, which are potential business migrants, with an estimated value of \$29 million. There is a lot of difference between potential migrants and the final result. We want to get a *pro rata* share of Australia's migrants, both in general migration, which I canvassed earlier in the Committee today, and in business migration. South Australia consistently has not had its share. Neither has it had its share of overseas full fee paying students: we get 4.8 per cent of the national average where we ought to get 8 per cent. The endeavour is to identify and re-market South Australia.

With business migration, under the new scheme invariably the new investment leads to the creation of job opportunities within the State where the business migrant resides. It is that further investment and further job creation that we are seeking to achieve. I am advised also that the results in the past year of the London Agent-General's office have been encouraging, with 17 business migrants having moved to South Australia, representing a value of just under \$14 million in funds transferred to South Australia.

Mr ATKINSON: How is the average of \$693 000, which you say each business migrant brings with them, calculated?

The Hon. J.W. Olsen: I understand that they are Federal figures that are provided to us and it is a division of the quantum of dollars versus the number of migrants.

Mr ATKINSON: Is that for South Australia in particular?

The Hon. J.W. Olsen: I understand so, yes.

Additional Departmental Adviser:

Dr S. Ozdowski, Chief Executive Officer, Office of Multicultural and International Affairs.

Mr SCALZI: I refer to the Estimates Statement, page 34, and the Portfolio Statements, page 1.16, concerning community relations support. What are the priorities of the South Australian Multicultural grants scheme?

The Hon. J.W. Olsen: In assessing the grants applications, priority is given to addressing the needs of new and emerging communities within South Australia, and rural and isolated culturally diverse communities; fostering the advancement of women from non-English speaking backgrounds; addressing the needs of younger and older members of culturally diverse communities; fostering a cross-cultural

understanding; supporting cultural diversity as a resource which enhances the State's social, economic and cultural life; and promoting the full participation of Australians of diverse culture and linguistic backgrounds in the social, economic and cultural life of the community.

When assessing applications, consideration is given to the needs of the individual communities, the benefit to the wider community and the long-term benefit to South Australia. Those applications are assessed by OMIA officers, in consultation with the South Australian Multicultural and Ethnic Affairs Commission. Following consideration of the applicants, OMIA forwards recommendations to the Minister for Multicultural Affairs for approval.

Mr SCALZI: The South Australian Government has a multicultural grants scheme. What is the purpose of this scheme, who is eligible to receive grants and how can groups apply for these grants?

The Hon. J.W. Olsen: The purpose is to support initiatives which facilitate increased levels of participation, access and equity in the community. In particular, grants are provided to subsidise projects which aim to assist ethnic organisations, and that is to help them to improve their relationships, assist ethnic communities to participate fully in the broader South Australian community, enhance community understanding of multicultural issues and train volunteers to complement the work of Government and ethno-specific services to meet the needs of the ethnic communities. As I have said, the majority of grants are provided to assist groups with day-to-day involvement in supporting and meeting the needs of ethnic communities: for example, establishing an information and resource centre, establishing a newsletter for ethnic community organisations and providing materials for a community's cultural and educational program. Previously, OMIA has advertised the grants during January or February. Some inconvenience was caused to some organisations that did not meet early in the year. It was therefore considered more appropriate to call for applications later in the year, and I believe that that was done in May this year.

Mr SCALZI: What is the Interpreting and Translating Centre doing to ensure that it remains cost-effective?

The Hon. J.W. Olsen: We want the Interpreting and Translating Centre to be proactive, to make suggestions to clients that may be financially beneficial to both the customer and the centre—for example, group bookings and multiple assignments, which result in more cost-effective charges, because you amortise the cost across a number of clients; to consult with client agencies to identify, clarify and act on new needs for interpreting and translating services; to continuously monitor the market for emerging developments in the provision of interpreting and translating services; to monitor changes for examining more competitive and cost-effective price structures—that is, volume discounts—and to work with the Government's framework for a competitive neutrality.

Ms BEDFORD: I refer to page 1.17, dealing with the projected minor decrease in demand for casual interpreting and translation services in 1998-99. Will the Premier inform the Committee how the projected decrease in demand for casual interpreting services was forecast?

The Hon. J.W. Olsen: I am advised that that relates to the high activity this year, but that it will return to normal activity.

Ms BEDFORD: What was the high activity for this year?

The Hon. J.W. Olsen: There was an increase of over 7.2 per cent for translating assignments. This represents an

overall increase of approximately 2 per cent for the same 10 month period in the previous financial year. There has been an increase in the provision of interpreting and translating services, mainly to the private sector, Commonwealth Government departments and the Northern Territory Interpreting and Translating Service. The increase in the provision of translating services to the Northern Territory is a direct result of the manager's visit and lectures in marketing in Alice Springs and Darwin in the previous financial year.

The demand for translating services from the Northern Territory Interpreting and Translating Service during the year 1 July 1996 to 30 April 1997 was 11 assignments—that is, 10 500 words. For the same 10 month period in this financial year it has increased to 104 assignments, or 67 041 words. This represents a 945 per cent increase in the number of assignments and a 640 per cent increase in the number of words. Receipts from the provision of interpreting and translating services have increased by 5.3 per cent. The centre provided business interpreting and translating services in the Chinese, German, Japanese and Korean languages to State Government agencies and the South Australian private sector, as well as visiting overseas delegations, which certainly facilitated overseas business opportunities.

Ms BEDFORD: How much of the commission's overall budget is spent on public education?

The Hon. J.W. Olsen: I am advised that there is not a line in the accounts of OMIA specifically for marketing and promotion of the services but that it is done more in the day-to-day activities out in the community, addressing various groups within the community. It is marketing in that sense which, of course, is covered by the normal salary and wages component of the department.

Ms BEDFORD: Page 1.13 refers to the provision of forums in the community on a range of topical multicultural and community relations issues. Will the department be supporting the Migrant Women's Lobby Group with more funding this year for functions within the community?

The Hon. J.W. Olsen: I am advised that it has not gone out to application yet—that is, for a range of grants and allocations by the department. They will be called in July. Upon receipt of the various requests for financial support, a judgment will be made, and recommendations as per the process to which I referred a little while ago will be made.

Mr CONDOUS: As a person of ethnic background who went through the 1940s in what was an intolerant Australia in those years, I was amazed by the statements made by Ms Hanson at the weekend, and even more amazed by the statements made recently by a former Minister of the Coalition, John Sharp, both asking for a monocultural society in Australia. Will the Premier express his views on this matter, when we are pushing so hard for a multicultural society in Australia in an endeavour to add colour and diversification to this great State of ours, which is made up of 151 different nationalities?

The CHAIRMAN: Can the Premier find a line to which he can relate that question?

The Hon. J.W. Olsen: I am searching for one. No-one in this State wants to wind the clock back. As with some earlier remarks made by the Leader and my supplementary remarks, this State has a proud history of being a tolerant, harmonious, multicultural society. The State's diversity of character has been a strength and has given this State a depth of culture that would simply otherwise not be there. We owe, in part, the development of the wine industry—the great export market opportunity of South Australia—to early settlers who came

to South Australia through oppression. They were the forebears of the establishment of a wine industry.

If one wants an example of what migrant communities have been able to do in building an economic base in South Australia, that is one. I mentioned earlier San Remo and the Crotti family, who are of Italian descent and who are now exporting, despite high tariffs, pasta to Italy because of the quality of their product. San Remo is deciding whether to grow durum wheat (specifically for its quality) on the Yorke Peninsula for its processing of pasta. I can mention numerous other examples. When people say that we can put up walls and stop imports to this country, they forget that we are reliant on many countries to buy our goods and services.

We are reliant upon their taking our products, the manufacturers of which are the employers of large numbers of South Australians of mixed background and countries of origin. If one walks down the production lines of Mitsubishi and General Motors and if one visits a range of small businesses, one can see the diversity of backgrounds of South Australians. Those people are important to this State. They have made a major contribution to this State and will continue to do so in the future. It is important for South Australia to maintain its focus, in a bipartisan way, as a harmonious multicultural society.

I indicated that, in terms of preferences, the State Executive of the Liberal Party has—as has, I understand, the Labor Party—made a decision to put One Nation last on 'How to vote' forms for the forthcoming Federal election. I think that that is indicative of not wanting the politics of hatred to be demonstrated in the community. I believe that the result in Queensland, given that Australia is a decent country and that South Australia is clearly a decent State, was the politics involving constant change that was causing dislocation in country and regional Australia and not the politics of hatred that was exercised in the ballot box; that it was the politics involving change and the reform fatigue of Australians brought about by the competition requirements to which we have referred during the course of today's hearing.

We will take up those provisions with COAG, because there is reform fatigue. The States have no choice but to pursue the implementation of competition principles, and whilst, by and large, I agree with the Hawke/Keating COAG principles of competition, it is the interpretation of them now that requires further assessment and refinement. I believe that that was the real impact in the ballot box in Queensland. The result was more against the pace of change, the extent of reform and that reform being able to be digested by the broader community. I certainly do not put it into the category of the politics of hatred, and I would hope that that would not be the case ever in Australia.

Mr CONDOUS: Many migrants have come to Australia to make a new home and through sheer hard work have succeeded in becoming people who are affluent and can enjoy overseas travel to their countries of origin. I have spoken to quite a few Greek politicians who have travelled to Adelaide in recent times and they are full of praise for the support that the Government gives to migrants in Australia. With constant line of communication involving migrants travelling to and from South-East Asia, Europe and South America, is the Premier concerned that there could be repercussions through adverse publicity given to the establishment of the One Nation Party in this country? Is he worried about trade and commerce because of that?

The Hon. J.W. Olsen: I mentioned earlier today that our exports of food, beverage and light manufactured products to

Hong Kong has increased by 300 per cent in the past five years. They are important markets to us. We are a small State with only 1.5 million people and, to achieve economies of scale, we simply must export our goods and services, not only to hedge against the domestic market but, by entering the international market, to create market opportunities for our goods and services, bringing the contracts back here that create jobs in South Australia for South Australians.

I refer again to Pfitzners, which has gone to Japan. That one small business is supplying work to people in the Adelaide Hills, and that contract is important to that company and the employment opportunities it is creating. Any perception of a return to the White Australia policy, as perceived by some editorials and journalists in the region, will not do any good for the sale of our goods and services and will impact therefore against jobs for Australians and South Australians in producing those goods and services. The fact is that we need the marketplace to sell goods; we need the marketplace to get job security, and any adverse publicity will impact against us and jobs in this State and in this country.

When I have travelled throughout the region I have constantly reinforced the background of South Australia: the fact that we have people from 152 countries throughout the world making South Australia their home and demonstrating our success as a diverse multicultural society. To that extent, I do not endorse at all the comments of John Sharp.

Mr CONDOUS: Following the events of last weekend, I noticed that Pauline Hanson's One Nation Party has given absolutely no credit to the greater achievements of this country's migrants. I cite three examples of migrants who come readily to mind: the contributions to heart surgery by Dr Victor Chang; contributions to commerce and industry by Sir Arvi Parbo; and our own Dr David David, at the Royal Adelaide Hospital's Cranio Facial Unit.

The number of people who are willing to put down our indigenous Australians is amazing and yet, in about 10 weeks, every Australian will be screaming and carrying on like a turkey about Cathy Freeman's performances in Kuala Lumpur during the Commonwealth Games. Yet, we do not want to give credit to any of these people, obviously, as a result of last weekend and the fact that that Party never gave any credit to people who migrated to this country. Can the Premier see the Government embarking on a marketing program to make Australians more aware of the contribution of Australian migrants to this country, noting that 34 per cent of uneducated migrants were listed in the top 100 achievers in this country?

The Hon. J.W. Olsen: One module in Managing Diversity is Cultural and Linguistic Diversity. Within the public sector a number of activities are undertaken to achieve those objectives in relation to profiling the champions, if you like, in their various fields. We ought to do more to laud the people who have been successful, to recognise what they have achieved, and in a range of speeches that I make from time to time I attempt to do so. In the broader community, however, as Australians we do not seem to champion the cause of the champions, congratulate the champions often enough and well enough for their achievements. There is no doubt, as I noted previously, whether it be in the professions, in business or in social development, that we have had people of outstanding quality who have made a significant contribution to the Australian and South Australian way of life.

It seems that in Australia we do not often enough pat someone on the back who has been a champion in their own

field of endeavour. I do not know whether it is the tall poppy syndrome, that we just do not want to laud the people who have achieved. It is an unfortunate attitude that we do not ascribe to people their achievements in a way that showcases them to the broader community. In other countries throughout the world they do that: if someone has been successful they give encouragement; there is a case example for others to follow so that they too can be successful in their chosen field. The member for Colton has given some specific examples and there are others in the business community. I noted a couple of those who are South Australians. The great wine industry that we have was born of people migrating to South Australia from an oppressed region, fleeing to South Australia to make it their home.

Born from that has been a great industry with massive investment. Some 74 per cent of Australia's exports in wine now come from the State of South Australia, and we are reaching into the international marketplace with investment here. Look at the job generation and job creation born of that industry sector. These are examples of how as an economy we have expanded and created jobs for all South Australians and Australians who would seek opportunities in those fields.

Mr Atkinson interjecting:

The Hon. J.W. Olsen: In the context in which the member picks me up, no. Earlier I acknowledged that unemployment was unacceptably high and is an issue that needs to be tackled. My reference was simply that, with the investment from industries that have been born of migrants to South Australia, very significant job opportunities have been created and will continue to be so in the future. Some of the skills base that has been brought into South Australia complements the skills base already here. Add a new dimension to that and you can expand into new markets and industry sectors that this State previously has not had as an economic base.

I agree entirely with the import of the member for Colton's question in that being a diverse multicultural society has worked in this State's best interests, has given it an economic expansion that it would otherwise not have had and has created further job opportunities that would otherwise not be there.

Mr ATKINSON: I understand that the review of OMIA has now been completed and that a copy of the report is with the Premier. What are the major recommendations of the review? Will the Premier release the review publicly, and when will the recommendations be implemented?

The Hon. J.W. Olsen: The review has been completed. I have just received it and the recommendations are receiving the consideration of the Government. When consideration is concluded, those recommendations agreed to will be put into effect, I expect, within the next two months.

Mr ATKINSON: When the Premier says that he has 'just' received the report, can he be more specific?

The Hon. J.W. Olsen: I cannot give the honourable member the exact date on which I received the report, but the Government is giving consideration to the matter. I am giving quite detailed consideration to certain recommendations of the report and will be undertaking some consultation prior to the implementation of recommendations.

Mr ATKINSON: Will the report be made public?

The Hon. J.W. Olsen: I will look at that. I would hope to implement the report in the next two months.

Mr ATKINSON: Earlier the member for Hartley referred to the multicultural grants scheme. Will the Premier give the

Committee some examples of grants under that scheme and how much is allocated annually?

The Hon. J.W. Olsen: Previously, some 70 grants have been given, ranging between \$500 and approximately \$3 000. Accountability statements are required on receipt of those grants. As I noted earlier, because of some of the communities not meeting within the time frame for a February call, the call has been shifted to May-June, and we will be receiving advice in July. OMIA will look at the applications and make recommendations in conjunction with the South Australian Multicultural and Ethnic Communities Council. Following that, recommendations will come to the Minister for approval.

Mr ATKINSON: The Premier said all that in response to the member for Hartley. I find it incredible that, with a major Government grants program, he cannot give the Committee a single example of how the scheme works. The Premier's office was able to draft three Dorothy Dixers for the member for Hartley to ask about the scheme, but he cannot tell us a single grant.

The Hon. J.W. Olsen: I have in part answered that. There is equipment for newly emerging ethnic groups, and a whole range. If the honourable member wants—

Mr Atkinson interjecting:

The Hon. J.W. Olsen: Yes. There are 70 of them: they cover the whole gamut of areas. If the honourable member wants some details of the individual applications that have been processed in recent times, we will supply him with some of the information. I refer to the annual report, and if the honourable member has it there he will find it on page 21. I simply ask the honourable member to ask serious questions rather than be flippant.

Mr ATKINSON: I was merely asking along the same line as the member for Hartley; I just wanted some more information. Presumably, the Premier could extend the same courtesy to the Opposition as he extends to Government backbenchers. Would the Premier consider the extension of eligibility for the interpreter card beyond new arrivals to those Italo-Australians or Greek-Australians and others who have been in Australia for many years but who for one reason or another, perhaps owing to extended home duties, have not become proficient in the English language?

The Hon. J.W. Olsen: In the current budgetary circumstances and in terms of cost implications, unless it can be handled within the budgetary allocation of existing agency allocations in the next financial year, the scheme will not be extended. If the honourable member is asking me to take it away as a policy initiative, to review it and to have a look at it, I am more than happy to do that. Unless any anticipated, extended costs can be picked up by Government within agency budgets this year, that is not likely.

Ms BEDFORD: I refer to page 1.13, 'Multicultural Services'. What are the performance indicators for these items?

The Hon. J.W. Olsen: As I indicated to the Committee earlier, this is the first phase of accrual accounting. The second phase will be in the next financial year. I indicated in the earlier stages of the Committee, perhaps prior to the honourable member joining the Committee, that the next phase in some of those performance indicators to which the honourable member refers will be included next year as we take the two or three step process to put in place the accrual accounting process.

Ms BEDFORD: I asked that because the EO Committee had those performance indicators. I want to know why they are not in these papers.

The Hon. J.W. Olsen: If you go through the whole budget papers and accrual accounting papers you will see that this is a stepped change. It was impossible to put in place accrual accounting and all provisions in all agencies in the first year. The public sector's achievement in meeting this accrual accounting base to this stage in this first year is commendable.

Ms BEDFORD: What are the staff levels of OMIA, and how many of the OMIA staff are women?

The Hon. J.W. Olsen: There are 41 staff members. I refer the honourable member to page 26 of the annual report. It has a breakdown of male and female and category of employment.

An honourable member interjecting:

The Hon. J.W. Olsen: I refer to Appendix B, page 26, 'Annual Report of the Office of Multicultural and International Affairs'. At the request of the member for Hart I will read it, given that obviously the Opposition does not have enough questions to fill in to 6 p.m. and this is an endeavour to do so. The chief executive officer is male. There is an administrative services officer ASO-8, one male; administrative services officer ASO-7, one male; administrative services officer ASO-1, one male; administrative services officer ASO-6, one male, two female; administrative services officer ASO-5, four females; administrative services officer ASO-4, one male, three females; administrative services officer ASO-2 (of which two are part-time), five females; administrative services officer ASO-1 (of which two are part-time), one male, seven female; and career start participant CSO-1, one male and three female.

Ms BEDFORD: In relation to grants, what organisations or agencies are funded on a recurrent basis?

The Hon. J.W. Olsen: On a recurrent basis the Multicultural Communities Council is the only one, but I will check and ensure that it is the only one.

Ms BEDFORD: For how much will it be funded?

The Hon. J.W. Olsen: In respect of last year, \$50 000.

Ms BEDFORD: And this year?

The Hon. J.W. Olsen: As we have indicated, there are applications which are being processed. In the first part of the financial year in July we will give consideration to that.

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

The Hon. J.W. Olsen: Before we adjourn, Mr Chairman, can I thank all members and officers who have joined me in the Estimates Committee to date and who have been involved in the preparation of detailed information to assist in response to questions. On behalf of the Estimates Committee and the Parliament, I thank them for their efforts.

[Sitting suspended from 5.55 to 7.30 p.m.]

Auditor-General's Department, \$8 712 000

Departmental Advisers:

Mr K. MacPherson, Auditor-General.

Mr I. McGlen, Director, Audits, Auditor-General's Department.

Mr T. Knight, Manager, Administration.

Membership:

Mr De Laine substituted for Ms Key.

Mr Foley substituted for Mr Atkinson.

The CHAIRMAN: I declare the proposed payments open for examination. Does the Premier wish to make a statement?

The Hon. J.W. Olsen: Very briefly. The focus of this Estimates Committee review is to relate to the Auditor-General's own department. The Estimates Committee for the Auditor-General's Department is not the occasion for review of matters relating to annual audit report of agencies. Rather, as I am advised, matters relating to other departments and statutory authorities should be raised with the responsible Minister at the Estimates Committee hearing for the respective department or statutory authority. However, I certainly reserve the right to answer any questions as determined.

It is customary for the Auditor-General to respond to questions raised by members of the Estimates Committee with respect to issues associated with the discharge of audit responsibilities in the operations of the Auditor-General's own department. As members will appreciate, it is a matter for the Auditor-General to determine audit related activities, and he himself is accountable to the Parliament and no-one else in these matters.

The CHAIRMAN: Is it the intention of the member for Hart to make a statement at this stage?

Mr FOLEY: I think every Premier that I have seen in this place whilst I have been in Opposition and previously as an adviser has made a similar opening statement about what the Auditor-General may or may not answer. Normally the Opposition of the day has ignored the views of the Premier, so I will keep to tradition. At least in my first question I will endeavour to probe the Auditor-General on issues in relation to his particular agency.

The CHAIRMAN: It might be up to the Chair to determine what questions are asked. Does the honourable member have a question?

Mr FOLEY: I do. Through you, Mr Chairman, to the Premier and finally to the Auditor-General, given the significant changing nature of government, particularly this Government's very keen policy direction in terms of outsourcing, with respect to issues such as major infrastructure provision via the private sector, could you please advise the Committee whether you think this Government is providing you with sufficient resources and appropriations to ensure that you are able to do your job properly as the Parliament would hope and expect?

Mr MacPherson: The amounts that we have been provided in this year's estimates are what we have asked for ourselves but, on the basis that I have responded to that question in previous years, I will do so again this year. If for any reason we formed the view that we required some additional resources because of the complexities of the contractual arrangements that we are now auditing, we would certainly ask for those extra resources or supplementation of our estimates. I can only say that at this stage of the year we hope to have our money—it depends on this Committee—and it would be a little perverse of me to suggest that I had a problem at this stage.

Mr FOLEY: That would be the same question that has been asked for the past 10 years and the same answer given.

The Hon. J.W. Olsen: Perhaps we can take the record of the past few years and insert it in *Hansard* if the honourable member asks the same questions.

Mr FOLEY: No, I am just warming up; I have not been here all day. I know you get testy, Premier, at the end of these long days, but—

The CHAIRMAN: Order! Does the member for Hart have a question?

Mr FOLEY: I do, Sir; I am just warming up. As shadow Treasurer I certainly was somewhat taken aback when the Premier indicated that it may take three years to implement accrual accounting and not the two years as indicated by the Treasurer and the Premier earlier. How do you find the movement to full accrual accounting, Mr MacPherson, in terms of your role as Auditor-General? Are you having any difficulties with the process at all?

The Hon. J.W. Olsen: I will refer the question to the Auditor-General.

Mr MacPherson: It is a wholly new culture for the public sector in terms of financial reporting and, in turn, I suppose that will have its pain, but at this stage I do not foresee any insurmountable problem. It will certainly require a reconsideration of the type of accounting and financial resources available within departments because, at this stage, people have been brought up on a cash accounting basis and accrual is an entirely different basis. All I can say is that I am not aware of any insurmountable problem but certainly there will be some teething difficulties.

Mr FOLEY: Do you believe that there is sufficient skills within Government agencies? Are there any particular problems associated with the abilities within agencies to handle the accrual accounting process?

Mr MacPherson: Yes, I would be naive to suggest that there were not variances within the public sector in terms of the competency with which this matter can be addressed. The large agencies have the personnel with the necessary skills and most of the statutory authorities have been on an accruals basis for a long time—basically from the time they commenced operations. Departmentally I think it will be a much more complex issue and those sorts of things will evolve over the next two to three years, but we are now on an accruals basis of reporting. The audit process is required to sign off on those. If we were not comfortable with compliance with the accounting standards and the fact that the financial statements are not materially misstated, we would have to sign off on those bases and, if we were not happy, we would say so.

Mr WILLIAMS: I would like to continue the same line of questioning as the member for Hart. I would like the Auditor-General to answer the question through the Premier. Do you see any advantages from an audit point of view regarding accrual accounting or are there distinct disadvantages; and subsequently do you see any advantages or disadvantages to the Parliament and thus the people of South Australia?

Mr MacPherson: That really hits the nub of it. Certainly, there are significant advantages in the accruals basis of accounting and the presentation of financial statements on that basis, because that lets you know exactly the costs of the services the Government is required to deliver. It may mean that when you fully cost the outputs, which is an 'in' word at the moment—outputs and outcomes—you may well find that it will cost more, and that means that Government revenues will have to be increased or other adjustments may be necessary in that regard. For the first time, the accruals basis of accounting will place Government in a position where it knows the liabilities that it is required to meet.

Until now we have had the move to accrual accounting in terms of financial reporting. So, in the past 12 months we have known the accruals in asset and liability terms. There was a disconnection between the reporting aspects, which are now on an accruals basis, and the planning arrangements, that is, the budgetary arrangements, which are on a cash basis.

The shift to accrual budgeting will harmonise the planning processes with the reporting processes. The bottom line is that Government and the Parliament will be better informed regarding the financial position, but the real key is in ensuring that the parliamentarians are trained—for want of a better word—to understand what these documents mean to enable them to scrutinise the Executive. It would be presumptuous of me to suggest that you do know, but I think there would be a lot of people who do not know and it would be helpful, in terms of your needs, for parliamentarians who would seek to be better informed, to be given the opportunity of being instructed on how they can use this information.

The Hon. J.W. Olsen: The move to accrual accounting brings Government accounting, planning and display of information into line with what is normally practised in the commercial sector. Having done an accounting course many years ago, I found, when I became involved with Government accounting, that it was almost the reverse of every principle that I had been taught in accounting standards. Coming from an accounting background into the Government sector, I found having to rethink the way in which Government presented its accounts was extraordinarily difficult. This will bring us into line with what is practised in the commercial private sector. It will ensure full accrual accounting, that is, full accountability. The planning and the decisions of Government will be identified effectively in the books, and therefore people's value judgments will be far better than was the case in the past.

Mr WILLIAMS: Notwithstanding what the Premier has just said—and I totally agree—does he have any idea of the cost to the taxpayers once public servants and others involved with the accounting function within Government are up to speed, which might take four or five years? Is it expected that there will be a cost saving or a cost to the taxpayer of changing from the cash base accounting system to the accrual accounting system? I understand that the Government expects to obtain better information and improve its decision-making process, but I am concerned about the cost of the change.

The Hon. J.W. Olsen: The Auditor-General indicates that this brings hidden costs onto the table for people to make a judgment, and that is an important point to make. In relation to the two year phase—and we anticipate it will take two budgets to phase in full accrual accounting and documentation—once the transitional period is over, there really should not be much more in administrative costs under the new system versus the old system. I would not have thought it would be a substantive difference. There will be costs as we are trying to run a two system transition into the full accrual accounting. There will be some duplication, some additional costs and substantial additional work. As I said earlier today, the public sector deserves great credit for the way in which it has responded to the challenge, moved this first step forward and grasped, in some respects, a difficult new area, translating it into the documentation that is before the Committee. I would not have thought that, when it is implemented, administrative costs would be any higher, if at all, than under the previous system.

Mr WILLIAMS: Is there any way to quantify the advantages to the Government in the information that will now be available and the real cost to the decision-making process?

Mr MacPherson: As I understand it, as a result of the implementation of this process, the qualitative information will be greatly improved. Whereas today members of Parliament do not have information as to assets and liabilities,

under the accruals basis they will. Under the accruals basis they will have information about the accruing costs of employee superannuation entitlements, and whatever else might be orbiting underneath an organisation. Members do not have that information today. Qualitatively members will have information which ought to make it such that they can better probe the Executive Government about its programs. The ability of members to do that will be dependent upon the skill that they have in interpreting this new information.

As the Premier pointed out, it is on exactly the same footing as the reporting arrangements in the private sector, so there is a harmonisation between Government and the private sector which will enable people to develop ratios as they do in the private sector regarding performance. Likewise, the same can be done in Government. Qualitatively and quantitatively there ought to be an enormous improvement in the accountability of the Executive Government.

Mr FOLEY: Mr MacPherson, in previous Auditor-General's Reports, you were critical of the then Government's decision to give approval to the Wilpena development prior to the approval of the Public Works Committee of this Parliament. Indeed, you called it an unlawful act. As you would be aware, the Hindmarsh Soccer Stadium has been an issue of great moment in Parliament and in the wider community as to the processes within Government. The Public Works Committee has been under intense pressure from the Government to report, and Parliament passed a motion prior to its recent rising that the committee report by today. Parliament has instructed the committee to report. The committee's concern has been that the Government has not been forthcoming with sufficient information for the committee to make a decision. I would appreciate your comments, Mr MacPherson, as to whether you consider that sort of action by Government of concern in terms of the administration of the Public Works Committee?

Mr MacPherson: I am happy to comment. I am not here to question you, Mr Foley, but can I ask you whether the committee has reported?

Mr FOLEY: I understand that the report will come down at 8 o'clock tonight.

Mr MacPherson: To answer that question in a general sense from an audit perspective, I advise that the committee is part of the control environment. If the committee does not discharge its responsibilities as the Parliamentary Committees Act provides, that means that there is a need for more substantive audit activity to compensate for what is, I suppose, an inadequacy in the control process. That is an audit perspective, and that is the basis upon which we made our commentary last year. We pointed out that all parliamentary committees are part of the control environment to ensure the accountability of the Executive.

Audit is an adjunct to that process and the audit risk requires us to undertake whatever degree of substantive audit activity is necessary to reduce that risk to an acceptable level. The committee's non-activity in relation to certain statutory aspects would have to be compensated by more substantive audit activity. That is from the audit perspective.

Mr FOLEY: As a supplementary question, I ask whether the Auditor-General believes that the committee was right to refuse to report to Parliament until it was comfortable it had sufficient information from Government. Do you agree that in that instance the committee followed correct procedure in holding out in terms of reporting?

The Hon. J.W. Olsen: The member for Hart is straying onto the province of the committee, which is effectively the

master of its own destiny. That committee will report as it sees fit. The Auditor-General has indicated to the Committee the actions that the Auditor-General will take to ensure an adequate level of audit for risk minimisation on behalf of the Government and the decision-making Executive. The honourable member is now bordering on questions that are separate and distinct from the examination of the Auditor-General's Office.

The CHAIRMAN: The Chair supports that stance, and I was going to make that point. I have been careful during the proceedings of the Committee today to insist that members refer to lines of reference. If we allow any form of questions that members want to ask in this section of the investigation, it could set a dangerous precedent. I ask the member for Hart to recognise what this examination of the line is about and refer to matters that are within the documents that the Committee is considering at this time.

Mr FOLEY: This is a very critical issue in terms of the budget, particularly given that capital works will be expended from this budget in the construction of the stadium. The Premier said that the committee is the master of its own destiny. That is the import of my question: that Parliament has come over the top of that parliamentary committee. I hope that the Premier is not gagging the Auditor-General. Mr MacPherson is an experienced officer of the Parliament, and I think that the Premier's reluctance to allow the Auditor-General to make some observations on such a critical issue of Government finances can only be seen by observers as an attempt to stop the Auditor-General from commenting on this project.

The CHAIRMAN: Order! The member for Hart was not present in the Committee when I made a general statement earlier in the day insisting that questions be based on lines of expenditure as revealed in the Estimates Statement, page 15, and that reference may be made to other documents, including the Portfolio Statements, and that it is necessary for members to identify a page number or a program and the relevant financial papers from which their question is derived. We have been able to maintain that situation during the day, and I ask the member for Hart to recognise the need for that to continue.

The Hon. J.W. Olsen: I would like to make one comment on the aspersions that have been cast by the member for Hart. Parliament has asked the committee to report by a date. Parliament has not told the committee the content of that report. The content of the report is a matter for the members of the committee, and that is a very important point. The suggestion in the throwaway line from the honourable member about restricting comment is certainly not worthy of the member for Hart, because he knows that is not the position at all.

Mr FOLEY: I refer to page 39 of Estimates Statement, Budget Paper 3, which is the abridged operating statement for the Auditor-General, and that flows on to pages 40 and 41. I am inquiring into aspects relating to the conduct of the office of the Auditor-General, and the views of the Auditor-General are very much part of the day-to-day operations. If I am out of order, you will have to deal with me, Sir, as you see fit. Mr MacPherson, are you saying to this Committee that, with respect to the Hindmarsh Soccer Stadium, given what is clearly a lack of proper consideration by the parliamentary committee because the Government has refused to provide information, you will be conducting extra auditing of that project to make up for what has been a less than satisfactory consideration by the Public Works Committee?

The Hon. J.W. Olsen: The member for Hart prejudices any determination by the Auditor-General in the course of the next year. In answer to previous questions the Auditor-General has said, first, that the allocation to the Auditor-General and the department was as is requested this year; secondly, that if there are extenuating circumstances the Auditor-General ought to seek additional funding—and that is, as is appropriate, based upon those circumstances; and, thirdly—and importantly—the Auditor-General has indicated that, in making an assessment in the subsequent financial year, a whole range of matters are taken into account to ensure that the level of information assessment is adequate to minimise risk to the Government and to make the Executive accountable in its policy decisions. In my view, the member for Hart is second-guessing decisions that will be properly made during the course of the next year.

Mr FOLEY: This is unprecedented. I cannot recall a time in which a Premier of this State has not allowed the State's Auditor-General to answer questions from members of the Estimates Committee, and I honestly believe that the Premier is doing his office no good service in not allowing the Auditor-General to answer what I would have thought are quite constructive, balanced and appropriate questions.

The Hon. J.W. Olsen: The member for Hart can put away the theatrics and stop writing the press release for tomorrow. I simply summarised the answers given by the Auditor-General, as I interpreted them, to previous questions, and I clearly indicate to the Committee that I have passed questions over to the Auditor-General to answer as he has seen fit. So, it is a pretty long bow that the member for Hart is attempting to draw now.

Mr FOLEY: I refer again to Estimates Statement Budget Paper No.3, the abridged operating statement of the Auditor-General's Department, in terms of scrutinising the outputs of the Auditor-General's office. I would like to come to a particular issue in which I know Mr MacPherson has had particular interest over time: the Government's quite significant communications project. I understand that it now has a name that Motorola has given it called Star Link, which is reported to be worth upwards of \$134 million.

In a very well respected journal (and the Premier would appreciate this) written by Alex Kennedy a couple of years ago, concerning the Government's decision to award to Motorola a \$134 million contract—or a contract; the dollar figure was not known at the time—the then advice given to this very well respected journalist in town was that the Premier's Department (at the time, I might add) had awarded the radio contract to Motorola, and that that was tied into the incentive package that the Premier, as the Minister for Industry, had negotiated with Motorola at the time. Is Mr MacPherson concerned at all, or is this an issue that audit would have been looking at this year in terms of the awarding of this quite significant contract, given Mr MacPherson's comments at the time—and this dates back to the 1995 annual report. He was quite scathing in his comments about tendering processes within Government in respect of this contract. Now that it is coming to fruition, are there issues of concern on this from the audit office?

Mr MacPherson: I would have to ask you to help me with the sort of specifics that you are interested in. But as a matter of principle, yes, we are concerned about the process, because a default in an appropriate process may well mean that the entire contractual arrangement is a nullity and has to be started again. So, process is a critical issue, particularly following the judgment of Justice Finn in the Hughes case.

With respect to the execution and operation of the contract, we again are concerned to ensure that the issues for which we have contracted are being delivered, so the performance arrangements within that contract would be of interest to us. The capacity within the department to ensure compliance by the contractor is also another issue in which we would be interested. So, there are a multiplicity of issues that arise out of each contract, and each one has its own nuances. But the short answer is that we are interested, and we would look at issues with respect to their materiality.

Mr FOLEY: I have a supplementary question—and I thank the Premier for allowing the Auditor-General to answer questions on this.

Mr MacPherson: I want to clarify that. That is our approach with respect to all contracts.

Mr FOLEY: I am talking here specifically about the Motorola contract, to supply upwards of \$134 million of radio communication services for ambulance, fire and police, which is a major commitment in this year's budget—and I can give the Premier the page on the capital works statement; it is there. I am concerned that at the time Mr MacPherson was extremely concerned that that contract was awarded to Motorola without proper tendering, as it was tied (according to Mr Ray Dundon at the time) to the incentive package that then Minister Olsen negotiated with Motorola. It is a major project, and I am concerned as to whether the taxpayers have received fair value for their dollar out of this contract. I am interested to know Mr MacPherson's views on this contract.

Mr MacPherson: The contract certainly is material, and it certainly will be of interest to us. But I do not have the specifics in my mind at the moment to be able to respond to you. If at the appropriate time you wish to pursue that with me in the context of another committee, I would be happy to deal with it.

Mr WILLIAMS: My question relates to the timeliness of the presentation of the Auditor General's report. I believe that, under the Act, the report needs to be handed to the Speaker of the Parliament by 30 September. It is only in this past year that I have had first-hand experience of what happens. Because of the election, the Parliament did not sit until early December, and the publication of the Auditor General's report did not occur until early December—or it did not become a public document until early December. I believe that one of the outcomes of good audit should be that we learn from our mistakes of the past and improve things. The ensuing financial year was half over by the time that the Auditor General's report became a public document—and, indeed, by the time that the whole of the Parliament got to see the document. Does the Auditor-General think that there should be some modifications to the relevant Acts about the reporting procedure, to make sure that the Auditor-General's report is received in a more timely manner by the whole Parliament—and, indeed, the State?

The Hon. J.W. Olsen: I presume that the member for MacKillop's question is not about the report being received in a timely manner but relates to publication of the report upon receipt by the Presiding Officers—because I do not believe that the timeliness of the preparation of the report is in question. Sometimes there are extenuating circumstances, such as election campaigns, that tend to put on hold a whole range of matters. The process is that the Auditor-General reports directly to the Presiding Officers, who then, on the first sitting day after receipt of the report, table the report for publication. As to the changing of the process, Mr MacPherson might like to comment.

Mr MacPherson: I just make the observation that in this jurisdiction the report is produced within three months of the end of the financial year. In no other jurisdiction in Australia do you have that degree of timeliness. In fact, in some jurisdictions in this country, the report of some agencies is not made available until up to 11 months after the end of the financial year. So, in terms of timeliness, I believe that that aspect is being met. We are all the time seeking to enhance the value of the information that we provide.

If the honourable member has the opportunity to compare the data contained in our reports with the data provided by any other jurisdiction in Australia, I think that he will see that we seek to be more fulsome. In fact, no other jurisdiction deals with control opinions, which requires us to give an opinion regarding the adequacy of controls. That is unique to this jurisdiction and provides a level of assurance to the Parliament that is not available anywhere else in Australia. That increases the audit risk, of course, because, in giving that opinion, we are signing off that the controls are adequate.

Mr WILLIAMS: Notwithstanding what has been said in reply to the question by both the Premier and the Auditor-General, my problem is that the Auditor-General's function is being performed by 30 September. Does the Auditor-General feel that his role and the ability of his report to have a positive effect on the governance of South Australia is lessened because of the way in which the Act and the reporting process is structured? At least three months can elapse from the time that his report is completed and handed to the Speaker before it becomes a public document and scrutinised by the Parliament and the public.

Mr MacPherson: As I understand it, the honourable member is suggesting that the report ought not be kept closeted once it is delivered to the Parliament, and that if the Parliament is not in session at that time and the opportunity is not available to the Presiding Officers to table the report, more or less instanter, then it should be nonetheless available for publication or made available to all members. That would require an amendment to the Act, but I have no difficulty with what the honourable member suggests. That would certainly underpin the timeliness issue. I think that is what the honourable member is asking.

Mr WILLIAMS: That is exactly what I am asking. I was wanting your comment on that and, indeed, a comment from the Premier.

The Hon. J.W. Olsen: I note the member for Hart's prompting the member for MacKillop to ask the question, which is really the member for Hart's question. When a document, which is covered by an Act of Parliament, is delivered to the Presiding Officers and is kept for the first sitting day, the Government is powerless. The document is locked away, and the trouble with its being locked away is that people can be mischievous with the fact that it is locked away. Mystique, intrigue and suggestions can be implied in election campaigns, as the Opposition did, erroneously.

Mr FOLEY: I am sorry.

The Hon. J.W. Olsen: I notice that the honourable member is not sorry at all. What can happen, such as that which occurred last year is that, by legislation, the document had to be locked away. I did not have access to the report, and that is the sequence of events. I did not have access to this report and neither did anyone else in Executive Government. I knew not what was in the report until it was tabled. During the election campaign, the Opposition made great play that the Government was attempting to hide the Auditor-General's

Report. That was arrant and absolute nonsense. It simply was not true.

The fact that we were locked in by legislation not to release it meant that the Opposition, on a daily basis, created a mystique about it and suggested that we were trying to preclude its publication because there were aspects embarrassing to the Government. That simply was not the case. To avoid that circumstance happening again I would not have any difficulty with what the honourable member suggests.

Mr Foley interjecting:

The CHAIRMAN: Order!

Mr WILLIAMS: Does the Premier mean that he would not have any difficulty in changing the legislation?

The Hon. J.W. Olsen: No, because I believe that the way in which the political process abuses the legislation, as we saw in the latter part of 1997, should not be allowed to occur again.

The CHAIRMAN: The Chair is finding this extremely difficult because there is not a lot of instruction as to how these Committees should work. We have had no difficulty from 10 a.m. this morning until 8 p.m. tonight in the way that this Committee has worked. I can refer only to Standing Order 268(3), which provides:

a Committee may ask for explanations from a Minister relating to the items of the proposed payment.

That is very clear. As Chairman, I understand that it is not the intention of this Committee that we should get into detail other than that which relates to the actual budgetary lines. The opportunity should be taken by this Committee to deal with those lines of payment and not to stray off into other issues which may be of interest to any member of this Committee. If any member of the Committee disagrees with my ruling there is action they can take. The only support the Chair can receive in this matter is by reference to Standing Order 268(3). I ask that all members of the Committee recognise that that is what this Committee is about at this time and to not stray off on other issues.

Mr WILLIAMS: Sir, I draw your attention to Budget Paper 4, Volume 1, page 1.40 under the heading 'Reporting to Parliament', which mentions the date of 30 September. Further down the page, under 'Specific Objectives/Targets for 1998-99' and at the head of the following page reference is made to the timeliness of the Auditor-General's Report. Again, later in that section, reference is made to the date. They are the lines to which my question referred.

The CHAIRMAN: I understand.

Mr FOLEY: I refer to Budget Paper 3 in respect of the operation of the Auditor-General's Department and another area that is of interest to me. I drive past the EDS building each morning on my way to work. We are told that 40 per cent of the floor space of that building on North Terrace is as yet unlet. I suspect that the Government is already paying rental for that building. The Government went ahead with that contract with Hansen Yuncken, which did not involve any public tendering or any invitation for expressions of interest from any other contractor and which has seen the Government sign a 15 year head lease for an 11 storey building with a no abatement clause, a 4 per cent cost escalator built in for both rental and the fit-out costs year on year, regardless of any CPI movement. Has that project caused your office concern in terms of the way the Government has locked this State into a 15 year contract?

The Hon. J.W. Olsen: I would have thought that, as I said in my opening remarks, that is something that ought to be

appropriately addressed to the line portfolio Minister. It is not appropriate to ask the Auditor-General to comment specifically on projects prior to the audit year. I also draw the member for Hart's attention to the fact that he is not heeding the Chairman's request for the Committee to stick to the budget lines. However, I ask the Auditor-General whether he wishes to make any comment. I really think that we are well out of kilter with respect to the line for examination before the Committee.

Mr MacPherson: I will give a general response. That is a material contract. The processes associated with it are of moment and would naturally be part of this year's audit process.

Mr FOLEY: I thank the Premier for allowing the Auditor-General to give me that answer. I look with interest to this year's report. That response has given me something to look forward to. Last year's Auditor-General's Report made reference to risks associated with the continued public ownership of Optima and ETSA.

I want to refer to the bumbling of the Government in terms of the RiverLink interconnector. Now that we will not be having an interconnector between New South Wales and South Australia, does that lessen the risks confronting ETSA and/or Optima under public ownership?

The Hon. J.W. Olsen: Prior to asking Mr MacPherson whether he wishes to comment on something that is well beyond the lines for examination by this Estimates Committee, I make the point that if the Government, as has been hypothesised by the member for Hart and the Leader of the Opposition, had an objective for the sale of our power utilities in 1997, why did it enter into lease arrangements and RiverLink? It clearly supports the theory that the Government had no intention—

Mr Foley interjecting:

The Hon. J.W. Olsen: No, I am making the point. In 1997 the Government had no intention to proceed with the sale, and that is clearly underscored by the decisions we made in Government to support Optima on the RiverLink proposal and to support the request of ETSA on the leasing. However, given that we are straying yet again—

Mr Foley interjecting:

The Hon. J.W. Olsen: It was the member for Hart who introduced the subject of RiverLink. Although we are straying from these lines, I will ask the Auditor whether he wishes to make further comment on the member for Hart's statement, rather than question.

Mr MacPherson: I understand what the member for Hart is asking. I have not had a chance to properly understand the change regarding the RiverLink arrangements. If the honourable member wants to pursue that, will he take it up with me when I have had a chance to do that?

Mr FOLEY: I will be happy to. I thank the Premier for introducing the question of leasing, the Cayman Islands cross-border lease that ETSA has entered into. It has been reported that that has the potential to discount the value of ETSA in any sale process by up to 8 to 12 per cent. Is the Auditor-General able to offer any comment on that?

The Hon. J.W. Olsen: This is highly speculative. The member for Hart is speculating on a whole range of matters that are not the province of proper examination of the lines of expenditure for the Auditor-General before this Committee. How on earth could the Auditor-General be expected to respond to a question of that nature when any assessment is currently being undertaken by the lead advisers which, in the fullness of time, would ordinarily then be the province for

investigation by the Auditor-General. The member for Hart is attempting to ask the Auditor-General to prejudge things that would be rightly in his province during the course of the next year.

Mr FOLEY: The ETSA Separation report, the result of the ETSA Separation Steering Committee, which I understand was presented to Government in December 1996, was the first significant report that gave the Government advice on a whole raft of issues, we understand, in terms of what life beyond a fully integrated ETSA would mean. The Auditor-General has told the Economic and Finance Committee that we should have a copy of that report to allow us to carry out our proper role to assess whether or not ETSA should remain in public ownership. I understand from Mr MacPherson that that was the basis of his last annual report.

The Auditor-General has said that the Economic and Finance Committee should have that report as it would be very useful to that committee, but the Government is refusing to give it to us. Why is the Premier refusing to give us the report when Mr MacPherson believes that we should have it?

The Hon. J.W. Olsen: There is a time honoured tradition that documentation presented to Cabinet for Cabinet decision making is the province of the Cabinet. I have been asked by several committees to release Cabinet documents. It would break a principle of the Westminster system that I am not prepared to break. Previous Governments have not done so and this Government is not about to do so.

Mr FOLEY: That is not true.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 1, page 1.41, 'Statement of outputs'. Under that heading there are two outputs: one is the prescribed audits, which are the audits of Government agencies undertaken on an ongoing basis, but my question is about the next heading of 'Special investigations', which states that it covers all works specifically requested to be undertaken by the Auditor-General. There are two dot points, which read:

- conducting and reporting on special investigations when requested by the Parliament or Treasurer; and
- reviewing summaries of confidential Government contracts and reporting on the adequacy of the document as a summary of the contents of the contract when requested to do so by a Minister.

Will the Premier give the Committee an indication of what percentage of the Auditor-General's work involves those special investigations, and can he quantify that in a dollar figure?

The Hon. J.W. Olsen: I will ask the Auditor-General to respond.

Mr MacPherson: At this time, thankfully, we do not have any in that category, but last year we prepared the contract summaries and completed the flower farm investigation. It is pursuant to that type of provision that we have undertaken those special inquiries, such as the North Adelaide Development Board and Tandanya. The State Bank is a different category of appointment but it is a special investigation. At this time there is no commitment whatever under that item.

Mr WILLIAMS: Supplementary to that, when the executive arm of Government involves itself in contracts with other bodies, whether they be other Governments or other private or public organisations, is there a role for your department to have close scrutiny of those contracts?

Mr MacPherson: Yes, there is, because all contractual commitments involve obligations of the Government, and those obligations must be reflected in the financial reports. Each contract is reviewed in terms of its materiality, and each contract is reviewed in terms of its process to ensure that that

process is not flawed in a way that would lead the contract to be unenforceable. If it were unenforceable, all sorts of consequences may flow. The short answer to the question is 'Yes'; we are interested in all contracts and we are interested in ensuring that the obligations with respect to those contracts are accurately reported.

Mr WILLIAMS: You said that you look at contracts to ensure that they are enforceable. Do you also ensure that they do not impose some unforeseen liability on the taxpayers of South Australia? Is that part of your role as well?

Mr MacPherson: It is the contingent liability aspect that might be lurking under the surface. Yes, it is. It is a case of seeking to identify whether or not the way in which that contract has been treated by the Executive Government in its financial reporting reflects not only the known but also the contingent obligations and liabilities that might be associated with it. Sometimes those liabilities cannot be quantified. If that is the case, they are included as a note to the accounts if there is a probability that they exist. If they can be quantified and measured, they are included above the line, so to speak, in the accounts.

Mr FOLEY: I refer to page 37 of the Portfolio Statements, Volume 1, which, under the statutory audit responsibilities, states:

- attend parliamentary committees to relate on matters that have arisen from the audits of Government agencies or of special relevance to the parliamentary committees.

Of course, I am referring to the Economic and Finance Committee inquiry into the sale of ETSA. Premier, this reason that you continually give both the Parliament and the public that because a document has gone to Cabinet it is therefore banned forever from being released publicly or to this Parliament, to quote you often, is arrant nonsense, particularly given that the Auditor-General has access to that document and given that there are many documents, reports and recommendations which are presented to Cabinet and which are in one way or another provided to this Parliament. Mr MacPherson, do you believe that the Economic and Finance Committee, notwithstanding the Premier's views, should have the separation report to give us better access to information to make our decisions?

The Hon. J.W. Olsen: I want to pick up some of the comments of the member for Hart. He attempts to paint the Westminster convention in a totally different light to suit his political objectives in the short term. As commendable as that might be from the member for Hart and the Opposition's point of view, I ask the member for Hart to give the Committee examples of where the Bannon and Arnold Governments released Cabinet documents and files for the information of the broader community. I am not aware of any—

An honourable member interjecting:

The CHAIRMAN: Order!

Mr FOLEY: Would you like me to? You tabled in Parliament the contents of about 10 Cabinet submissions. You tabled in this Parliament 800 pages of documents. Do you remember that one? There were a lot of Cabinet documents in there.

The Hon. J.W. Olsen: No, the member for Hart is drawing a long bow. I have just worked out what the member for Hart is talking about: he is talking about the SA Water contract. There is a substantial difference. I simply point out that the Chairs of several committees have asked me whether I would release Cabinet documents. There is a time-honoured tradition that they are not released, and that will be honoured by this Government. In relation to the access of the Auditor-

General, I understand that the Auditor-General has access to any documents, including Cabinet documents, as he sees fit—and so it should be. In reporting to the Parliament, as the watchdog of the public of South Australia, the Auditor-General has unfettered access to the documentation to report to this Parliament on issues of Executive policy and decision making—and so it should be.

The separation report to which the member for Hart refers was the basis of a Cabinet decision upon which the restructuring of our power utilities took place. It was key and central to a whole range of decisions that were made, as I am advised, on the power utility structure. And the member for Hart would well know, because I had numerous discussions with him in this House and by telephone in relation to the Industry Commission report when we sought advice from the Industry Commission and when the other States were telling us that our minimalist position on restructuring of ETSA simply would not be copied by every other State of Australia.

The member for Hart knows about that, and he knows that as a Government we then sought Industry Commission advice as to what would satisfy ACCC and NCC—and we did not compromise our competition payments. Every step we took always drew a negative from them in that we had not gone far enough to meet those requirements. That is why advice was sought and presented to Cabinet. I return to the point as it relates to releasing Cabinet documents: it has not been done by previous Administrations and it shall not be done by this Administration. However, I stress again the point: the Auditor-General has unfettered access to those documents in reaching any determination, conclusion or recommendation to this House.

Mr FOLEY: As we know, that separation report did make mention of the need for substantial write-downs on the value of the ETSA cogeneration contract. I now know why you do not want that report released—because that would mean your Deputy Premier would have to resign for misleading the Parliament.

The CHAIRMAN: Order!

The Hon. J.W. Olsen: The member for Hart's assumptions and accusations are simply for theatre and press purposes: they bear no substance to the fact.

Mr Foley interjecting:

The CHAIRMAN: Order! I remind the Committee again that this is not an opportunity to clean anything up. I have made it perfectly clear. The Chair has shown a considerable amount of patience in this matter. The House has had the opportunity to question the Government regarding the Auditor-General's Report and any other matter. It is not the time or the place in this Committee to be asking the type of questions that the member for Hart is now asking. Again, I refer to Standing Order 268, which spells out quite clearly the purpose of this Committee. If the member for Hart or any other member insists on this type of questioning, I will have no alternative but to declare the examination completed—unless the member for Hart wishes to take any other action. The Chair has shown a considerable amount of patience, but it is not my intention as Chair to allow this Committee to continue with the type of questioning that has been put forward by the member for Hart.

Mr FOLEY: I will continue with my questions on ETSA. Mr Chairman, you are free to do whatever you wish, and I am free to ask what I will. Neither you nor—

The CHAIRMAN: The member for Hart is not free to ask as he will.

Mr FOLEY: If that is the case, you just do what you have to do, Mr Chairman, but I will not stop the important role of an Opposition in endeavouring to get proper answers about financial accountability.

The CHAIRMAN: And it is my responsibility as Chair—

Mr FOLEY: If you want to stop the shadow Treasurer—

The CHAIRMAN: Order! It is my responsibility as Chair of this Committee to ensure that the Committee is handled appropriately and that it carries out the responsibility that it has under the Standing Orders—and that is what the Chair is attempting to do.

Mr FOLEY: As I have indicated to you, I am asking the appropriate questions as they are taken from portfolio statements. If you choose to not allow those questions, you have every right to do that, and I will continue to ask questions as I see fit. It is as simple as that, Mr Chairman.

Mr SCALZI: Are you challenging the Chair?

Mr FOLEY: I am challenging the Chair. If the Chair does not like it, he can close the Committee down, and he can be responsible—

The CHAIRMAN: Order! Does the honourable member have a question or not?

Mr FOLEY: I want to continue on my line of questioning about access to the separation committee report to which this Government is refusing the Economic and Finance Committee access. As I have indicated, the Auditor-General has a role in reporting to parliamentary committees. Premier, you continue to tell us that this is a Cabinet document and that we cannot have access to it. You are telling me now that there is not reference in that document to substantial financial write-downs; however, that is not the evidence of others before the Economic and Finance Committee.

We have been told by Mr Clive Armour, the then Chairman of that separation committee, that that particular report made mention of the likelihood of financial write-downs resulting in the cogeneration contract. So who are we to believe, Mr Armour or you, because you are now telling us that issues of financial write-downs were not in that report?

The Hon. J.W. Olsen: I have answered the question on several occasions. There is no point in my repeating my answers before the Committee.

Mr FOLEY: I would have thought the situation involving the Deputy Premier was of the utmost importance. Because you will not agree with the Auditor-General that we should have access to this report, I am asking: does that report contain references to the likelihood of need for financial write-downs on the cogeneration contract; yes or no?

The Hon. J.W. Olsen: I have answered that question before the Committee. The member for Hart can repeat his questions time and again. The fact is he will get the same answer before the Committee.

Mr FOLEY: Mr MacPherson, you have made mention previously in your reports of the EDS contract—moving on, given that the Government clearly will not countenance any questions on issues to do with who said what to the Parliament. On the issue of intellectual property, you have said previously that you are concerned about the lack of financial return to the taxpayer in terms of the intellectual property, the ownership of which now rests with EDS. Can you expand on that issue, as to how that is impacting, or with reference to the lost opportunities that we have had from that particular area?

The Hon. J.W. Olsen: I think the member for Hart is bordering on highly speculative judgmental decisions, and well outside the ambit of the Committee. I make that point,

but I defer to the Auditor-General if he would like to respond in some form.

Mr MacPherson: I was not aware, Mr Foley, that you would pursue issues in the audit report on this occasion. With respect to EDS, if I can just help you generally, what I was pointing out in my annual report was the fact that Government assets had been deployed in the development of intellectual property and, in going to some contractual arrangements, we were sharing that intellectual property with the outsourcer. I felt it was probably appropriate to ensure that the Government protected its position with respect to that asset and sought to share in any benefits that might accrue. I have not equipped myself in terms of going back over my last year's audit report, but that was the intent of that comment in the matter of intellectual property.

Mr FOLEY: With respect to the water contract, as we know from the Portfolio Statements, Volume 1, the Auditor-General does have responsibility, or an oversight at least, of contracts. How is that water contract travelling? Are we seeing objectives of that contract being met?

The CHAIRMAN: Order! The member for Hart is quite obviously flouting the direction of the Chair. I have made it perfectly clear what the responsibilities of this Committee are. The member for Hart has determined that he will ignore that. I repeat the fact that the Standing Order quite clearly indicates what this Committee is about and what the responsibilities of this Committee are. The member for Hart has every opportunity to ask questions of the Premier in the House regarding the matters that he is raising continually in this Committee which are quite outside the responsibilities of this Committee.

The member for Hart also has the opportunity to ask questions on notice on any of the matters he has raised. It is not appropriate that this type of question be asked in this particular Committee. I again plead with the member for Hart to recognise that. If the honourable member does not recognise that, and if there are no questions from any other member, I will have no alternative but to declare the examination completed. The member for Hart.

Mr FOLEY: If I may say, I make no apology for endeavouring to ascertain proper scrutiny of the public accounts on behalf of the taxpayers of this State. It is your decision, Sir, as to whether or not I am to be stopped by this parliamentary Committee, which we know of course is dominated by Government and Independent members.

The Hon. J.W. Olsen: It seems to me there is a scene setting going on here by the member for Hart. The honourable member is a member of the Economic and Finance Committee of the Parliament, which has a specific role and charter to look at the accounts of the Parliament. The contract summaries for which the Auditor-General is responsible are summaries of outsourcing contracts where in-detail information in summary is given to the Parliament so that the Parliament is aware of it. In the instance of the water contract, it is somewhat irrelevant, because the Leader of the Opposition has the full contract. He claims it was delivered to him—

Mr Foley interjecting:

The Hon. J.W. Olsen: No, the Leader said he had it delivered to him, or something or other. That information is fully available to the honourable member and he knows it. So, there is no curtailment of information, because they have it all, Mr Chairman.

Mr FOLEY: Yes, I do have the contract.

Mr Scalzi interjecting:

The CHAIRMAN: Order! The member for Hart.

Mr FOLEY: Just worry about winning your seat at the next election. You nearly cost them Government, Joe. Just sit there and be quiet, mate.

The CHAIRMAN: Order! The member for Hart.

Mr FOLEY: The issue in question was the performance of that particular contract, on which the Auditor-General, I would have thought, would have a view. I would have thought that, given that that particular contract provides recurrent savings, according to Government, of \$10 million, it was an imminently sensible question to be putting. I do not know why you are so sensitive about your water contract.

The Hon. J.W. Olsen: My understanding is that the Auditor-General would look at performance indicators and report to the Parliament.

Mr FOLEY: If I may, Mr Chairman, I put this question to Mr MacPherson: your last annual report has been used by the Government as the definitive document, the turning point in its thinking as to whether or not ETSA and Optima should remain in public ownership. That report status has been elevated into being the definitive critical analysis which compelled this Premier to change his policy position just a few short weeks after the last State election. In evidence you have given to the Economic and Finance Committee, you have said that the risks of the national electricity market are nothing extraordinary and could be managed, albeit you have acknowledged that there are risks. Do you see your report as one that is indeed supporting the sale of our power utilities as portrayed by the Government?

Mr MacPherson: I can only repeat what I said in the Economic and Finance Committee, and that was that the report just itemised a series of risks. That is what I told you on the earlier occasion, and that is as far as I went.

Mr FOLEY: Supplementary to that, are you then saying that your report does not necessarily support the view that the assets should be sold?

The Hon. J.W. Olsen: That is not an appropriate question for the Auditor-General.

Mr FOLEY: He wrote it.

The Hon. J.W. Olsen: Will you allow me to finish?

The CHAIRMAN: Order! The Premier.

The Hon. J.W. Olsen: The Auditor-General has prepared a report that has been tabled in Parliament. In responding to the question by the member for Hart, the Auditor-General has indicated that it identifies a quantum of risk and I have indicated that, based on the Auditor-General's Report and the quantum of risk, the Government made a policy decision which was a changed policy position from previously, and the Riverlink and leasing arrangements indicate we did have a changed policy decision based over our other decisions during the course of 1997. The judgment is a policy judgment of Government and I would not have thought that the Auditor-General had a role in policy.

Mr MacPherson: It is not my role to make that decision, Mr Foley, as I indicated to you on the earlier occasion.

The CHAIRMAN: Order! The member for Hart has already asked four questions. Are there any other questions? There being no other questions from other members, and as the member for Hart continues to flout the responsibility of this Committee and the decision that I have already made as Chair of this Committee, I have no alternative but to declare the examination completed.

Mr FOLEY: Mr Chairman, I rise on a point of order. The Opposition does not recognise that. We still have questions to ask, time available, and—

The CHAIRMAN: There is no point of order. The Chair has made it perfectly clear—

Mr FOLEY: This is an unprecedented move, Mr Chairman, for you—

THE CHAIRMAN: Order!

Mr FOLEY: —to close down an inquiry that involves the State's Auditor-General. If you choose to do that, I would argue that it is a very serious matter for this Parliament.

The CHAIRMAN: Order! The Chair has made it perfectly clear what the responsibilities of this Committee are under Standing Orders. The member for Hart has deliberately strayed away from what those responsibilities are and I have no alternative but to take the action that I have already proposed to this Committee.

Mr FOLEY: Mr Chairman, I rise on a point of order. Mr Chairman, you have accused me of doing something

deliberately; that is a reflection on me. I have not deliberately done anything other than what I have to do as an Opposition member of this Parliament.

The CHAIRMAN: Order! There is no point of order.

Mr FOLEY: This is unprecedented, Sir.

The CHAIRMAN: There is no point of order and I declare the examination completed. I take this opportunity to thank the vast majority of the members of this Committee for the cooperation that they have shown throughout the day. I am pleased that over 100 questions have been asked of the Premier during the session today and I thank the members for the cooperation they have shown.

ADJOURNMENT

At 8.49 p.m. the Committee adjourned until Wednesday 17 June at 11 a.m.