

HOUSE OF ASSEMBLY**Thursday 18 June 1998****ESTIMATES COMMITTEE A****Chairman:**

The Hon. D.C. Wotton

Members:

Ms V. Ciccarello
 Mr S.G. Condous
 Mr P.F. Conlon
 Mr J.J. Snelling
 The Hon. R.B. Such
 Mr M.R. Williams

The Committee met at 11 a.m.

Department of Industry and Trade, \$112 776 000
 South Australian Tourism Commission, \$31 091 000
 Deputy Premier, Minister for Industry, Trade
 and Tourism—Other Items, \$7 299 000
 Minister for Local Government and Minister
 Assisting for Tourism—Other Items, \$50 211 000

Witness:

The Hon. G.A. Ingerson, Deputy Premier and Minister for Industry, Trade and Tourism.

Departmental Advisers:

Mr I. Dixon, Chief Executive, Department of Industry and Trade.

Mr M. Krasowski, Manager, Finance, Department of Industry and Trade.

Ms C. Procter, Executive Director, Office of Local Government.

Mrs K. Potoczky, Office Manager, Office of Local Government.

Mr A. Beasley, Project Officer, Office of Local Government.

The CHAIRMAN: Most of us, as we move into our third day of Estimates, will be aware of the procedure, but I will make a brief statement so that we are all on the same cue. For the benefit of new members, particularly, we adopt a relatively informal procedure in dealing with these Committees. For example, there is no need to stand to ask or answer questions. The Committee will determine an approximate time for consideration of proposed payments to facilitate the changeover of departmental advisers. I understand that a program has been agreed between the members of the Committee whereby we will deal with local government, then recreation and sport; after lunch we will examine the Racing Industry Development Authority followed by facilities management. At approximately 3 p.m. We will move into the South Australian Tourism Commission, and at 4.45 we will go into industry and trade. Is the member for Elder happy with that program?

Mr CONLON: Yes, I am.

The CHAIRMAN: Changes to the composition of the Committee will be notified to the Committee as they occur, and members should ensure that they have provided the Chair with a completed request to be discharged form. If the Minister undertakes to supply information at a later date, it must be in a form suitable for insertion in *Hansard* and two copies are to be submitted no later than Friday 3 July 1998 to the Clerk of the House of Assembly. I propose to allow the Deputy Premier and the lead Speaker for the Opposition to make an opening statement, if desired, of about 10 minutes but certainly 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, and members may also be allowed to ask a brief supplementary question to conclude a line of questioning, but I point out to the Committee that supplementary questions will be an exception, rather than the rule.

Subject to the convenience of the Committee a member who is outside the Committee and desires to ask a question will be permitted do so once the line of questioning on an item has been exhausted by the Committee, but 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 but, of course, reference can also be made to other documents, including the Portfolio Statements. It would be helpful if members were able to identify a page number of the program and the relevant financial papers from which their question is derived. Over the past couple of days I have shown a certain amount of flexibility with that, because it is fairly difficult under the new proceedings to do that all the time and it takes up a fair bit of time. So, I will show a fair bit of flexibility but, for the benefit of the Minister at the table, it is often helpful if a page reference can be given.

Questions not asked at the end of the day must be placed on the next day's House of Assembly Notice Paper. I remind Ministers 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 Minister, not the Minister's advisers, and the Minister may then, if he or she wishes, refer questions to advisers for a response.

I declare the proposed payments open for examination. I refer members to pages 52 to 55 in the Estimates Statement and to pages 2.27 to 2.37. There is some variation to those page numbers because of the variation in the portfolios being considered. I call on the Deputy Premier to make a statement, if he wishes, followed by a statement from the lead speaker of the Opposition, if he wishes.

The Hon. G.A. Ingerson: On 23 October the Government undertook the consolidation and streamlining of Government services and activities. As part of this process, the Government rationalised its economic development arrangement. This resulted in the abolition of the Economic Development Authority, the Office of Local Government and the Department of Recreation and Sport, and the establishment of the Department of Industry and Trade to include these administrative units.

The Industry, Trade and Tourism portfolio comprises the following Government organisations: the Department of

Industry and Trade, comprising the Office of Local Government, the Office of Recreation and Sport, the South Australian Centre of Manufacturing, the Business Centre, the Business Investment Division, Industry Policy and Infrastructure; and the South Australian Tourism Commission, including Australian Major Events; the Racing Industry Development Authority; the Adelaide Convention Centre; and the Adelaide Entertainment Centre.

The portfolio's principal role is to contribute to the development of the State so that South Australia is recognised as one of the best places in the world to live, visit, work and do business. To achieve this, the portfolio facilitates improvement in the State's economic infrastructure and business climate; supports local business to become globally competitive; helps local enterprises to increase exports; encourages reinvestment and attracts new investment to the State; encourages tourists, business and sporting people to visit and work in the State; and encourages the development of local communities, recreation and sport.

As a consequence of these arrangements and diversity of roles within the portfolio, some responses to question will be provided either on a portfolio-wide basis or on an administrative unit basis. Where consolidated or disaggregated data is not immediately available, we will supply that on notice to the Committee. Before introducing each administrative unit of the portfolio to the Committee, I submit to the Committee the Industry, Trade and Tourism portfolio organisational chart as a correction to the one published on page 2.1 in the Portfolio Statements 1998-99, Volume 1. This will clarify the relationships between the component parts of the portfolio.

In addition, I wish to advise the Committee of an amendment to the work force numbers published on page 2.34 of the same document. The estimated work force for the Adelaide Entertainment Centre as at 30 June 1998 is 60 full-time equivalents and as at 30 June 1999 60 full-time equivalents. I submit these papers to the Committee for distribution. I now call upon Minister Brindal and his advisers to deal with local government issues.

Additional Witness:

The Hon. M.K. Brindal, Minister for Local Government and Minister Assisting for Tourism.

The CHAIRMAN: Does the lead speaker for the Opposition, the member for Elder, wish to make an overall statement?

Mr CONLON: I do not, but I need your guidance on the matter of a set of omnibus questions that will apply to all portfolios.

The CHAIRMAN: I will provide an opportunity for omnibus questions to be asked at the end of proceedings, before the examination of the vote is completed. If they relate to local government and tourism, there will be an opportunity before we close off that line which, as I mentioned earlier, will be approximately 4.45 p.m. Otherwise, it will be at the conclusion of the hearings of the Committee.

The Hon. M.K. Brindal: The Office of Local Government became a component of the newly established Department of Industry and Trade on 23 October 1997. Prior to that date it was a separate administrative unit under the Public Sector Management Act 1995. The strategic direction, objectives and business activities of the Office of Local Government, in general terms, have not changed with the revised administrative arrangements, although the new links

with the Department of Industry and Trade provide new opportunities which we are currently exploring.

I will briefly outline a number of the specific major achievements and ongoing programs within the Office of Local Government. The legislative reform program, largely represented by the Review of the Local Government Act, is occupying considerable resource allocation. The present Act is archaic, complex and confusing, and long overdue for revision. At the end of April 1998, I launched three consultation draft local government Bills and two discussion papers. These have been widely distributed to all councils, State Government agencies, peak bodies and numerous other interested parties, including all major political Parties represented in this place.

Two key features of the drafts are that they have been issued on a policy neutral basis and they are framed in a way intended to smooth the path of functional reform. Public information sessions about the drafts were held throughout South Australia during May and public workshops have been organised for June. Submissions will be received until the end of July. Negotiations between interested parties in this Parliament will be undertaken before the introduction of the final Bills into Parliament.

The success of the structural reform process by encouraging numerous councils to amalgamate on a voluntary basis has been notable. The number of councils in South Australia has decreased from 118 to 69 since the passage of the Local Government (Boundary Reform) Amendment Act 1995. The success of the program is reflected in the fact that participating councils have estimated that ongoing recurrent savings of nearly \$20 million per annum will be achieved. The present provisions of the Act, which established and empowered the Local Government Boundary Reform Board, expire on 30 September 1998, and interim arrangements are being developed to cover the period between the expiration of the present board and the passing of the new local government Act. These arrangements will be included in a miscellaneous local government Bill to be introduced into Parliament during July.

In April 1997, the Premier of South Australia announced the establishment of the Governance Review Advisory Group whose task it would be to report to the Government on the governance of the City of Adelaide. In January 1998, the group provided me with its final report. In the Government's response to the review, it announced, among others things, the introduction, in the current session of this Parliament, of a City of Adelaide Bill. The Government has made a commitment to direct discussions with the City of Adelaide Council on a framework for the future governance of that city. The Local Governments Grants Commission makes recommendations to me on the distribution of untied Commonwealth financial assistance grants to local government authorities in South Australia in accordance with the relevant legislative requirements. Approximately \$89 million has been allocated to South Australia during 1998-99. This is a 1.42 per cent increase on the previous allocation in cash terms.

The Outback Areas Community Development Trust aims for the orderly development and maintenance of thriving communities in the unincorporated areas of South Australia. It provides strategic assistance and equitable access to community organisations through the development of facilities, management of services, funding of projects and provision of advice and information. The trust is allocated funds (approximately \$480 000 a year) by the Local Govern-

ment Grants Commission. In addition to the matters outlined, the OLG provides support to my office in terms of general policy support and project development and on specific issues such as European wasp control, including an additional \$250 000 per annum for the next three years to fund research, public education and nest eradication; elected members allowances and benefits; financial affairs; and other matters relating to particular councils—rate capping, conflict of interest allegations and statutory approvals.

Mr CONLON: You will be pleased to know, Minister, that today I have absolutely no questions about wasps: I find it too hard to say.

The CHAIRMAN: The Chairman might have a few questions about wasps.

Mr CONLON: Minister, because I am a very kind man, I will bowl you a loosener first up. How are we going in local government? Are local authorities carrying out their functions satisfactorily and undertaking all their duties? How would the Minister rate their performance out of 10 at the moment?

The Hon. M.K. Brindal: The local government sector is like our sector: it would depend who you ask and on which day how you would rate the performance of any sector of government. It is true to say that among local government there are variables, but I believe that this Government, with the cooperation of local government, has achieved some very significant change. Generally speaking, the quality of officers supporting local government as a significant government sector in its own right has shown dramatic improvement in the past two decades and there are some very competent and highly motivated people dedicated to public service supporting those who are elected to that service within the local government sector. The local government sector is in an absolutely sound financial position, a position which I believe could be envied by other levels of government.

Generally speaking, I would say that as a sector local government is well represented, it is well placed, and it is negotiating through with us further reforms that will make it the best local governing sector in Australia and one of the best local governing sectors in the world. We can achieve that together and I think that it is as committed to reform as we are.

Mr CONLON: Local government plays a very important role in planning. The Minister for Urban Planning stated in her Estimates Committee that each council is required under section 30 of the Development Act to put in a plan pursuant to that section by February each year, as you are well aware, Minister. She indicated last night that, last year, only about half of the councils in South Australia had met that time line. Can the Minister offer any explanation for that?

The Hon. M.K. Brindal: That is the responsibility of the Minister who answered the question. However, in Government, we are seeking a cooperative approach and local government is seeking to cooperate. I will take that up with the Minister and do what I can to assist the Government and the councils to ensure that where they have an obligation those obligations are met.

Mr CONLON: The bulk of appropriation from the State Government to local government each year goes to the State Local Government Reform Fund. An appropriation of \$52 million is the estimated result in 1997-98 and a further \$50 million will be appropriated this year. Where does that money go? What is it spent on?

The Hon. M.K. Brindal: The Committee should understand the background to the Reform Fund. The petrol tax levy was introduced in the 1992-93 budget and the State Local

Government Reform Fund takes its rise from the 1993-94 period. Existing expenditure on local government type programs is offset by levy revenue. Two broad purposes were suggested for the revenues: (1) to facilitate the transfer of State programs to local government on a budget-neutral basis for the local government sector; and (2) as possible long-term sources of additional tax revenue for local government. I stress that they are possible long-term sources of additional tax revenue for local government.

Any negotiations with the LGA have been about the first point, that is, to facilitate the transfer of State programs on a budget-neutral basis, and no specific commitment has been made on the terms of additional long-term sources of tax revenue by either this Government or the previous Labor Government. There is a perception in some quarters that moneys in the fund belong to local government and are being improperly used to pay for State Government programs. That is a misunderstanding of the way in which the fund was to be used, and that should be corrected publicly whenever possible. The reality is that this fund is a State Government tax, that it is used initially to fund a set of State Government programs and that negotiated agreements have been entered into on several programs and minimal devolution from one sector to the other has occurred.

Currently a steering committee of Treasury, the Office of Local Government and the Local Government Association is reviewing the long-term future of the fund. Options include maintaining existing arrangements, abolition of the fund in its current form or modification of the fund in its current form.

The levy currently is running at approximately \$50 million a year, as the honourable member rightly points out, with growth of about \$1.5 million a year. The moneys in the fund are spent by the State Government on local government-type programs, while the State retains responsibility for these programs—or local government, on programs transferred to that sector—and any surplus is offset against the non-commercial sector deficit and cannot be spent without a deterioration in the budget. In recent years, the fund has been operating financial annual deficits, requiring additional budget appropriations to maintain the programs.

In terms of the specific programs, I refer members to the State Government Local Reform Fund. I will detail some of the programs, as members do not have the documents in front of them. Under the heading 'Environment', there is listed coast protection, septic tank effluent drainage, the South-Eastern Water Conservation and Drainage Board and stormwater management; under 'Recreation', bicycle tracks and recreational jetties; under 'Tourism', tourist information centres and tourist roads; and under 'Transport' there is a variety of headings, which include country town bus services, ferries and forest roads. The biggest item under 'Community Services' is public libraries and community information services. Another heading, 'South Australian Water Corporation', includes very old provisions related to the Corporation of the City of Adelaide and the City of Port Adelaide-Enfield water concessions that were granted by previous Governments some decades ago.

Mr CONLON: Will the Minister provide the particulars of expenditures for the financial year just ending, and the details of projected expenditures out of the fund?

The Hon. M.K. Brindal: We will take that on notice, but we expect to be able to provide the answer later.

Mr CONDOUS: My question relates to the Commonwealth financial assistance grants. I refer the Minister to page

9.16 of the Budget Statement regarding the levels of general purpose financial assistance grants to be made available for local government in the 1998-99 financial year. Will the Minister comment on the amount of funding available for councils in South Australia?

The Hon. M.K. Brindal: Arrangements for the payment of financial assistance grants to local government are embodied in the Commonwealth Local Government (Financial Assistance) Act 1995. The 1998-99 Federal budget included estimated total general revenue financial assistance for local government throughout Australia of \$1.239 billion. This represented a real per capita increase of 2.98 per cent. Of this, South Australia's entitlement is \$89.2 million, a real per capita increase of 2.43 per cent. The actual cash payment to South Australia will be less than this entitlement, however, because CPI was overestimated in 1997-98 and, in accordance with the Commonwealth Act, the resulting overpayment will be recouped in the 1998-99 grant entitlement.

The general purpose component of the grant is shared between the States on an equal per capita basis, while the Grants Commissions in all States are compelled by the legislation to recommend the distribution of funds on an equalisation basis. As a result, South Australia is receiving an ever decreasing amount of the total pool. In the past 10 years, South Australia's share has decreased from 8.79 per cent to 7.96 per cent.

The important point to make here is that South Australia receives substantially less than it would if these grants were distributed between the States on an equalisation or needs basis. A review of the interstate distribution of the local government financial assistance grants conducted by the Commonwealth Grants Commission in 1990-91 revealed that the grant to South Australia would increase by \$20 million if a more equitably based distribution method were adopted.

As the significant gains to this and other small States would have seen significant losses to New South Wales and Victoria in particular, the Commonwealth Government apparently chose not to proceed with implementing the Commonwealth Grants Commission's recommendations. The issue is now being taken up in a different way, and I am pleased to advise that a joint submission to the Commonwealth Grants Commission has recently been prepared by the Office of Local Government, the South Australian Local Government Grants Commission and the Local Government Association.

The submission argues that the Commonwealth, in determining the distribution of financial assistance grants to the States, should take local government finances into account. Such an approach would not alter the distribution of local government financial assistance grants between the States but, if it is successful, it would have a positive impact on this State's grants. It is another example of Canberra's taking from States, such as South Australia, that are by their own admission more deserving, and choosing to apply that money to States which by their own methodologies have less right to that money. We will pursue this matter vigorously and we would look and hope for bipartisan support in approaching the Commonwealth on these sorts of matters.

Mr CONDOUS: I refer the Minister to page 9.16 of the Budget Statement regarding the South Australian Local Government Grants Commission's undertaking a methodology review. What is the cost of the review, how has it been funded and what is the likely impact on local government in South Australia?

The Hon. M.K. Brindal: The South Australian Local Government Grants Commission, as I said in answer to the previous question from the honourable member, has completed its first and most significant stage of the methodology review. The main objective of the review was to establish a framework for the allocation of the Commonwealth general purpose grants for local government, which better reflects the national principle contained in the Commonwealth Local Government (Financial Assistance) Act 1995, in particular the principle of horizontal fiscal equalisation, while providing a more internally consistent and transparent methodology, which is easier to understand.

The commission appointed consultants to facilitate the review following a selected tendering process. The cost to the commission was \$50 000, which it met from its own budget in 1997-98. The commission's methodology assesses both the capacity for councils to raise revenue from rates and their expenditure needs relative to an average or standard council. It is quite complicated but very interesting and, if any member subsequently would like a briefing on it, I am quite sure that the commission will provide one. Funds are directed towards councils with less capacity to raise revenue from rates (that is, those councils with lower than average property values), or where services cost more to provide for reasons outside councils' control (that is, those councils with higher than average expenditure needs). That might be because an area is developing or because an area is isolated with a sparse population.

The commission has advised that the main outcomes of the methodology review will be: first, improved compliance with Commonwealth legislation, in particular the principle of horizontal fiscal equalisation; secondly, a simpler, more internally consistent methodology, for example, calculations for both the estimated revenue raising capacity of councils and their estimated expenditure needs will be based solely on *per capita* comparisons with average standards of council; and, thirdly, a better understanding within local government of the methodology as a result of the consultative process.

As far as the impact of the review on the grants to individual councils is concerned, I am yet to receive the commission's recommendations for 1998-99. However, I am advised that significant changes in the grant incomes include an increase in the number of councils on *per capita* minimum grants, and that is clearly to be anticipated. There is also likely to be a general reduction in grants to inner metropolitan councils in favour of outer metropolitan or rural councils. There is unlikely to be a significant change in grants to major regional centres. For the next financial year, when the commission will be further refining its methodology, particularly in relation to cost relativity indices, increases or decreases in grants will be constrained to plus or minus 10 per cent, trending in the direction of the new calculations.

The commission is proposing that the total phasing-in period will occur over the next five years. In summary, we have been constrained by the Commonwealth to administer a grant, or the commission administers a social justice type of grant. In a review of the methodology I estimate that, in the end, there will be a considerable number of inner city councils that have been getting rather more than they should at the expense of councils that need the money for development, and the money will be applied as the Commonwealth asks where it is needed, as I believe every member in this Chamber would stick up for. If there is a developing area that needs greater help to develop its infrastructure and services,

that is where the money should be applied, and that is what the commission is doing.

Mr CONDOUS: I refer to page 2.11 of the Portfolio Statements. Will the Minister advise of the steps the Government is taking to meet its obligation to apply national competition policy to local government?

The Hon. M.K. Brindal: Clause 7 of COAG's Inter-governmental Competition Principles Agreement makes the State responsible for applying agreed competition principles to local government, in consultation with local government. The Department of the Premier and Cabinet has carriage of the coordinating of the State's compliance with the Competition Principles Agreement and participated with the Office of Local Government and the LGA in the preparation of a clause 7 statement for implementation in local government. That was published in June 1996. The most significant areas for councils are the application of competitive neutrality policy and principles to any significant business activities, and the review of by-laws.

The LGA prepared guidelines to help councils discharge their obligations, in consultation with the Office of Local Government and the Premier's Department. The adoption of standard annual reports and the complaints mechanism covering competitive neutrality will ensure accountability. The clause 7 statement contains an implementation timetable, and all councils fulfilled the requirements of the first reporting period, ending 30 September 1997, and a report on local government implementation was provided to the National Competition Council by the Department of the Premier and Cabinet. I point out to the member for Elder that, while he quoted an instance where perhaps there has been some variation in compliance by local government, here is an instance in which every single council not only complied but complied on time.

Analysis of the reports submitted by councils confirms the picture painted by the Australian Bureau of Statistics data that local government in South Australia is not generally involved in large-scale business activities, with the exception of the Adelaide City Council. A total of six category 1 and 48 category 2 businesses were identified, covering a wide range of activities, and work is now occurring on the application of competitive neutrality principles to these activities in line with the agreed timetable.

Mr CONLON: The Minister referred to 108 councils becoming 69: how many jobs have been lost from local government in that reform period?

The Hon. M.K. Brindal: That is a question to which I will try to get an answer but, as the honourable member knows, the reform process in this State has been voluntary, and councils' response to the reform process has been councils' response. Councils have adopted a variety of methods and methodologies: many councils shed no staff at all. They opted for a principle of savings through natural attrition. Some, I am aware, offered packages, but it varies considerably between councils. The point that I would stress to the honourable member is that local government, in deciding to amalgamate, made local decisions that they thought best fitted the needs of their councils and were most compassionate, I hope, towards those who had served the councils, sometimes for very long periods.

What the final figure is I will endeavour to get for the member for Elder, but I emphasise 'endeavour'. The only way I think we could even get it is to contact all the amalgamated councils and specifically ask them for figures. I will

endeavour to cooperate but it is a matter for which local councils in their amalgamation process had responsibility.

Mr CONLON: To clarify that, I point out that it is not simply the amalgamated councils but councils in general. I just want to know how many jobs have been lost in the local government sector over the past three years. The Minister is now allowing exemptions from the process of rate capping for where councils undertake programs that will actually create jobs. Is there some sort of target figure you have to reach as a council in terms of job creation? If so, what is it, and how do we ensure that the councils will actually create those jobs?

The Hon. M.K. Brindal: There is no target figure. There is a genuine desire on the part of the State Government of South Australia to be more inclusive of local government as a Government sector in its own right. The placement of a cap on councils was a matter that was hotly debated in this Chamber, because the ability of councils to raise revenue is an ability they have possessed for a long time, and there were many opponents of the existence of a rate cap when it started. The Government of South Australia decided that it would ease the rate cap.

I emphasise to the Committee that the rate cap is still in place and will be, according to law, until its expiry date as a sunset clause. But the Government decided, as it can under that Act, that it would exempt councils from the rate cap if they had specific needs in relation to a number of headings. Some of those, from memory, were environment, job creation and tourism. To facilitate that process we set up an at-arm's-length panel, which considered these matters on their merits as they pertain to individual councils, because it could not be a blanket approach. Therefore, there is no easy answer. There were no targets. There are no rewards if you go past go.

A request went into councils to ask for a rate cap if they thought they needed it under certain areas, and they could apply the exemption for the benefit of the ratepayers in their area, preferably to develop employment programs or infrastructure programs. Their accountability in the end is to their ratepayers. The Governor by proclamation has granted them an exemption, but the council must fix the level of the exemption, as every council will fix its rate level on the expiry of the provision. That is a provision for which they must account to their ratepayers.

Seventeen councils to date have been granted an exemption from the rate capping requirements. The Governor in Executive Council on 4 June approved the exemption for the 17 councils that have applied under arrangements set out by the Government. I believe that one of those councils, the City of Charles Sturt, does not intend to exercise the approval and has said so publicly. Examples of projects planned by councils are as follows. The District Council of Le Hunte, based at Wudinna, plans to assist in the construction of a granite processing factory and associated housing project estimated to require 40 jobs in the construction phase and up to 150 jobs by the third year of the project. The District Council of Ceduna plans to upgrade the Ceduna airport and to construct a new boat ramp to Smoky Bay to support tourism, aquaculture and the development of exports.

I would say that in that project it is impossible for the District Council of Ceduna to calculate the exact number of jobs thereby created, but it is a worthy project because it will create jobs. You only have to go and look at the oyster leases out that way to see the very positive effect aquaculture is having on towns that might otherwise have gasped their last. The City of Marion, an example of a suburban council, wants

accelerated development of the main precinct adjacent to the Marion regional centre, and that includes development of a digital technology precinct. The District Councils of Alexandrina, Kapunda and Light have asked for infrastructure projects to support roads and vineyard developments in their area. I note that that is an important consideration.

Last week, it was pointed out to me in consultation with the Barossa council that the viticulture industry is expanding so massively in the area that they are worried about the capacity of the roads and the infrastructure to handle the increased traffic and increased loads on those roads because of the vastly increased industry base. I commend the councils of Alexandrina, Kapunda and Light on their foresight in starting to look at something which is a major development in this State.

Mr CONLON: I find your answer a little difficult to understand. It sounds as though you have probably conceded that rate capping was not a good idea in the first place, because apparently lifting it has such benefits. When you deal with applications to exempt councils from rate capping, do you take into account their situation in terms of rates immediately before rate capping was introduced? For example, a council close to your heart, the Unley council, substantially increased its rates (correct me if I am wrong) by as much as 11 per cent before rate capping was introduced. Do you take that into account when they apply for an exemption from rate capping?

The Hon. M.K. Brindal: What was taken into account was the quality of the submissions from the council. I repeat: local government is a governing sector in its own right—unless this Parliament chooses to make it a complete creature of the State. Prior to the introduction of rate capping, councils were completely at liberty to set whatever rates they wished within the constraints of the Local Government Act, which were not in quantum. Therefore, I repeat: in this exercise we considered the quality of the submission, not the level of rates prior to rate capping, or even the level of rates subsequent to rate capping.

On a personal note—and I am going only from memory—I do not think the Corporation of the City of Unley has ever lifted its rates by as much as that in a single year. It has been a council which, basically, has adopted the principle for some years that rates would increase in line with the consumer price index. But that is off the top of my head and is an answer from memory. I will personally contact the City Manager of Unley and obtain a specific answer from him on that issue.

Mr WILLIAMS: Several of the questions I had intended to ask have been covered reasonably well already. In relation to the member for Elder's question on the Local Government Reform Fund, I would also be interested to see the total figures for that fund and where the money is going. Again, I was very interested in the member for Colton's question regarding the Local Government Grants Commission and the answer with regard to the statement about rural councils. I believe that rural councils have missed out, in particular with regard to major inner city and regional centres, purely because under the previous arrangements the size of allotments had a fair bearing on the amount of funds which came out of the formula. I refer again to the question of rate capping. Why is there such a discrepancy between the proposed savings identified by the MAG report, which was the genesis of the amalgamation scenario, and the savings that have been publicised recently?

The Hon. M.K. Brindal: We all dream grand dreams and we all live in a real world. Sometimes, with the best of intent, the vision that we have does not quite match what we can achieve. MAG did provide a very useful analysis of the local government sector, and it looked at a number of possible approaches to structural reform. In the final approach decided by the Government, some but not all the MAG report's recommendations were picked up. MAG saving estimates were based on all councils being involved in amalgamations, with the number of councils reduced from 118 to 34, in addition to the introduction of other management tools, including compulsory competitive tendering.

The voluntary structural reform process overseen by the Local Government Boundary Board involved only 70 per cent of councils as opposed to the 100 per cent that it envisaged in South Australia in a process which is recognised nationally as being a model for local government reform because of local government ownership in the process. The Government believes that for this reason it is far more likely that whatever benefits are achieved will be sustainable over time and will be solid because of the sector's ownership. The process has delivered far more than just savings. Local government now has a significantly improved capacity to provide new or better services to the community, is able to make better planning and resource allocation decisions, has greater accountability and has greater respect as a sphere of government in the community.

I know that the member for MacKillop is well aware of the savings and the good things that amalgamation has brought to the Wattle Range council. There is no better example of this increased capacity than that council. The former District Council of Penola would have faced unfunded liabilities of at least \$200 000 this financial year for various matters, including infrastructure improvements. The new Wattle Range council has had the capacity to absorb this liability, commence planning for new infrastructure, including a wine interpretative centre, as well as deliver a surplus on its first year of operation. From memory, the surplus is more than that which it initially thought it would achieve. I am not trying to tell the member for MacKillop that every council has performed to that standard: I am saying that it is a very good example of one of the best.

Savings identified by councils from amalgamations finalised to date amount to \$19.3 million: 67 per cent or \$13 million per annum of these are recurrent savings as identified by new metropolitan councils, with \$6.3 million per annum or 33 per cent of the total identified by the new country councils. Councils are accountable for their communities to deliver on their savings. It is envisaged that the extent to which predicted savings have been achieved will form part of the discussion of the board's final report. That is the subject of a clause to be introduced under the miscellaneous provisions Bill to which I referred earlier.

In general, those councils that have amalgamated are in a better position to keep down the level of their rates and have already delivered on rate reductions. Port Adelaide Enfield council is a good example of that. It is interesting to note, though, that, of the 17 councils which have been recently granted exemptions under rate capping, only five were from councils that had amalgamated. Some of the amalgamated councils—because they had given their word to their ratepayers that they would not increase the rate—deliberately sought not to do so even though they have projects they would like to undertake. However, 12 of the stand-alone councils—those councils that a year ago were telling us, 'Do

not touch us; we are the best thing since sliced bread; we can exist alone”—applied for exemption under rate capping. As I said previously, I understand that at least one of those five councils said, ‘We applied in case of the need to pursue these projects.’ But I believe that they will not take advantage of the lifting in the rate cap, because they think that they can do it within budget and that that will better position them in terms of keeping their word to their ratepayers.

Mr Dixon: To support the Minister’s comments on that, I point out that a lot of the savings were actually presented by the councils when they presented the proposals to the Boundary Reform Board. They were certainly estimates at that stage, and many of the councils indicated they also believed that those figures would be conservative. When they come together and investigate it further, they may well see further potential for savings, but that was really in the domain of the councils in terms of their analysing the benefits of the particular proposals as put forward.

Mr WILLIAMS: The Minister has mentioned 17 exemptions. Were all applicants exempted or did some councils not receive an exemption and, if so, how many?

The Hon. M.K. Brindal: I will take that question on notice and supply an answer as soon as I can.

Mr WILLIAMS: With regard to the reform board, the Minister stated earlier that there will be some transitional arrangements to enable it to carry on beyond the end of September this year. I believe that the reform board already has been carried over for a 12 month period to allow it to complete the work which it had initiated but not completed by 30 September 1997. Will the Minister provide a list of the proposals that the reform board has before it that have not been completed and explain why those proposals will not be completed in the 12 months additional time already provided to the board?

The Hon. M.K. Brindal: The member for MacKillop, being the member for MacKillop, can probably explain to me why the board has not completed a couple of its proposals, because they were in his area. I will take that question on notice. I will provide the honourable member with a detailed list. I will correct one thing. He is right: the board has been extended for 12 months. My officers and I believe that we have to have within the Local Government Act a capacity for boundary change should the need arise. As members know, we are looking at a complete reform of the Act. We do not want to predict what local government might seek in the new Act. We are asking the House to put in some transitional arrangements merely to cover any possibility of boundary adjustment or voluntary council amalgamations in a time when, once the sunset provision cuts in for the board, there will be no other mechanism. We are merely saying there has to be a mechanism, but it will not be the board. The board will be replaced.

The proposal is not to have people sitting on a retainer but rather to have sitting fees, and to not initiate proposals but rather to respond to things that have been initiated generally by councils. We will not call it a board but rather a panel, and we hope that the panel may never have to meet, but we think that prudential and good government means there has to be a mechanism in place. I reiterate, there is no intention to continue the life of the board.

Ms CICCARELLO: In light of the savings the Minister indicated earlier of some \$20 million that have been a result of amalgamations of councils, how do you explain the debt of, I think, some \$40 million which has come to light

subsequent to the amalgamation of the Happy Valley, Willunga and Noarlunga councils?

The Hon. M.K. Brindal: That was the result of some reporting which perhaps did not accurately reflect the entire picture for the City of Onkaparinga. It was an *Advertiser* article that assessed that the Onkaparinga council’s debt level will increase to \$43 million this financial year. The article appeared under the heading, as the member knows, ‘Council Going for Broke’. The Onkaparinga council commenced on 1 July 1997 following the amalgamations of the City of Noarlunga and Happy Valley and part of the District Council of Willunga. Following the article, the council offered to provide information to the Minister for Local Government about its estimated debt level as at 30 June 1998, the data on interest costs for 1997-98 and expected trends in the ongoing debt position.

The council Mayor and the City Manager provided a briefing to the Minister and the Executive Director of the Office of Local Government in late May. It needs to be emphasised that the overall debt level of the council as at 1 July 1997 was extraordinarily good—and I emphasise that. Net debt, that is, gross borrowings less financial assets, was \$18.2 million, which represents a debt per capita of \$124, and a debt per rate assessment of \$289.

Despite significant ongoing infrastructure spending associated with urban development in the council area, these debt ratios were much better or lower than those of other large councils, such as Playford, Charles Sturt and Tea Tree Gully, yet they were not singled out for the same sort of less than accurate reporting that Onkaparinga received. Even if the *Advertiser* were correct, such a debt level is of little concern. It is not to suggest that the growth of debt is unimportant or to advocate future growth but, put in context of the value of Onkaparinga’s physical assets, which is approximately \$500 million, Onkaparinga is in a very sound financial position.

In addition, Onkaparinga’s superannuation liabilities are fully funded, and the same cannot be said for many other levels of government. Its rate revenue is nearly \$40 million per annum overall, thus it has less than one year’s rates in debts. I am not an accountant but even I know that an article that suggests ‘going for broke’ is not entirely accurate. I think the journalist concerned should perhaps go to accounting school. Until additional figure work and information is provided by the council, it is not possible to be any more specific about Onkaparinga’s current and prospective debt position. But I thank the member for Norwood for her question, because it puts on the record something that should be on the record. I am sure that the City of Onkaparinga will thank her as well.

Ms CICCARELLO: How much has the governance review cost?

The Hon. M.K. Brindal: I am advised that the review has cost about \$340 000 for the review itself and about \$50 000 for its implementation, but these costs were shared with the City Council. I believe that the Bill which is about to come before the House is excellent and, with the concurrence of the House and, I am sure, with the bits and pieces which the member for Elder, and perhaps members on the Government benches, will contribute, it will result in excellence governance arrangements for the city.

The member for Norwood would be aware of problems that have existed in coordinating the rightful spheres of State Government and local government with respect to the governance of the city. I would contend that a shared project

involving the two levels of government, costing what it did, if this Parliament has the wit to pass a good Bill as a consequence, will result in money well spent. Whether or not the money is well spent largely will rely on the intelligence of members here rather than on the people who sign the cheques.

Ms CICCARELLO: Given that the Minister now wants local government to help create jobs, why is he intending to introduce compulsory competitive tendering, and has his department had an opportunity to look at the situation in Victoria since its introduction and the results achieved?

The Hon. M.K. Brindal: The member for Norwood is a thoughtful person in this place and has been a strong contributor to the local government sector. I am surprised she gets a question so wrong. There is no intention on the part of the Government of South Australia to introduce competitive tendering under the Local Government Act. The member for Norwood heard me say that the Local Government Act is a consultation Act out for review and the Government has no policy position on that matter. Even the consultative drafts say that competitive tendering is a desirable position from which to start; that is, how do you buy the best, most efficient service in any sector of Government?

As a matter of philosophic principle we believe that the free market is the way in which you get the most efficient and most effective service. The Act follows the New Zealand model but not the Victorian model or the English model which calls for compulsory competitive tendering. What we are proposing in that draft consultation—which, again I emphasise, is not our final position—is that, while it is a matter of good policy to start from that principle, councils should be able to bear in mind local needs, local interests and the effect on employment in the area—a whole plethora. I will not run through them now because they are not in front of me, but I commend them to the attention of the member for Norwood. Off the top of my head, I think there are 10 different reasons why the council might decide not to adopt competitive tendering.

What we are saying in the drafts is: start from this principle, look at competitive tendering—you should do that as a matter of good policy—but, if for any of these reasons council—not the Minister or the Parliament—decides it is not in the best interests of the area to pursue competitive tendering, they will not have to do so. I do not think this Parliament could be fairer to the local government sector than to pass that sort of legislation, because it is legislation which says: there might be a principle which we think should be in the Bill, but basically it is for you to decide what is best for your area. It is called local government autonomy. It is what I have heard the member for Norwood sticking up for: it is what we are proposing in the Bill—

Mr Conlon interjecting:

The Hon. M.K. Brindal: The member for Elder can ask another question in a minute if he wants. I hope that, if that is what the local government sector wants, when it comes into this House the member for Norwood will be one of the most vigorous in defending the Minister's support of that.

The Hon. R.B. SUCH: Is the Minister aware of any councils building or planning to build large or lavish council chambers and, if so, does he operate a counselling service for councils contemplating such Taj Mahals?

The Hon. M.K. Brindal: It is always a vexed issue with ratepayers when they see councils building a new corporate headquarters but, as I have said previously in this place, this House will have to decide in the Local Government Act what

it is that it believes local government is and how much authority it believes that this House should continue to exercise over the sector. One thing this House is never likely to agree to—and personally I hope it does not—is to vet councils to the point where we are telling them whether they can build public toilets on reserves, administration offices or many other things. If we reach that level of interference in the local government sector, then we might as well take over the whole show and run it as a department.

I am not advocating that. I realise the sensitivity of ratepayers when it comes to councils building new council offices, but I say clearly to the people of South Australia: while they have a local government sector and while they elect councillors and mayors, it is their role as electors of the council to decide who they want to represent them and either support their decisions or, if they do not like their decisions, not return them at the next election. It is called democracy.

The CHAIRMAN: There being no further questions on the local government portfolio, I invite the Minister for Recreation and Sport and his advisers to take their seats at the table.

Additional Witness:

Hon. I.F. Evans, Minister for Recreation and Sport.

Additional Departmental Advisers:

Mr S. Forrest, Executive Director.

Mr L. Parnell, Director, Recreation and Sport Development Division.

Mr W. Battams, Director, South Australian Sports Institute.

Mr B. Pritchard, Manager Finance.

Mr R. Fletcher, Director Corporate Services.

Mr T. Cooke, Ministerial Adviser.

Mr M. Christie, Project Officer.

Membership:

Ms Thompson substituted for Ms Ciccarello.

Mr Foley substituted for Mr Conlon.

Mr Wright substituted for Mr Snelling.

The CHAIRMAN: Does the Minister wish to make a statement?

The Hon. I.F. Evans: I have a short statement. The mission of the new Department of Industry and Trade is to establish South Australia's place in the world as one of the best places to live, visit and do business. The Office for Recreation and Sport provides the leadership and works with the sport and recreation industry to increase economic activity, develop world class athletes and increase the quality and the level of participation by the community in physical activity.

The economic impact of sport and recreation on the State's economy could be one of the drivers of the new millennium. Sport and recreation is developing increasingly into a business as the year 2000 draws nearer. In 1993-94 the sport and recreation sector produced \$11 800 million worth of output in Australia. This figure is similar to that of the motor vehicle manufacturing industry and substantially bigger than the textile, clothing, footwear and leather manufacturing industries combined. In terms of the national gross domestic product (GDP), the sport and recreation industry contributed 1.2 per cent.

Australian households spent a minimum of \$5 900 million on sport and recreation in 1993-94, of which \$4 100 million

was spent on sport and recreation goods and services. In South Australia the total estimated expenditure on sport was \$650.5 million, equivalent to 2.2 per cent of South Australia's gross State product (GSP). This is slightly higher than the gross product of the State's mining industry. Australian exports of sport and recreation goods amounted to \$358 million in 1995-96. New Zealand, the United States of America and Japan were the main destinations. The Office for Recreation and Sport has established an Economic and Industry Development Unit to identify and facilitate the development of inbound and outbound recreation and sports products for international markets.

Over the past two years a number of trade missions and trade expos have featured representation from the recreation and sport industry. Sport Export—Adelaide is currently working on projects in South Africa, India, Sabah, Brunei, the Philippines and Japan. All these projects have the potential to generate significant economic returns to the State. The last 12 months was an exciting period for recreation and sport in South Australia with the completion of new world class facilities for netball and athletics and the first stage of the upgrade to the Hindmarsh Soccer Stadium, all forming part of the International Sports Gateway Project vision. State facilities are administered by the Minister for Industry, Trade and Tourism.

A significant contribution to sport and recreation was also made at the regional level with around \$900 000 made available under the Regional Recreation and Sport Facilities Grant Scheme to assist local authorities, recreational and sporting organisations and community groups to develop new or extend existing regional recreation and sport facilities. The office continues to administer funds of \$2.5 million allocated under the Gaming Machines (Miscellaneous) Amendment Act, through the Sport and Recreation Fund, to provide financial assistance for sporting and recreational organisations. Assistance will continue to be provided through the Active Club Program, Statewide Development Program, SASI Talent Scholarship and State Sports Facility Fund.

The Active Club Program provided financial assistance to 194 organisations that successfully applied for a grant during the last funding round. Since the program began in 1996 there have been three funding rounds, with a total of 617 organisations being successful in obtaining an Active Club Grant. The South Australians Sports Institute (SASI) has had a very successful year with both athletes and coaches achieving world record results around the globe. There are currently over 500 athletes supported by SASI at the high performance and talent levels with full-time programs offered in 15 sports and under 20 full-time coaches.

Of course, the Sydney 2000 Olympics and Paralympic Games are now only 821 days away and the office, through its Prepared to Win campaign, is capitalising on the value of these games to the local economy. The campaign continues to attract international sporting teams and athletes to the State for training and acclimatisation in the lead up to the Games. Prepared to Win sent a delegation to Europe in May to present the case for Adelaide as a training base to the National Olympic Committees of six countries. This has already resulted in the Austrian Olympic Committee visiting Adelaide to view facilities. In the period July to March 1998, Prepared to Win has attracted over 1 000 visitor weeks to the State. It is expected that, by the time the Games arrive, 10 000 visitor weeks will have been achieved.

The office has long recognised the significance of the recreational trail network in providing considerable economic

advantages as well as opportunities for improving the general health and wellbeing of local communities. Along with Tourism SA, the office recognises that walking and recreation trails are a key element of this State's tourism theme and a major area of interest for domestic and international markets. The development and management of recreational trails such as the 1 500 kilometre long Heysen Trail, the Mawson Cycling Trail and the Riesling Trail demonstrate the office's commitment to providing quality recreational opportunities for all ages. During 1997-98 the Riesling Trail in the Clare Valley had a further 15 kilometres upgraded for use.

The office is continuing to promote Active Australia, an innovative venture designed to have Australians become healthier through increased physical activity. It is the first project of its kind to involve a nationwide network of schools, clubs, gyms and three tiers of government. The office has planned a pilot project called Active Communities as part of Active Australia, which will be implemented in at least two local government areas on a trial basis. It is anticipated that models of best practice can be established from these projects which can then be used in other local regions.

I acknowledge the continuing commitment and enthusiasm of all the staff at the Office of Recreation and Sport who have maintained their high standards during what has been a year of considerable change within the portfolio. There is no doubt that without their dedication the transition of the office into the Department of Industry and Trade would not have occurred as seamlessly as it has to date.

The CHAIRMAN: Does the member for Hart have an opening statement?

Mr FOLEY: I have a couple of comments. I note that the Deputy Premier is trying out the green leather of the Opposition back bench.

The CHAIRMAN: Does the honourable member have a question?

Mr FOLEY: I do, Sir. The Opposition has felt for some time that the placement of the Office of Recreation and Sport within the industry portfolio was an interesting move, particularly given the super department arrangements put in place by the Government. From the Opposition's point of view we are not convinced that is the appropriate home for that agency. However, that is for us to worry about in years to come.

In his previous report, the Auditor-General was highly critical of a number of aspects relating to the Department of Recreation and Sport. Can the Minister inform the Committee what actions have been taken to address those significant concerns in a number of areas? The supplementary report highlighted concerns about the general ledger, a lack of control over cheques, cheques not recorded on the system that had been cashed, duplicate cheques recorded on the system, incorrect cheque details recorded on the system, inadequate monitoring and follow-up on debtors, bad banking and receipting processes, and inadequate information on grant payments. The audit opinion went on to say:

The controls exercised by the department in relation to the receipt and expenditure of money were not sufficient to provide reasonable assurances that the financial transactions of the organisation were conducted properly and in accordance with law.

It must be borne in mind that was a supplementary report from the Auditor-General and it would have referred to the operations of the department at least 18 months ago, so we are talking some time back. I am interested to hear what actions have been taken since that report was released.

The Hon. I.F. Evans: I understand that we dealt with this when we were examined on the Auditor-General's Report, but I will ask the Director of Corporate Services (Mr Fletcher) to explain some of the actions that have been taken. It is a long list, so it may be simpler to bring back a briefing note.

Mr Fletcher: We had a number of problems with the accounting system, although it is now some 12 months ago, or longer than that. We were installing new software in the office and we had some technical problems on bedding that down on the hardware infrastructure. That was coupled with some major staffing changes at the time. I had to employ a consultant to prepare the financial statements for the 1996-97 financial year, so someone totally outside the office was brought in to pull things together for those statements. I make the comment that the statements themselves were not qualified by the Auditor-General.

Since that time we have put a major effort into dealing with all of the issues that were raised by the Auditor-General. We now have routine reconciliation throughout the system. We have put a major effort into resolving issues relating to debtors that have been outstanding for two or three years, and we now have the debtors subledger in good shape and we are in the process of establishing routine procedures for keeping that up to date and following up debtors.

Mr FOLEY: Olympic soccer has been very much the subject of interest among a number of people in recent months. I appreciate that the Deputy Premier will take issues relating to the actual stadium, but can the Minister for Recreation and Sport tell us about the proposals to host seven rounds of the Olympic soccer tournament? Do we have a signed confirmation from SOCOG that we will be hosting six or seven matches in Adelaide?

The Hon. I.F. Evans: The Minister for Industry, Trade and Tourism is handling that, so the honourable member will have to refer that question to him.

Mr FOLEY: Can the Minister advise the Committee of the cost? I understand that the Government will meet the onground costs of teams participating in Adelaide, should that occur. Can the Minister please detail the cost of accommodation, transport and other onground costs that may well be picked up by the taxpayer? Can the Minister confirm if that is the case and provide us with an estimate of that cost?

The Hon. I.F. Evans: The honourable member has asked a supplementary question to a question that I have already referred to another Minister, so I will refer the supplementary question at the same time.

Mr FOLEY: I seek clarification, Sir. Is the junior Minister for Recreation and Sport not handling anything to do with special projects such as the Olympic soccer matches? Does the Minister not look after the big sports, just the junior things?

The Hon. I.F. Evans: I will ask Mr Dixon to comment on that and clarify the position for the honourable member.

Mr Dixon: With the incorporation of the Department of Recreation and Sport within the new Department of Industry and Trade, there is a division between the Deputy Premier and Minister for Industry, Trade and Tourism and the Minister for Recreation and Sport on various issues such as facilities management. As a result, major facilities such as the Hindmarsh Soccer Stadium and other international stadia are in the province of the Deputy Premier. It is my understanding that all the issues relating to the soccer stadium and the negotiations with SOCOG regarding the holding of Olympic

soccer matches are within the province of the Deputy Premier.

Mr FOLEY: I am interested that the Chief Executive Officer of the department has to clarify issues that I put to the Minister, so let me try it again. I am directing my question to the Minister. I am not critical of Mr Dixon, but my question was directed to the Minister. Minister Evans is the Minister for Recreation and Sport. I appreciate that Minister Ingerson is the Minister responsible for major projects such as the construction of this fine stadium at Hindmarsh, but I am talking about sporting events, so I will put the question again. The Deputy Premier is passing notes to the Minister.

The CHAIRMAN: Order! The member for Hart.

Mr FOLEY: This is a little bit of a circus. Should we just get Minister Ingerson in and Minister Evans can take a break?

The CHAIRMAN: Minister Evans is the Minister at the table at present. Minister Evans?

The Hon. I.F. Evans: I am waiting for a question.

Mr FOLEY: Is the Minister telling me that any questions about big sports or international sports should be directed to the Deputy Premier?

The Hon. I.F. Evans: No, but the Olympic soccer tournament is obviously a major event. The honourable member is aware that major events come under Tourism. I am not the Minister for Tourism, so major events that tie in economic development and tourism to the State, although they involve sport and recreation, are handled through the major events section within Tourism SA, and, ultimately, they are dealt with appropriately by that Minister. That is just one way that the whole of Government process coordinates such activities.

I believe it is taking a simple view to say that the soccer matches at Hindmarsh for the Olympics are simply sporting events. They are far more than that to the State. They are all about economic development of the State, and they are all about economic development into the State. And, yes, they happen to be a sport, or a recreation. Other events—such as the recently announced cycling event—have also been handled by Major Events. So, it is a matter of scale. If the Government believes that there is a whole-of-State benefit in handling events through Major Events to ensure that they are properly coordinated, that is surely the appropriate place. We have decided that the appropriate place for the negotiations about the Olympic soccer games properly rests with the Department of Industry and Trade through Major Events, which is under the Deputy Premier.

Mr FOLEY: I can understand why the Minister does not want anything to do with soccer; I can fully understand the politics of that.

The Hon. I.F. Evans: I strongly support soccer.

Mr FOLEY: But I can understand why you are distancing yourself, quite obviously, from anything to do with the stadium and related issues: the politics of that are pretty clear. I am at a bit of a loss to understand this, because in the Minister's opening statement he told us how, I believe it was the Austrian Olympic team, had been looking at Adelaide as a venue for an opportunity to train, and I have heard him get up in this House and talk about the Japanese cycling team coming to Adelaide. It seems to me that some Olympic events are the Minister's responsibility and some are not. What Olympic teams have been locked in to train in Adelaide at this stage?

The Hon. I.F. Evans: The whole idea of the Prepared to Win program is to develop strategies that will ultimately maximise sporting and economic opportunities that arise from

the 2000 Olympics and the Paralympic Games and, as I mentioned in my opening statement, we have already had a fair bit of success in that area. Some of those include the Swedish swimming team that recently trained in Adelaide—

Mr Foley interjecting:

The Hon. I.F. Evans: No. The member for Hart can take cheap shots if he wants to but, ultimately, it is a matter of balance of judgment. The soccer stadium is taking a considerable amount of investment from the State but, for instance, the swimming facilities are already there, running facilities are already there—

Mr FOLEY: You do some things and the Deputy Premier does others?

The Hon. I.F. Evans: That is right; we work as a team. That is exactly the concept. When a project comes up, a judgment is made from within the portfolio as to the appropriate communication point, if you like, or coordination point for that project. It may well be that it starts out with me and, as the project develops in size and we see other opportunities to bring in more businesses or other tourism aspects to the project, it could be coordinated through to the Deputy Premier. There is a coordinating role between the two of us—between the two areas, if you like—to make sure that, whoever contacts us in regard to either the Olympics, the Commonwealth games, pre-training, or whatever, there is some coordination between the two. If the member is looking for an absolute clear-cut line—for example, if the Irish Olympic team contacts us and whether that will definitely go to the Deputy Premier or to me—I do not think that the line is that well defined. The approach is to look at how many people there will be, whether we have facilities already available for them or whether we have to provide special facilities, what sort of support they are looking for and who is best to coordinate that.

Soccer is one of the major announcements of the Olympics, and a number of games have already been scheduled. As it is one of the major events, we have decided that it is properly handled by Major Events. But as to the initial contact with, for example, the Austrian Olympic team or the Swedish swimming team, I believe that the proper approach is for me to sound them out to ascertain exactly what they are looking for—whether they are looking for some of our sports scientists to help with their training behind the scenes, our medical experts, or whether they looking to use our SASI facilities.

I recall the day we went to SASI headquarters with the Japanese cycling team and one of the German coaches walked in. So, that initial contact to sound them out and ascertain exactly what they are looking for from South Australia and to outline what we have to offer by way of facilities and training and acclimatisation is mainly done by me. Once we determine how many people we can expect, whether it is five athletes or 100 athletes, and whether it is for one week or five weeks, whether one of the cycling teams has committed for eight sessions of training between now and the Olympics or whether they are just looking at one week before the Olympics—in other words, once we get an idea of the scale of the project—a judgment is made as to whether it can be handled by me or whether it needs to go on to Major Events for greater input. So, there is no clear line.

Mr CONDOUS: My question relates to Budget Paper 4, Volume 1, page 2.10. What is the Government doing to develop economic opportunities associated with recreation and sport in international markets?

The Hon. I.F. Evans: The economic development of sport and recreation is one of the big growth areas that will occur and has occurred recently and certainly will continue to occur. The Office of Recreation and Sport has established an economic and industry development unit to identify and facilitate the development of inbound and outbound recreation and sports products for the international market. The products and services that are being considered for the development include things such as specialist athlete and coach training.

As an example, I refer back to my response to the member for Hart's previous question and indicate that when we recently hosted the Japanese cycling team it was very impressed with our physical facilities—our road training facilities, the velodrome and SASI's facilities. The team said that it was also attracted by our back-up facilities, the sports psychologists, the medical staff, the excellent facilities and the personnel that we have to offer. So, it is that sort of specialist elite athlete and coach training that teams look for.

Other things being considered include sports education courses, facility planning, design and management, recreation and sport-related tourism and sport and business opportunities. Over the past two years there have been a number of trade missions and trade expos. Some of them have been hosted by His Excellency the Governor and have featured representation from the recreation and sport industry.

I will describe some of our results. Contracts have been secured in Brunei and Hong Kong to the value of around \$600 000; and projects are currently being considered in New Caledonia, Brunei, Singapore and East Malaysia to the value of over \$3 million. South Australia has been involved in bidding for involvement in the opening and closing ceremonies of the South-East Asian Games, which are being held in Brunei in September 1999. There has been the signing of agents in Singapore by South Australian companies following our exhibition at the Sports Asia Trade Show in April 1998. They have identified opportunities for the export of cricket education to India. A request to lead a Women in Sport program in the Philippines is being developed with the Department of Foreign Affairs and Trade. We have also secured the placement of a young Malaysian cricketer at the Australian Cricket Academy.

Many people may not know that the Australian Cricket Academy has a commitment with the Australian Cricket Board to try to promote cricket into the Asian area. So, the Adelaide Cricket Academy being the base is slowly but surely being involved in programs there to try to expand cricket into that area. Also a second edition of the Sport Export Adelaide directory was released in October 1997. This highlights South Australian companies and organisations that are export ready for the profitable export of sport and recreation products and services. We have also run in conjunction with that Sport Export seminars, which provide information and opportunities to those businesses or individuals interested in exporting their products or services to international markets. Sport Export is currently working on projects in South Africa, India, Brunei, the Philippines and Japan, and we expect all of these projects to generate some significant return to the South Australian economy. I will ask Simon Forrest, the Executive Director, to make some comments on that because I believe that there has been some more recent success.

Mr Forrest: As the Minister mentioned, the Office for Recreation and Sport, through its Sport Export Adelaide program, is working very closely with industry in this State

to identify and facilitate the development of both outbound and inbound recreation and sport products and services for international markets. The capabilities of the South Australian organisations are marketed globally through the Sport Export Adelaide directory to which the Minister referred. This directory lists over 60 organisations which have products or services and which are export ready. The Sport Export Adelaide program also develops strategic alliances with trade authorities, international Chambers of Commerce, and international organisations. The relationships developed with Austrade have been particularly beneficial to the Sport Export Adelaide program.

It is interesting to note that South Australia is the only State with a program such as this and that, as a result, Austrade has chosen to make available to us a major opportunity in New Caledonia. In the lead-up to the Sydney 2000 Games, many of the French Olympic team will be based in Noumea, and this has required the New Caledonian authorities to undertake significant resurfacing of some of its venues and facilities. Austrade knew of our Sport Export Adelaide program and contacted us to see whether our directory listed any companies which could bid for this work.

Acclaim Courts, a South Australian company, immediately contacted the New Caledonian authorities and made a visit to scope the opportunities available through this contact. Importantly, and only recently—in fact, yesterday—Acclaim Courts was informed that its proposal for the resurfacing of the Quen Toro tennis facility has been accepted by Mr Yannick Noah, President of the French Tennis Federation. At this very moment the principal of Acclaim Courts, Malcolm Loveday, is on his way to Noumea to meet with representatives of the French Olympic Committee to sign the contract.

The point is that this outcome is as a direct result of the work done by the Sport Export Adelaide team. Additionally, the State Government recently undertook a trade mission to East Malaysia and Brunei, which was led by our Governor, Sir Eric Neal. Our office was represented by Mr Jim Daly, Manager of the Economic and Industry Development Unit. As a direct result of that trade mission, significant opportunities were identified in the region, including the provision of running tracks for the Tamparuli sports complex in Sabah. This work is now subject to final bids, and we believe that Acclaim Courts is again a leading contender.

We believe that this project is in the financial vicinity of \$3 million Malaysia ringit. Also, a proposal is being prepared for submission to the organising committee of the South-East Asian Games for the provision of the opening and closing dinner hosted by the Sultan of Brunei. This includes the provision of the infrastructure and ancillary facilities required for a 6 000 seat entertainment site. We are very hopeful that that will be another project to come to South Australia through the Sport Export Adelaide program.

Mr CONDOUS: What strategies are being pursued to maximise South Australian opportunities, both sporting and economic, arising from the staging of the Sydney 2000 Olympic and Paralympic Games?

The Hon. I.F. Evans: The member for Hart earlier mentioned the involvement of the 'Prepared to Win' program. I have already mentioned that the Swedish swimming team trained here and has already made hotel bookings for its training program in the lead-up to the Olympic Games in the year 2000. The Michigan State women's hockey team will be coming to Adelaide within the next couple of months, which follows a visit in December 1997 by the North-Western

University hockey team from near Chicago. It was interesting to speak to those involved with the North-Western University hockey team because Adelaide has a reputation throughout the hockey community in the United States because of its excellent facilities.

It is interesting that within various sporting fraternities the word has spread about our good facilities, and that has ultimately attracted training organisations to Adelaide. That university made the comment that it originally intended to train in Melbourne, and it was only because some of its competitors had been to Adelaide and played on our facilities that it decided to train in Adelaide. It is good to see that the investment in facilities is bringing results to the State. Also, the Japanese national soccer team has been in Adelaide playing the Socceroos, and two professional teams from Japan have also trained in Adelaide.

A Japanese youth soccer team visited Adelaide in March along with a Brazilian soccer team which played the Olyroos at Hindmarsh Soccer Stadium. I have already mentioned that the Japanese cycling team will use Adelaide as a venue for seven or eight training camps between now and the Sydney Olympics. Also, eight Pakistani cyclists and officials will arrive in September. Obviously we hope to attract them to train in Adelaide more than once. Recently 'Prepared to Win' sent a delegation to Europe in the first two weeks of May 1998 to present the case for Adelaide as a training base to the Olympic committees of six countries.

This has already resulted in the Austrian committee's coming here. Perhaps Mr Forrest could expand on the countries he visited and what Adelaide's chances are of attracting those countries. The Prepared to Win program has already attracted to the State about 1 000 visits, and we are aiming to achieve approximately 10 000 visits a week prior to the Olympics.

Mr Forrest: Recently David Prince, President of the South Australian Olympic Council, and I visited six European countries with which we had already had contact. We believed that we needed to beef up the presentation to them to try to attract their custom in the lead-up to the Sydney Olympic Games. The point of attracting these countries to train in Adelaide in preparation for the Games is to assist both training and acclimatisation. We visited six countries: Germany, Austria, Spain, France, the Czech Republic and Poland. In each of those countries we spoke to representatives of the national Olympic and paralympic committees and the national sporting federations.

Our presentation was well received and thought to be very professional. One country told us that it would use a similar style of presentation to make a bid for the Winter Olympic Games—a bid process in which they are already involved. We have received a very positive response and are currently communicating and negotiating with the stakeholders about the value of Adelaide as a training base. We are now in communication with all national federations in Germany and, importantly, the Austrian Olympic committee has already visited Adelaide as a result of our trip.

In terms of training and acclimatisation, the Austrian Olympic Committee hopes to bring some of its athletes to Australia next year to test the conditions on their athletes. The Manager of Sports Science in the Office of Recreation and Sport is already communicating with the sports science personnel from the Austrian Olympic Committee. That committee also intends to locate each athlete somewhere outside the Games Village for about four days prior to the beginning of competition. We are seriously hoping that we

can attract those athletes to Adelaide as their place of destination prior to locating to the Village.

Mr CONDOUS: What have been the achievements of the South Australian Sports Institute athletes over the past 12 months?

The Hon. I.F. Evans: During 1997-98 SASI athletes continued their outstanding performances at international and national competition. SASI swimmers excelled at the World Swimming Championships held in Perth during January. The swimmers, all coached by SASI coach Glenn Beringen, made finals in all their events resulting in one gold and two silver medals, as well as fourth and fifth placings. Phil Rogers won gold as a member of the 4 x 100 metre medley relay team; Helen Denman won both the silver medals with outstanding swims in the 100 metre breast stroke and the 4 x 100 metre medley relay team; Phil finished fourth in the 100 metre breast stroke; and Ryan Mitchell was fifth in the 200 metre breast stroke.

All three swimmers have since qualified for the Commonwealth Games team. We look forward to seeing them in September, and hopefully they will be successful. SASI was also well represented in the diving events through Shannon Roy and Scott Weeks, as well as coach Val Beddoe. Shannon combined with a Victorian diver to win a bronze medal in the three metre synchronised event—the first Australian males ever to win a World Championship diving medal. Scott Weeks also performed extremely well in his first senior international competition to finish ninth in the final of the 10 metre platform event.

SASI junior athletes also excelled at the World Junior Rowing and Cycling Championships with Neil Lapworth, Aiden Burrell and Alayna Burns all winning gold medals. In addition, cyclist Kane Selin won two silver medals, and Katie Parker and Rosalie Hubbard both won bronze medals. Sally Newmarch started the year winning a gold medal at the Nations Cup Under-23 event and was recently selected as one of four SASI rowers in the team for the 1998 World Championships.

Another SASI crew, Kisahn Lamshed and Jo Lips, were bronze medallists at the Nations Cup. Other international competitions in which SASI athletes scored medals were the Baseball AA Championships, the Hockey Champions Trophy for men and women and the World Junior Basketball championships. Athletics in South Australia received a boost with the establishment of an elite pole vault squad under former Russian coach Alex Parnov. Included in the squad is the current world ranked No. 1 women's vaulter, Emma George, who has relocated from Melbourne, as well as Victor and Dmitri Markov, who have moved to Adelaide from Russia and are aiming to represent Australia at the 2000 Olympics. Dmitri is currently ranked No. 1 in the world for pole vault.

The SASI tennis program also reaped rewards during the year, with the performance of Lleyton Hewitt, who won the Australian Hardcourt Men's Tennis Championships at Memorial Drive. I think we will always remember that week when he climbed through the ranks to win that championship, defeating seeded players including Andre Agassi and Jason Stoltenberg. Lleyton has been a scholarship holder for four years under the coaching of SASI tennis coach, Roger Tyyzer. Another successful tennis performance saw SASI players Alicia Molik, Melanie Clayton and Jaslyn Hewitt win the Wilson Cup interstate series. This is the first time South Australia has won this 18 and under event since 1931. Alicia Molik added to a successful summer, combining with

interstate partners to win the Junior Hopman Cup for Australia as well as the Australian Junior Doubles Championships.

After six silver medals at international competitions, aerobics champion Patsy Tierney won a World Cup gold medal in Japan. So, all in all, SASI athletes and coaches have done a sensational job over the past 12 months.

Ms THOMPSON: What initiatives does the Minister propose for the forthcoming year to assist in the development of junior soccer, and what provision does he have in the budget to assist struggling local soccer clubs to upgrade their grounds and facilities?

The Hon. I.F. Evans: I note that the Chairman's electorate has an application before the Regional Recreation Facilities Grants. There are opportunities for clubs to apply through the Active Club Grants, which limit their grants to about \$20 000 for minor works; if they are major works, grants are available up to around the \$150 000 mark. If you have a local club that wants to apply, obviously that is the appropriate forum. There is another round of applications, which I think would normally come out around December or January, for Regional Recreation Grants. As far as the development of junior soccer goes, we are always in contact with the various organisations about how they might go about coordinating their junior levels.

However, ultimately we try to leave the administration of that to the various sports, whether it be football, soccer, or softball. If those sports think that the Government can further enhance their junior development, they would approach us and we would be interested in talking to them about how that might best occur. Grants, previously known as Living Health grants, are being made to soccer. From memory, there is a grant coming through of over \$200 000, which soccer will use to its best advantage. We are always in communication with the various sports. We also have various volunteer programs, where the department runs training programs etc. for the various volunteers involved in all sports. It is more of a coordinating role with the various sports.

If the honourable member has a particular interest in her electorate about soccer having a facility developed, and if it needs funding, I would direct the honourable member to the Regional Recreation Facilities Grants. The best way to apply is to get the local club, the State organisation and the local council all to support the application, then it goes through an assessment process.

Ms THOMPSON: As a supplementary question, does that add up to saying that, other than the \$200 000 through Living Health, there is no specific provision for soccer development in this budget?

The Hon. I.F. Evans: I can obtain for the honourable member the exact figure of what grants were made to soccer over the past year. The funding of the various sports is done through the various grant processes. The South Australian National Football League, for instance, gets over \$400 000 through Government; soccer, as I noted, gets something like \$260 000. I will obtain the exact figures and bring them back for the honourable member.

Ms THOMPSON: What provision does the Minister have in the forthcoming budget to assist in the development of the Southern Sports Complex for soccer?

The Hon. I.F. Evans: The Southern Sports Complex is actually being handled by the Deputy Premier.

Members interjecting:

The Hon. I.F. Evans: I will explain the reason for that. The Deputy Premier was previously involved with the whole

concept of the Southern Sports Complex, so the decision was made that, for uniformity and consistency, he would continue to handle that project. The group had been working with him previously, so the decision was made to leave it to him to continue to handle.

Mr WRIGHT: I would like to ask the Minister a question about the Active Club Program. I preface my remarks by saying that I appreciate his assistance in providing some advice, when I became a member. I would also like to acknowledge that in the latest round of funding, which is the only one that I have been involved in as a member, I think the department did an excellent job. However, I was alarmed to read that in the previous round of funding, which occurred before I was the member, some of the grants actually went to sporting organisations that were not physically located within the electorate of Lee. I guess other members had similar problems. I do not know whether that was because the Deputy Premier ran it then, since what the Minister said today just adds to what most of us know—that whatever the Deputy Premier runs is a stuff-up.

The CHAIRMAN: Order!

Mr WRIGHT: Sorry, Mr Chairman. I thought I would drop that in as an aside. My question is: are we now at a stage where we can confidently say with respect to the Active Club Program that we have been able to overcome these problems that have occurred in the past with organisations getting the money for an electorate in which they are not physically located?

The Hon. I.F. Evans: Let me clarify what I understand you are asking. On previous occasions there have been times when a grant has been allocated supposedly to a sporting club in the electorate of Lee but, in fact, it is in another electorate; therefore, an error has occurred. The reason that occurs is that, even though the clubrooms may be outside the electorate of Lee, the secretary, the president or the person making the application may write on the application form their address as the home address of the organisation. Therefore, on occasions the department has taken up that address as the address of the physical location of the club. Of course, not all of them have clubrooms. Some clubs, such as a football club, do not need a set physical asset all the time.

The department makes every possible effort to ensure that the grant allocated to the electorate is to a body in the electorate. The member for Fisher would acknowledge that, for instance, my electorate of Davenport borders the electorates of Fisher and Heysen. Essentially, Coromandel Valley is split between three electorates: Heysen, Fisher and Davenport. One of the problems we have when the Coromandel Valley Cricket Club, for example, applies for a grant is deciding to which electorate we allocate the money. To whom is the grant allocated, because the pool of people playing cricket comes from three electorates? It may well be that the secretary of that club lives in my electorate this year but will live in the member for Fisher's electorate next year or the member for Heysen's electorate the year after. A checking process is undertaken to try to minimise that.

The safest way to avoid that is to try to get the clubs to submit their application form through the local member, because the local member can apply a note to it. A lot of members like to write notes supporting it; it is good that they support the grant application. But they should also take the opportunity to look at the application and to stipulate in which electorate it is most appropriate for the grant to be considered—or at least to make a note to highlight that the sporting group crosses two or three electorate boundaries,

because the department can then take that into consideration. When you consider that there are literally thousands of different sporting organisations and individual clubs, it is very difficult, if not impossible, for the department to pinpoint exactly where they are geographically located. On the application form, we ask them to try to make the submission through their MP. Certainly, we will look at trying to emphasise that when we send out application forms. If members of Parliament sign-off on that, hopefully it will prevent that from recurring.

Mr WRIGHT: I appreciate the difficulties, and the Minister has explained it well. Of course, at the coalface there is a perception among clubs that, if a grant does go to a club outside the boundaries, they have missed out because it has gone to someone else physically outside the electorate. I appreciate what you are saying in that there are some grey areas. I do not simply want to be critical. As I said, the department was very good last time. On the previous occasion, approximately 40 per cent of those appeared to be physically outside the electorate.

I was pleased to hear the Minister refer to the way the Government is operating with respect to the Ministers' having a team approach. This would largely fall within the area of education, but there would be some crossover. What are the Minister and the department doing in regard to trying to return physical education in our schools to a more critical and important part of the curriculum? In particular, I refer to high schools. I am concerned about the drop off and the loss of emphasis of physical education in the curriculum at primary school level and, in particular, at secondary school level, notwithstanding the program that exists at a senior level. I do not want this to come back as the answer, but I know that at a senior level years 11, 12 and 13 students can elect in the SACE program to take physical education. That is not what I am asking about: I am asking about physical education in the curriculum through the high school level from year 8 onwards as it once used to be. Are students being exposed to a broad curriculum so that, ultimately, some of them reach the level whereby they go through our SASI program to reach the elite level?

The Hon. I.F. Evans: Given the team approaches taken to that sort of issue—and you referred to the curriculum—I will seek some input from the Minister for Education as to exactly how the curriculum is established and how it is worked through. I will also provide some details on it. Initiatives such as specialist sports schools, for example at Wirreanda, have been established. Schools themselves have taken on and initiated specialist programs such as the very successful volleyball program at Heathfield High School, which was undertaken with limited funding. I will seek some details from the Minister for Education and provide a detailed response.

The sports surveys from the Australian Bureau of Statistics in 1996-97 reveal that South Australia is one of the nation's leaders in relation to organised school sport and physical activity. I note that 33.4 per cent of South Australian children participate in some form of organised activity, and that is 12.8 per cent higher than the national average. The programs we have in place are reaping some rewards, but that does not mean we can be complacent. I will seek some information from the Department of Education and provide a detailed response.

[Sitting suspended from 1.1 to 2 p.m.]

Additional Departmental Advisers:

Mr J. Barrett, Chief Executive Officer, Racing Industry Development Association.

Mr D. Harvey, Manager, Policy and Development.

Mr P. Fernee, Manager, Administration and Finance.

The CHAIRMAN: Is it the intention of the Minister to make an opening statement?

The Hon. G.A. Ingerson: No.

The CHAIRMAN: Does the member for Hart wish to make an opening statement?

Mr FOLEY: No. During the last financial year, the contract with the Government of the Chief Executive Officer of the South Australian Thoroughbred Racing Authority was terminated. What role did you play in the termination of Mr Merv Hill, and did you have discussions with any other body or any persons regarding the dismissal of Mr Hill?

The Hon. G.A. Ingerson: Let me correct the honourable member on this matter. It is not a Government position: it is a statutory authority. My only role in relation to a statutory authority is to support the nominations of the members from the jockey club to that authority. I had no role at all as Minister in matters involving Mr Hill. My understanding is that independent of RIDA, the jockey club and SATRA dispensed with his services in late 1997.

Mr FOLEY: Did you have discussions with anyone involved with the South Australian Thoroughbred Racing Authority where you requested and indicated your preference for Mr Hill's contract to be terminated?

The Hon. G.A. Ingerson: No.

Mr FOLEY: Did you hold discussions with the then Chairman of the South Australian Thoroughbred Racing Authority or any other persons where you requested the termination of Mr Hill's contract?

The Hon. G.A. Ingerson: It is not my role to get involved with that authority. I have been advised through not only RIDA but also the minutes of SATRA that that was a decision of the committee.

Mr FOLEY: So, your evidence is that you had no discussions with any persons involved with the South Australian Thoroughbred Racing Authority regarding the termination of Merv Hill's contract?

The Hon. G.A. Ingerson: It is not my role to be involved.

Mr FOLEY: So the answer is 'No', you had no discussions?

The Hon. G.A. Ingerson: It is not my role to be involved.

Mr FOLEY: So you were not involved, yes or no?

The Hon. G.A. Ingerson: The Minister's role is to uphold the monitoring of the Act. It is not my role to get involved in the day-to-day running. The SATRA board made the decision.

Mr FOLEY: You had no discussions with anyone; that is your evidence?

The Hon. G.A. Ingerson: The role of the board is to make their own internal decisions.

Mr FOLEY: The question is: did you have discussions with Mr Rob Hodge, Chairman of the South Australian Thoroughbred Racing Authority, or any other persons, yes or no?

The Hon. G.A. Ingerson: The then Chairman and the board make administrative decisions. It is very clear under the Act.

Mr FOLEY: No discussions?

The Hon. G.A. Ingerson: It is their decision.

Mr FOLEY: You had no discussions?

The Hon. G.A. Ingerson: It is their decision.

Mr FOLEY: You have already said you have not had discussions, so I take that as 'No'.

The CHAIRMAN: Order! This is not a discussion; it is a question and answer situation. The honourable member is entitled to three questions. He has now had two.

The Hon. G.A. Ingerson: You can put on the record anything you like. The role of the staff of that organisation is not my responsibility. It never has been and never will be.

Mr FOLEY: The termination of Mr Hill's contract occurred in the last financial year. What was the settlement for that termination?

The Hon. G.A. Ingerson: I have no idea.

Mr FOLEY: We would like to have details, please.

The Hon. G.A. Ingerson: I will have to get that information on request from SATRA. I have not been involved in any way. I will ask through RIDA if they will supply that information to us.

The Hon. R.B. SUCH: Can the Minister explain the progress thus far in terms of human resource training within the racing industry?

The Hon. G.A. Ingerson: The organisation which has been established to identify the racing industry's training needs, to develop appropriate training packages and oversee the implementation of training initiatives for the industry is known as Racing Training SA. Racing Training SA comprises representatives from each of the three codes' controlling authorities RIDA, SATAB, TAFE and the AMWU and is chaired by Ms Ellen Helm, Human Resources Manager for SATRA.

South Australia is becoming a major provider of racing industry training with the establishment of three additional training projects in 1998. With the support of Racing Training SA and the Racing Industry Development Authority (RIDA), Torrens Valley Institute of TAFE has won three tenders for training projects to be conducted in South Australia and Singapore. The introduction of these new courses demonstrates South Australia's growing reputation as an outstanding provider of training.

Among the training initiatives are the establishment of a course to lift safety standards for jump jockeys and one that will enhance the business skills of racing club administrators in regional areas. In addition, South Australia's expertise will be used to review and make recommendations on Singapore's racing industry. The Torrens Valley Institute of TAFE will develop and conduct a course for country club administrators across the three racing codes. Because of their geographic isolation, many regionally based administrators have few opportunities for formal business training.

The course, which is being tailored to meet the specific reporting requirements of the racing industry, will provide them with essential business skills such as strategic planning, marketing, sponsorship and financial reporting and management. More than 30 people are expected to take part in the course which will be conducted by distance learning, including the use of work books and video conferencing. The course is being offered in the first half of 1998.

Earlier this year RTSA acknowledged that a comprehensive plan for submission to the Department of Education, Training and Employment (DETE) was required in order to assist in the determination of priorities for publicly-funded vocational education and training on a statewide basis. In previous years, such plans had been prepared by the South Australian Recreation and Arts Industry Advisory Board which had traditionally included the racing sector within its

charter. However, with the formation of RTSA, the opportunity was created to raise the profile of the industry's voice on training matters. It is now crucial that an appropriate level of funding becomes available under the statewide plan administered by DETE to support the racing industry's long-term training initiatives.

The Hon. R.B. SUCH: I sympathise with the Minister. His voice is obviously going. It sounds something like a jumps jockey who did not quite clear the hurdle! I hope his voice lasts. What have been the outcomes for country race meetings from increased contributions for stakemoney and also marketing?

The Hon. G.A. Ingerson: Crowds at the 1998 Living Health Challenge for thoroughbred racing increased by almost 40 per cent this year. In a highly successful season of racing, the Port Lincoln thoroughbred races held on 22 March was undoubtedly a highlight. It more than tripled crowd numbers at its final race day of the season. For thoroughbred meetings run from late February to late March on Kangaroo Island and at Mount Gambier, Clare, Millicent, Port Lincoln and Streaky Bay, the total turnover was up more than 11 per cent on last year.

An additional \$102 000 was provided by RIDA (\$54 000), SATRA (\$18 000), and Living Health (\$30 000) for this series. Of this total, \$50 000 was for stakemoney, \$48 000 for promotion and \$4 000 for administration. A breakdown of the turnover shows that TAB (locals) was up 11.5 per cent, on-course tote up 33 per cent, on-course bookmakers up 12 per cent, auditorium tote down 11 per cent, and auditorium bookmakers up 21 per cent.

Regional racing for the three codes was further buoyed in March with the announcement that the Lexus Southern Racing Festival would bring with it \$43 000 in additional stakemoney. The South Australian Thoroughbred Racing Authority provided additional stakemoney of \$17 000 for provincial clubs. In addition, the South Australian Greyhound Racing Authority created a new Kings versus Queens feature race at Port Pirie worth \$6 000 in stakemoney and the South Australian Harness Racing Authority added almost \$20 000 to races at Port Pirie, Gawler and Kapunda.

The Hon. R.B. SUCH: How much money is distributed to the racing industry to boost prize money?

The Hon. G.A. Ingerson: The industry through the development authority has continued to support the clubs in providing increased prize money. In 1995-96 the Racecourse Development Board distributed \$1 million to the South Australian Jockey Club to increase prize money. The authority further developed this support of the industry and in 1996-97 provided over \$2.7 million to all codes of racing, bringing it to a total of \$3.7 million.

In the current year, the Racing Industry Development Authority is providing \$3.274 million to all codes of racing to enable racing clubs to pay higher levels of prize money. Of this funding, \$2.7 million is provided to the thoroughbred racing code, \$360 000 to harness racing and \$214 000 to the greyhounds. By increasing prize money clubs have attracted a better class of horse/greyhound to race meetings which in turn has stimulated wagering. This has led to increased revenue for racing clubs and the Government through the TAB.

To ensure the maximum return to the industry and to ensure RIDA maintains effective control over this funding, each of the racing codes submitted to the Racing Industry Development Authority a breakdown of which clubs would

benefit from the increased prize money and to which meetings the funds would be allocated.

The authorities were required to implement marketing and promotion strategies that maximise the impact of the additional prize money allocations. The Racing Industry Development Authority also requires racing codes to provide proof that the funds have been expended as agreed. All racing codes engage an independent auditor to provide a written opinion to RIDA stating that the funds have been used in accordance with the funding agreement.

Mr FOLEY: What was the total cost to taxpayers for the Lexus carnival?

The Hon. G.A. Ingerson: There was no cost to the taxpayer. The money coming into RIDA comes directly from the TAB. I am advised that RIDA put up half a million dollars for the carnival.

Mr FOLEY: What was the success of that carnival? Will the Minister advise us of the crowd attendance on course for that carnival compared with the previous three years?

The Hon. G.A. Ingerson: I cannot give you those exact figures, but it was estimated that it was about 5 000 more than last year. However, through RIDA we are having a major study done on the whole carnival and, as soon as we have that report, we will make it available to the Parliament. There is a need to look at whether the funds that have been expended on marketing and generally on promotion have had the anticipated effect. We are having some professionals look at that in relation to the whole carnival; that is, whether the Adelaide Cup and the other corresponding events in the country areas, and also Oakbank, substantiated the expenditure that occurred.

Mr FOLEY: I ask for clarification: we spent half a million and we had 5 000 fewer people.

The Hon. G.A. Ingerson: More.

Mr FOLEY: Sorry, I thought you said 'less'.

The Hon. G.A. Ingerson: The estimate was 5 000 more. Those figures are being checked as part of the overall study that is being done.

Mr WRIGHT: I will also ask a couple of questions about the carnival. I say from the outset that I am surprised that only half an hour has been allocated to this industry, the third biggest industry in South Australia. Certainly we on this side of politics would give far greater emphasis to such an industry. Maybe the Minister will have to take this question on notice as well. Can the Minister provide any figures of the turnover not just for the carnival we have had but for previous carnivals, say, going back three or four years, so that we could have a realistic assessment?

The Hon. G.A. Ingerson: The preliminary assessment is that it is well up, but that will be part of the study. If the honourable member looks at our general TAB figures this year, compared with last year they are up about 11 per cent overall for the year so far. I would expect that the carnival result would be greater than that, but we will get that direct information for the Committee.

Mr WRIGHT: I think we would all agree that the carnival was successful and I certainly congratulate all those involved. Perhaps we would also agree that carnivals are not necessarily the biggest challenge. With regard to racing, the challenge is having people attend outside of the carnivals. What is being done to ensure that people attend throughout the year, not just at carnival times?

The CHAIRMAN: I inform the member for Lee that I have been fairly flexible as far as supplementary questions are concerned but that is far from a supplementary. I will

allow it this time but I will crack down on supplementary questions in the future.

The Hon. G.A. Ingerson: When we first decided to split the industry into its current structure several important issues were pointed out to us: first, the need to do something about the breeding industry; secondly, to do something about attendances at race courses; and, thirdly, (and primarily) to look at the overall marketing of the industry, in other words, to have a total strategy. I agree with the honourable member that the carnivals are just part of the total strategy. RIDA initiated a major marketing strategy group, which came up with the following objectives: that we need to determine employment for the racing industry—brand manager to manage and implement a marketing plan; develop a racing industry identity—and Racing SA has been set up; develop a customer service culture; develop an environment conducive to entertainment; introduce some customer loyalty; develop new wagering products; develop racing packages—that is, more tourism based packages—principally aimed at families; introduce some new racing products, for example, what sort of other events can be held on the same day; and introduce cross codes syndication. They were the major specifics of that study.

It is proposed that we develop a five year marketing plan so that there is some long-term consistency in terms of strategy and marketing in the industry. As I said earlier, I agree wholeheartedly with the honourable member that we need to have a total framework, not just a carnival driven one.

Mr WRIGHT: What views does the Minister have regarding the entrance to race courses and various other courses being made free of charge to the public? What analysis has been done on that?

The Hon. G.A. Ingerson: First, that is a decision of all the clubs, it is not a decision of the authority or the authorities generally. Obviously they can make those decisions. I do not have a personal view, but I am advised that the study that was undertaken looked at the whole industry and talked about issues and the entrance fee to the races was not considered to be an excessive one. It is \$5, which would be low compared to what we pay to go to the football and which is probably a direct comparison issue. That is an issue that the clubs ought to resolve. I would have thought that in resolving that the clubs would have to look at their overall financial plans. At the end of the day, we have said to the clubs that, as a matter of principle, they should not be running negative balance sheets.

Mr CONDOUS: I refer to the 1998-99 Budget Paper 4, Volume 1, Racing Industry Development Authority (pages 2.61 and 2.64). What initiatives or strategies are in place to encourage the breeding industry within the three codes of racing in South Australia?

The Hon. G.A. Ingerson: The Racing Industry Development Authority funds breeders and owners incentive schemes designed to support and promote the breeding industries within each of the three codes. In relation to greyhound racing, the greyhound scheme is a joint initiative of RIDA and the Greyhound Racing Authority and is administered by that authority. The Development Authority contributes \$59 000 a year to this three year program. This, combined with nomination fees from owners and breeders, will enable over \$300 000 to be paid out to South Australian bred and owned greyhounds. At the end of March 1998, the number of litters and pups had increased by 27 per cent and 36 per cent respectively. Whilst some modifications have been made to the eligibility criteria to the scheme since its inception,

activity levels within the greyhound industry are showing encouraging and positive signs. Up until 18 May 1998, approximately \$20 000 has been paid in bonuses to eligible greyhounds.

In relation to harness racing, the Racing Industry Development Authority will contribute \$300 000 over three years to the 'SA-bred added Stakes bonus' scheme run by harness racing. This funding provides significant bonuses to be paid when a qualified horse wins an event. The scheme continues to have a positive effect on the breeding industry. The average price of the 1998 sales was 17 per cent above the average obtained in 1997. Until 18 May, over \$75 000 has been paid in bonuses for eligible horses.

The thoroughbred scheme will provide winning bonuses of up to \$12 500 to owners and breeders for eligible two year olds and three year olds. The scheme is supplemented by the Racing Industry Development Authority, contributing \$1.3 million over the three year program, which is supported by subscriptions from breeders and owners. A detailed report of the scheme's progress and key performance indicators for the current year is scheduled to be available in July.

SABIS Edition II nominations, received as at 6 April 1998, totalled \$251 700, which is just \$9 000 short of budget. Edition II relates to 1996 foals which will race as two year olds in 1998-99. A further request has been forwarded to SATRA concerning the levels of contributions necessary from breeders' nominations and RIDA if the scheme is to continue beyond the agreed funding period. Until 18 May 1998, over \$283 000 has been paid in bonuses to eligible horses.

Mr CONDOUS: On the same line, what capital works has the Racing Industry Development Authority funded in the past year?

The Hon. G.A. Ingerson: The Racing Industry Development Authority has funded a number of capital development projects such as the Morphettville stables complex for \$500 000. The industry authority contributed funding to the construction of stables on land owned by the South Australian Jockey Club. Four sets of stables comprising 56 individual boxes were established to house two large and successful trainers, one of whom relocated from New Zealand to take advantage of the training facilities offered in Adelaide. The stables are being leased to the trainers at commercial rates. The new stables also alleviate the current shortage of appropriate stabling available during carnivals held by the Jockey Club.

At Globe Derby Park the bistro is being upgraded with expenditure of \$260 000. The facilities for patrons at Globe Derby were considered by the club, the Harness Racing Authority and the industry authority to be in need of a major upgrade. The capital upgrade currently under way will ensure that amenities will support racing in the long term. It will also maximise the potential for using the facilities for alternative revenue-raising activities and is primarily aimed at attracting people to racing.

At Angle Park, the facilities and the track will be upgraded with expenditure of \$660 000. The greyhound track at Angle Park was unsafe because of uneven cambering, which was causing many injuries to dogs. The industry authority undertook to fund the work to bring the track to a standard that eliminated these unnecessary injuries. Patrons' facilities at Angle Park were considered by the authority to be limiting the development of greyhound racing. The facilities lacked an appropriate entrance, enclosed fencing and a sealed car

park. The industry authority agreed to fund the capital works needed to address these issues.

The Harness Racing Authority has been relocated to Globe Derby Park at a cost of \$170 000. The authority was located in the city and was paying market rent for its accommodation. Its relocation to Globe Derby Park has enabled the rental income to be provided to the Harness Racing Club which, in turn, is being used to settle outstanding loans. This relocation has also led to greater efficiencies in that the controlling authority is now collocated with the principal club. It is anticipated that this will streamline administrative processes, with the efficiencies gained being used for the benefit of the harness racing code. In addition, a further \$85 000 was made available to country clubs for minor works.

Mr CONDOUS: In terms of RIDA's commitment to promoting the racing industry, can the Minister give an early indication as to what was reported to be a very successful festival?

The Hon. G.A. Ingerson: I made some brief comments on this earlier. In our view the carnival was a success and we intend to have that success professionally measured. The attraction of Kylie Minogue at the Adelaide Cup without any doubt brought a significant crowd to the event. The inclusion of Shane Dye, Greg Childs and Greg Hall, as well as the top horses, which resulted from more stake money being available, had a significant effect. The introduction of the Racing SA brand, which is in its infancy, has created a lot of comment, some good and some bad, but the most important thing is the view that racing needs an identity, and it has been given one. If modifications are needed, I am quite sure that they can be made.

Mr WRIGHT: Will the Minister rule out the sale of Cheltenham racecourse?

The Hon. G.A. Ingerson: We have only just received the final proposal from SATRA. That proposal involves that option in relation to the Cheltenham Park racetrack. It is my personal view that it should never be sold. A recommendation will come to me from RIDA, but the honourable member has my personal view.

Mr WRIGHT: What is the cost of SATRA?

The Hon. G.A. Ingerson: SATRA is not part of the budget papers because there is no payment to that authority by the Government. It gets its payment as part of the distribution to the racing industry, and it comes out at that level. I understand what the honourable member is asking, and I think it is an important issue. I will make a request through RIDA for SATRA to inform me as Minister, and consequently to inform Parliament, as to what its actual costs are. It gets its income through the distribution to the code, which is 73.5 per cent, and then there is a transfer of that money through to the clubs and it keeps back its administration costs. I think it is a very important question and, even though it is not part of the process, I will try to get an answer.

Mr WRIGHT: I have a supplementary question. It is my understanding that SATRA is in place because of the principal club status arrangement. That is my understanding, but I stand to be corrected. If that is the case, has the Minister investigated ways of overcoming that so that we can be rid of SATRA? I think that there is an overlaying of responsibilities and that we would be better off with RIDA by itself and doing away with SATRA.

The Hon. G.A. Ingerson: As part of the competition policy requirements, the Racing Act this year must be reviewed. As part of that process the overall structure of racing and how it will operate in the future will also be

reviewed. At the time RIDA and the three authorities were established, it was clear that, because of the principal club status at that time, we had to put in another mechanism to enable us not to lose the special group ratings and so forth that we had, particularly in the thoroughbred industry. I accept that, at the time, because of principal club status the structure ended up being different from what people wanted. As I said, there will be a review this year in relation to the Act, and I would be very interested in hearing a full presentation from the honourable member, because he has implied that we ought to go to a commission.

Mr WRIGHT: Turnover is the lifeline of the industry. As the Minister would be aware, there are a lot of components to that. Attendances are critical, and I wonder how lateral we have been and will be in trying to ensure that as far as possible we can assure people in the industry with respect to turnover and attendances. We need to be very lateral in our thinking as to how we are to get people to the courses not only for carnivals and big racing days but also throughout the calendar year.

In addition to what I raised before about looking at the potential of opening the gates, we must also look at other avenues, one of which may be free child-care facilities—because I suspect that the only way we will ensure that people attend is to get the family and the younger people there. It has been suggested to me that probably between 5 per cent to 7 per cent of people who attend these carnivals do so on a regular basis. My question is: how lateral are we to be in our thinking to try to generate attendances throughout the calendar year?

The Hon. G.A. Ingerson: The issue of attendance at the racetrack is most important from the point of view of on-course betting, and the industry is made up of two very different sectors: those who regularly choose to attend and those who believe that having a bet and not attending is part of their psyche. From the industry's long-term perspective, we have to increase the number of people at the track on a more regular basis. The decreasing number of people at racecourses is a world-wide phenomenon. When I was in Ireland recently at one of the major race meetings it was pointed out to me that there were 4 000 people there, which was 2 000 down on the previous year—and it was one of their major race meetings. From discussions with racing authorities there, I learnt that it is also a major problem for them. One of the best things in Australia is that we have a decent TAB system, compared to the bookmaking system in the UK and Ireland.

As part of the marketing study which we carried out, all of the issues that the honourable member mentioned—child care, better promotion, better entertainment at the track, more modern facilities and all of the things that we expect when we go to the football or basketball—are now expected as standard issue at race-tracks. They are not there. The biggest issue for the authority in the next 10 years is to work out how to mesh the capital requirements of the racing industry with the obvious stake money and breeding issues that are required of the industry.

The honourable member's point is a huge long-term issue, but it is something which we believe we have started to undertake. We have a long way to go. This is the first carnival presentation for five years. This year we want to put out a total marketing plan for the year and encourage the industry in total to be part of it, and not just any one of the codes. That is what Racing SA is all about—to sell the whole gamut of racing to the South Australian community.

Mr WILLIAMS: My question relates to the Internet, and Internet gambling. The Minister is aware of the three TeleTrak proposals in the State, one of which is in my electorate. My information is that the Northern Territory has recently legislated to provide for Internet gambling, and I also believe that the Northern Territory is currently receiving considerable benefits due to that legislation. Will the Minister inform the Committee whether the Government has any intention or any plans to introduce legislation to allow Internet gambling in South Australia?

The Hon. G.A. Ingerson: As part of a national study linked into the racing Ministers' conference in Melbourne, there was a recommendation for template legislation to be placed in one of the States. I understand that that is being seriously looked at in Victoria. That would then enable Internet wagering in relation to racing to occur legally within all the States. It is a strongly held view that you need national legislation, with the States supplying the template back-up to it. We have already had discussions with another member of Parliament about the need to do that and, as part of the review of the Racing Act, all methods of wagering and gaming that relate to the racing industry will be looked at.

It is my view that we will have to bring in the legislation. The sooner we do it the better, so that everyone knows the licensing structures, how it can be done, what are the requirements, probity issues and ownership issues. A whole range of issues clearly need to be brought up on a national basis, not just a State-by-State basis.

Mr WILLIAMS: I believe it is currently the case in the Northern Territory that, irrespective of where bets are placed—because they are received in the Northern Territory—taxation is being paid on those bets in the Territory and, consequently, the rest of Australia is missing out on the taxation benefits of Internet gambling. Therefore, I believe that this is a very urgent matter.

The Hon. G.A. Ingerson: Yes, I believe that that is correct. This relates mainly to bookmaking, in that there is a very significant bookmaker in Darwin. It is an issue that Governments around Australia are aware of. We need to get modern; we need to recognise that people transfer funds and make comments to each other in different formats than they did before, including electronic trading, and gambling is a big issue world-wide. As part of the Racing Act and the Lottery and Gaming Act review, the honourable member can expect some legislation.

The CHAIRMAN: In accordance with the agreed program, it is my intention to now move onto facilities management. Are there any further questions relating to the racing industry?

Mr FOLEY: No. We are keen to get onto the Hindmarsh Soccer Stadium, so we are happy to allow that to occur.

Additional Departmental Advisers:

Dr Andrew Scott, Director, Project Coordination, Department of Industry and Trade.

Mr Simon Forrest, Executive Director, Office of Recreation and Sport.

Mr Robert Fletcher, Director, Corporate Services, Office of Recreation and Sport.

Mr FOLEY: Is there to be an opening statement from the Deputy Premier? We have been waiting in anticipation.

The Hon. G.A. Ingerson: It is for you to ask me the questions.

The CHAIRMAN: Order! Does the Deputy Premier wish to make an opening statement?

The Hon. G.A. Ingerson: No.

Mr FOLEY: I understand that the Deputy Premier is somewhat rattled by the Hindmarsh Soccer Stadium issue and today has attempted to put a bit of a political spin on it by releasing some documentation from a Mr Steele from a Government agency, and presenting plans of a Labor Party proposal to redevelop the Hindmarsh Soccer Stadium as some significant revelation that Labor had indeed been all ready to go on the soccer stadium. I understand that in fact this is old evidence; that information had already been provided to the Public Works Committee some months earlier. But there is a little difference: the Labor Party, whatever it may have considered, never went ahead with it. There were no Cabinet sign-offs on it, of which I am aware, and it really is a desperate attempt.

I also understand that today both the Leader of the Labor Party (Hon. Mike Rann) and I have been accused of deliberately wrecking the Hindmarsh Soccer Stadium and, indeed, have been telling lies about the Hindmarsh Soccer Stadium. That may be the Minister's view of the world, and we will have to live with that and deal with that in other forums. The only thing that has wrecked the Hindmarsh Soccer Stadium has been the Minister's and the Government's handling of this whole issue. The Labor Party has been about probity and process in Government. The Minister's inability to provide sufficient information to the Public Works Committee is an issue between him and the committee. It is the rightful role of Opposition members to scrutinise this. If that has not met with the Minister's agreement, that is fine. But I must say, I am quite happy to defend my role in the Hindmarsh Soccer Stadium issue, and I want to make the comment—

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

Mr FOLEY: I do have a question. This has become a very politicised issue. This is my view in my capacity as the shadow Minister and the shadow Treasurer: it is no-one else's view—

The CHAIRMAN: The member for Hart will ask a question.

Mr FOLEY: The Soccer Federation in this State has done something that I thought no sporting body would ever do: it has crossed the line when it comes to politics. All sporting bodies in this State must carry on in a bipartisan approach but, as far as I am concerned, the Soccer Federation, for whatever reason, has crossed the Rubicon in politics. That is my view. You can continue to play the games that you want to play, you can bring out plans and have bureaucrats come out with documents, and you can have the Soccer Federation say what it likes: you will get your soccer stadium, Deputy Premier, because you always had the power to build it. But do not have a go at the Labor Party for holding you and your Government accountable for your inability to properly manage this project. We are talking about a minimum of \$30 million of taxpayers' money—\$30 million that may well have been a priority—

The CHAIRMAN: Order! Does the member for Hart have a question? If not, I will be forced to move to the other side of the House for questions?

Mr FOLEY: Mr Chairman, I am allowed to make an opening statement, and that is what I am doing.

The CHAIRMAN: I requested that that be the case and I was told that you did not want to.

Mr FOLEY: I will now start working through the cost of the soccer stadium. The final cost, I understand, is \$27.5 million. Is that the end of it? Is that the absolute upper limit and no further dollars will be required to build that stadium?

The Hon. G.A. Ingerson: We need to place on the public record the hypocrisy that has been occurring in the past six to eight months in relation to this stadium and the role of the Labor Party. It just so happens that this week someone made a telephone call to me. It just happened to be a very senior person in the Labor Party who said, 'Why don't you go back and have a look at the 1989 program? Why don't you have a look at the program that was put forward in late September 1993? Have a look at all those programs.'

Mr Foley interjecting:

The CHAIRMAN: Order!

The Hon. G.A. Ingerson: The person said, 'Look at all those things. Look at—'

Mr Foley interjecting:

The CHAIRMAN: Order! The honourable member will come to order.

The Hon. G.A. Ingerson:—the people involved.' That is what the issue is all about—who was involved. So we did. We thought it was a good idea to have a look. The plans are there. The plans have been out before. It is fascinating that they are almost identical to the plans that the Government is currently putting forward. The only difference is that the \$30.75 million put forward in 1993 now happens to be \$27.5 million. It is a much more compact system. No heritage buildings are being knocked over and there is general support for the project in the community. Clearly, this has all been before Labor for some time.

It is also fascinating to note that members, particularly the Labor Party members of the Public Works Committee, have been saying that no evidence has been available to them that the requirement for an all-round oval was for the Olympic Games. A 1993 document put to the then Minister, which clearly sets out the position, states:

As a direct result of Sydney's successful bid for the 2000 Olympic Games, the South Australian Soccer Federation has approached FIFA in an effort to secure some international matches for South Australia. FIFA have indicated that preliminary international Olympic matches and a quarter final are possible if the total upgrade of Hindmarsh Stadium is undertaken to accommodate. . . It refers to a total upgrade—in 1993. The document continues:

The upgrade would include the construction of the eastern, northern and southern grandstands, and further upgrade to the western stand . . . The South Australian Soccer Federation are currently investigating [these] options. . .

That document was written by David Stevenson on 29 September 1993. On 27 September Mr Wayne Steele received a memo which states:

This meeting was cancelled early Monday morning by David Stevenson. Apparently on the weekend, the South Australian Soccer Federation had held discussions with both the Premier—then Mr Lynn Arnold, and the member for Hart was his chief adviser—

—and the Minister [Greg Crafter] following the Olympic Games win announcement and the impact this would have on the Hindmarsh Soccer Stadium. David informed me in light of the Olympic Games win for Sydney, the Hindmarsh Soccer Stadium would require a great deal more than simply a new grandstand.

This information, which the committee says was never available to it, is documentation of the Labor Party.

Mr Foley interjecting:

The Hon. G.A. Ingerson: The committee is saying that it has never been available. The whole issue relates to the cost

of \$30 million. These plans were all available and are almost identical. It has been a deliberate stunt by the Labor Party to hold up this project. The Olympic Games in the year 2000 will be the biggest single event in Australia: it will be the biggest single event in the world in the year 2000. This Government made a decision approximately 12 months ago to progress that development. It has been through the process of Parliament and some people in the Parliament do not agree with that position. The Government—

Mr Foley interjecting:

The Hon. G.A. Ingerson: That is correct. In essence, the Government has taken into consideration several issues as they relate to the first report. The first issue relates to the relocation of the Belarusian Church. I need to put on the public record that, in our first discussions with the church, we recommended relocation and, at that time, the church leadership decided that it did not want to do that: it wanted to stay. As the plans developed—and clearly the shadow issue became far more important, and I recognise that that is an issue—the church changed its view. The Government has accommodated that change of view. We will be working with the church to finalise the position over the next couple of weeks.

Car parking is clearly a long-term issue. You do not need a Public Works Committee to advise that there are long-term issues associated with car parking for large crowds on that site. Car parking at the Entertainment Centre is available and there is the opportunity, as is always the case for large events in that area, of using the parklands after consultation and agreement with the Adelaide City Council. That process has always been available and will be available during the Olympic Games.

In relation to the management and ownership of the oval, it was considered by the Government in its preparation that, until it had made the decision to proceed with the redevelopment, the ownership issue was not of importance. The reason is that soccer has a 40-year lease with the council. There is no way that soccer can be removed from that oval, irrespective of development at that site by the State Government.

Ms Thompson interjecting:

The Hon. G.A. Ingerson: It cannot, because of the 40 year lease. Crown Law as given us that advice. The reality is that we have already discussed the question of ownership with the council and with other members.

Mr Foley interjecting:

The Hon. G.A. Ingerson: Just wait and listen. You want to know all the correct information. The reality is that we see ownership as the next major step. A group is currently talking to people involved with the Sydney Cricket Ground in terms of how that trust is run and whether that is the best way to go. We are talking to the council about its having long-term ownership, with representation from Government, clubs and the users. It is envisaged that, within a very short period of time, major announcements will be made in relation to 12-month use of the stadium. Most public issues have been covered. We do not agree with the Public Works Committee about some issues and, as the Government, we reserve the right to proceed on a Cabinet recommendation on the process as we go through.

In answer to the honourable member's question about the \$27.5 million, we went out to public tender yesterday. There are four selected bidders for that tender and we have been given professional advice, and we are saying to the Government, that it will come in within that \$27.5 million. We expect by the end of August to have those figures, and we

will detail them. It is the Government's view that we will not pay any more than \$27.5 million for the upgrade at Hindmarsh Oval.

Mr FOLEY: As I said earlier, as I think people would understand, I take exception to being called a liar and being accused by the Deputy Premier in the media today of being a liar and of deliberately wrecking the Hindmarsh Soccer Stadium. That is most unfortunate—

The Hon. G.A. Ingerson interjecting:

Mr FOLEY: I have seen the transcript, and that is what it says.

The Hon. G.A. Ingerson interjecting:

Mr FOLEY: No, the transcript says that Rann and Foley have deliberately wrecked the Hindmarsh Soccer Stadium and they are liars. Now the Minister is saying 'two faced'.

The Hon. G.A. Ingerson: That is right.

Mr FOLEY: I have not deliberately wrecked the Hindmarsh Soccer Stadium: I take great offence at that. If that is the Minister's view and that of the South Australian Soccer Federation, so be it. I have already made my comment about the partisan political position of the current regime of the South Australian Soccer Federation. I made that clear.

The CHAIRMAN: Does the honourable member have a question?

Mr FOLEY: The Deputy Premier today, in conjunction with a whole series of people, has attempted to tell the media that in the past few days, I think he said, a little dickie bird from the Labor Party, a senior Labor Party person, rang him this week to say, 'Why don't you go and look back in 1989? Why don't you go and have a look in 1993?' The Deputy Premier of this State got this phone call this week from a senior Labor source: off he went and had a look and today, bang, he will have a crack at Mike Rann and Kevin Foley. As we know with the Deputy Premier, he is not very good at politics.

The CHAIRMAN: Order! I ask the member for Hart now to ask a question or else I will move the Committee on.

Mr FOLEY: You do that, Sir; it is well within your power. In prefacing my question, I say that we know that the Deputy Premier does not read documents, but this one he signed, so I would hope that he did read it. The letter is signed by the Deputy Premier on 22 April 1998: it is to the Chairman of the Public Works Committee. It commences 'Dear Mr Lewis'—Dear Peter. Bearing in mind—prefacing my question—that the Deputy Premier said that only this week he discovered this very secret Labor plan, this is what the letter says, and I hope the media and other people are listening. It states:

The purpose of this letter is to highlight to the committee the process that has developed since the original concept to redevelop the Hindmarsh Soccer Stadium evolved in 1993. In fact, as far back as 1989 a study was conducted at the request of the then chief executive of the Department of Recreation and Sport to examine the relative merits of two options for the provision of an international standard soccer stadium in Adelaide.

Fair dinkum, Ingo: you can't even get your politics right!

The CHAIRMAN: Order! If that is the question, I will ask the Minister to respond.

The Hon. G.A. Ingerson: If the honourable member looks at the report that has come down, it says in essence that the members of the Labor Party did not have all these plans and did not understand what was going on. They knew full well that all these—

Mr Foley interjecting:

The Hon. G.A. Ingerson: I know: I wrote to them and told them. Yet, it is still in the report.

Mr Foley interjecting:

The Hon. G.A. Ingerson: That is correct, too—to bring it up and reinstate it.

Mr Foley interjecting:

The CHAIRMAN: Order! The Minister will respond, or else I will move to the other side of the House for a question.

Mr Foley interjecting:

The CHAIRMAN: Order!

The Hon. G.A. Ingerson: Clearly, what this is all about today is to show the hypocrisy of the Labor Party members in the fact that they are out there in the soccer community giving an impression that on the one hand this should be done and on the other hand making sure that the Public Works Committee and everything is held up. That is the point of this whole issue—the hypocrisy of the whole Labor Party. As it is the member for Hart's job to keep us accountable, so is it our job to hold him accountable.

The CHAIRMAN: The member for Colton.

Mr FOLEY: That was only two questions.

The CHAIRMAN: Order! The honourable member has had three questions. The member for Fisher.

The Hon. R.B. SUCH: My question to the Minister revolves around his announcement yesterday about the Hindmarsh soccer project. Will he give detailed information, further to what he has given today, about this exciting project?

The Hon. G.A. Ingerson: Clearly, the Olympics will be the most important single event in Australia in the year 2000. It is absolutely critical for us as a Government and as a community to be part of that major project. This event in Adelaide, which will include the whole community over about 10 days, is a major issue for us in 2000. The Government has made a commitment not only from an infrastructure point of view to be part of the event but also to be involved in terms of the promotion of the State. As part of the MOU there are significant advantages for us in promoting our State on international television through the tourism perspective, which we would never normally be able to do in terms of funding. It is a very important promotion opportunity, and any holdup in this development puts that at risk. The Government will continue to make sure that we are part of this very important international year.

The Hon. R.B. SUCH: Will the Minister provide information as to what the Government is doing to rectify the situation at the Adelaide Convention Centre, where we have an excess of booking capacity over facilities?

The Hon. G.A. Ingerson: The Government has made a commitment to spend up to a maximum of \$55 million to upgrade the Adelaide Convention Centre to international status. In South Australia we currently have between 17 per cent and 18 per cent of the total market as it relates to the convention business nationally and internationally, and we are at our maximum. So that we are able to expand and at least maintain that level, we need extra facilities. We currently have a special task force having a look at the best options on the current site.

Being built over a railway line, it is not the ideal site, although there is no other option for us, and we are currently calling for a group to put that whole process together. Part of the design will be to link much more closely the Festival Theatre and that whole complex within the Adelaide Entertainment Centre complex. We expect to have those plans and prospects available in the next three to four months.

The Hon. R.B. SUCH: Will the Minister give some detail about works to upgrade Memorial Drive, particularly in the lead up to the Australian Men's Hardcourt Championships?

The Hon. G.A. Ingerson: As everyone would be aware, there has been no major development and upgrade at Memorial Drive for some time. The Adelaide Tennis Club initiated a discussion between it and Lloyd Industries, a private sector operation, and has come back with a proposal to the Government in which the Government and the tennis association will do up existing playing facilities and Lloyd Industries will develop a range of facilities off to the side at its own finance level. The total cost is \$3.57 million, with Tennis SA contributing \$570 000 and the balance being funded by the Government. This is the only funding provided by the Government though other works on the site are proposed. The whole thing will be funded by private sources that are currently involved.

As members of the Committee would be aware, the Act was specially amended to enable this to occur. We expect the contractors to submit their tenders by 26 June. We expect parts of the upgrade to be finished by late December this year and for the balance of the project to be finished within about 18 months.

Mr FOLEY: Deputy Premier, I do note your press release on that earlier issue. I am happy to move on from that; I think we have had our fun. You actually say that Labor had its own secret \$30 million plan. Do you have a written contract or signed-off correspondence from SOCOG that, without a shadow of a doubt, we in Adelaide will host a number of Olympic round soccer matches?

The Hon. G.A. Ingerson: Yes.

Mr FOLEY: Do you have that letter?

The Hon. G.A. Ingerson: The Government has it.

Mr FOLEY: Can we have a copy of that?

The Hon. G.A. Ingerson: As part of the MOU (memorandum of understanding) it was provided that we meet these standards. There are two standards: first, we have to finish the stadium by a fixed date; and, secondly, we have to have in place the events structure. The events structure will be announced and formulated over the next month. Now that the Government has been through the formal processes and has decided to proceed, we will meet that contract date. As you are aware, I have had those discussions with you privately.

Mr FOLEY: You have, but I am asking you the question publicly.

The Hon. G.A. Ingerson: Yes.

Mr FOLEY: With respect to the seven soccer matches which we are getting at this stage and which will cost us \$27.5 million, what else will they cost us? Are press reports true that we will pay for hotel accommodation, on-ground costs and other costs associated with housing those teams? If so, how much are we budgeting for that?

The Hon. G.A. Ingerson: We need to put on the record the games that will be played. There will be six normal round games and one preliminary final as well as the potential of a quarter final. That decision will eventually be made by SOCOG. The games will start in mid September and finish in late September. As part of the MOU there was an agreement between the Government and SOCOG for other expenses. My understanding is that they all are part of a confidential agreement. I will get confirmation of that. If they are to be made public, I will make them available to the Committee, otherwise I will advise this Committee accordingly.

All international events are usually negotiated on a confidential basis, and that is the case with the international agreements with SOCOG. I understand where the honourable member is coming from, and since he likes playing games with anything I will make sure that the agreement the Government has signed is made available to this Committee. I understand that it is a confidential agreement.

Mr FOLEY: Whether or not you think it is confidential, you will not get away with hiding those costs from the public of South Australia. They must be made available.

The Hon. G.A. Ingerson: They will be part of a Government funding package and will be under either the major events line or my line within the department. As I said, I am not aware of those figures. I have never been briefed on them, but I am aware that some figures are available in that agreement. As I have said to the Committee, if they are not confidential they will be made available.

Mr FOLEY: Are you now saying as the Minister responsible for major events, soccer and so on that you have not been briefed on what costs are involved with hosting seven or eight soccer matches in Adelaide?

The Hon. G.A. Ingerson: I have not been briefed on the fine detail. I am aware of a sum of money and, as I said, I am not sure whether that is confidential. I have said that, because it has to be funded through either major events or one of my budget lines, it will be made publicly available. We will make that advice available to this Committee, but I do not have that with me today.

Mr FOLEY: We have \$27.5 million of additional money to host seven rounds of Olympic soccer, but we may not find out about that without a difficult exercise in terms of extracting that information from the Government. This is an awfully large bill for seven Olympic soccer games, particularly at a time when we know the pressures our health system and others are under. What will the average Adelaidian have to pay to enjoy one of these highly taxpayer-funded rounds of Olympic soccer? What will be the average ticket price?

The Hon. G.A. Ingerson: As the honourable member would be aware, those ticket prices have not been set. Those figures are set by SOCOG. As far as I am aware, there have been no discussions in any event about those ticket prices, other than the main stadium prices in the Sydney stadium itself—and those prices were part of a gold ticket arrangement. As far as individual events are concerned, we are not aware of ticket prices being set. Those decisions are SOCOG's in any case, and we would purely and simply pick that up. When the announcement about the Olympic Games was made, two clear recommendations were made to Government and two clear positions were put to the public: first, there would be an infrastructure cost, which is now estimated to be \$27.5 million. We believe we can achieve it within that line. Secondly, there was the cost of staging the event.

In staging the event there are two responsibilities: SOCOG's responsibility to supply certain backup support (certain parts of the whole program) and an agreement that the Government here will do some extra work. That is part of a confidential agreement. As I have said, I will supply that information to this Committee if it is available under a confidential agreement. The funding will not be hidden, because it will have to be part of the budget process. When that is finalised—and there has been no finalisation with SOCOG—that will be incorporated as part of the budget process.

Mr FOLEY: Did you say 'other costs'? What were those other costs? Let us not put a dollar figure on the cost, but can you walk me through the other costs?

The Hon. G.A. Ingerson: I said there were two specific areas in relation to the contract: first, there is the supply of infrastructure (the process we are going through now); and, secondly, the process of staging the event. That is split into two areas.

Mr FOLEY: What are they?

The Hon. G.A. Ingerson: I do not have that information, but I will get it for the Committee. First, there is the SOCOG responsibility; and, secondly, there is the agreed responsibilities of the State Government—and we can give you that information. We do not have that here today but we will supply it to the Committee, because that is not confidential information.

The CHAIRMAN: The Committee will now move to the SA Tourist Commission.

Membership:

Mr Rann substituted for Mr Wright.

Mr Clarke substituted for Mr Foley.

Additional Departmental Advisers:

Ms C. Hancock, Chief Executive Officer, South Australian Tourism Commission.

Mr R. Kerslake, Director, Finance and Administration, Adelaide Entertainment Centre.

Mr I. Fraser, Chief Executive, Adelaide Entertainment Centre.

Mr P. Van der Hoeven, General Manager, Adelaide Convention Centre.

Mr M. Elliott, Financial Controller, Adelaide Convention Centre.

Mr D. Crinion, Group Manager, Research, Policy and Planning, South Australian Tourism Commission.

Mr P. Khoury, Group Manager, Corporate Services, South Australian Tourism Commission.

Mr W. Spurr, Deputy Chief Executive, South Australian Tourism Commission.

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

The Hon. G.A. Ingerson: If the Committee is agreeable, I will distribute my opening statement and have it incorporated in *Hansard*.

SOUTH AUSTRALIAN TOURISM COMMISSION 1997-98

Tourism is big business for South Australia. The industry contributes around \$1.9 billion to the State's economy and employs around 26,500 South Australians.

Not only does the tourism industry generate a significant amount of income for the State, it provides job opportunities across a wide range of skills, ages and geographic locations—particularly in the small business sector.

The facts speak for themselves:

- Tourism contributed 10 per cent of GSP growth in the past ten years.
- Tourism created 7,400 additional jobs over the last ten years
- Tourism contributes \$1.9 billion dollars to SA each year
- Tourism can create over 10,000 additional jobs over the next five years.

The significance of the tourism industry can be felt worldwide:

- In global terms, by the year 2005, the World Travel and Tourism Council predicts that travel and tourism's absolute contribution to the world economy will have more than doubled—adding more than 144 million jobs—a total of 348 million employees.

The Australian Bureau of Statistics claims tourism is Australia's largest export industry—\$16.5 billion in 1997.

- The Australian Tourism Commission forecasts 4.356 million visitors to Australia in 1999.

All of these facts point to the fact that a successful tourism industry is vital for the future of South Australia.

So how are we doing?

- In South Australia, tourism generates over 20 million visitor nights annually.
- We attract more than 260,000 international visitors each year and in 1996-97 hosted over one million interstate visitors.
- In addition, the intrastate market continues to hold its ground, largely due to the success of the South Australian Tourism Commission's popular 'Shorts' holiday program.

The past year has been a time of steady demand and consolidation for the South Australian tourism industry. Despite various challenges being thrown our way, including the Asian financial crisis, the industry has continued to do well.

Unlike the eastern states, South Australia has been relatively unaffected by the drop in Asian tourists visiting Australia. This is because South Australia plays host to a relatively small percentage of Asian tourists, relying more heavily on European and North American markets. German visitors, in particular, favour South Australia, with around 24 per cent of our current international market coming from this country. In addition, those Asian tourists that do come to South Australia are generally second time, high-yield travellers who have been less affected by the economic downturn.

South Australia will continue to target the UK, Europe and North America in the near future and, due to the affordability of Australia for this market at present, expects to record growth in this sector over the next few years.

Particular success has been recorded over the past 12 months in the South Australian accommodation sector, which recently outstripped the rest of Australia in terms of demand. During the December 1997 quarter demand for hotel/motel accommodation increased by 5.6 per cent, and demand for four and five star establishments was at an all time high, recording occupancy rates of over 70 per cent for the same period. Other types of accommodation, such as caravan parks, also recorded a surge in demand of around 9 per cent.

Much of this has been due to the success of the convention market in South Australia, which currently holds around 17 per cent of the national market and is continuing to grow. In recognition of the importance of the convention market to this State, the South Australian Tourism Commission—in conjunction with the Adelaide Convention and Tourism Authority—recently appointed a representative in the United Kingdom, with the aim of increasing our share in the European conference market.

The success of major events, such as the Adelaide Festival of Arts and Fringe, also contributed significantly to growth in the accommodation sector over the past year, as did other events and festivals held throughout the State. Recognising the importance of major events to the promotion of South Australia as a tourism destination, the Tourism Commission's Australian Major Events team have continued to attract and manage high profile events in South Australia. More recently, Australian Major Events succeeded in securing a major international cycling event for the State—the 'Tour Down Under'. This exciting event, to be held in January 1999, will put South Australia on the world stage through extensive media coverage of the event. The Tour Down Under, along with other major events such as the Holden Open Golf, Australian Men's Hardcourt Tennis and world-class cricket, will ensure the State continues to attract sporting enthusiasts from all over the country and around the world.

A major event of a different nature is also on the cards. Australian Major Events is currently working with the Adelaide International Rose Festival Committee to develop a major International Rose Festival for the year 2000. If all goes to plan this event will succeed in putting South Australia on the world horticultural map.

Tourism in regional South Australia continues to prosper, and I applaud the many regional tourism marketing bodies for their efforts in proactively marketing their regions over the past 12 months. The Fleurieu region, south of Adelaide, has recorded a particularly successful year, recording a staggering 26 per cent increase in hotel/motel occupancy rates for the December quarter. In addition, the South Australian Tourism Commission has played a vital role in injecting tourism dollars into regional areas and providing funding for regional marketing boards. Assistance has also been provided by the formation of regional project teams established at the Commission to develop closer links with the regions. To further

develop this relationship, Tourism Commission representatives serve on the boards of all regional tourism marketing bodies. Likewise, the Commission's extensive media and trade familiarisation program has ensured the attractions of regional South Australia have been promoted on the worldwide stage.

As with the regional areas, the Commission has established project teams to develop and implement strategies to target specific markets, including backpacker tourism, indigenous tourism and wine and food tourism. And, on the industry front, the Commission has played a major role in implementing the Tourism Council of Australia's Industry Accreditation program. Launched in South Australia earlier this year, the accreditation program will provide a benchmark for tourist operators and ensure visitors receive a quality and consistent level of service.

On the domestic front, the South Australian Tourism Commission has continued to successfully target the eastern seaboard—identified in market research as our target domestic market. Over the next few months, Shorts packages will become available throughout the country, primarily through motoring organisations such as the NRMA and the Traveland and Harvey World Travel Networks. The popular Shorts program—which contains one to four night holiday packages has been operating in South Australia successfully for ten years and I believe it will be equally successful in the interstate market.

In line with the national distribution of the Shorts product, the South Australian Tourism Commission has established a national call centre in its Adelaide office. Offering advice and information to both travel agents and members of the public, the National Call Centre will ensure agents and customers have access to experts on South Australian tourism product. Despite only being introduced in April of this year, the Call Centre has become very successful, recording an average of 500 calls per day.

Looking forward, the Commission will be launching an extensive marketing and advertising campaign in August this year. To be targeted to Victoria, New South Wales and the ACT, the centrepiece of the campaign will be the distribution of an SA 'holiday ideas' book to 1.5 million households. This high-quality book will contain many of the different holiday experiences on offer in this State and will contain immediate call to action opportunities for readers. To be distributed in September via a direct mailbox drop, the book is sure to generate increased tourism dollars for this State, and I applaud the Commission for adopting such an innovative, leading edge approach to its marketing. In order to stimulate interest about the book—and to maintain interest once it is delivered—a complementary advertising campaign will be conducted in conjunction with the book.

Recognising the changing way today's tourist obtains information about holiday locations, the South Australian Tourism Commission is currently redeveloping its Internet site. Scheduled to be up and running by July, the site will set the State apart in both content and design, containing extensive links to regional and other SA related Internet sites. An increasingly popular way for people to research and book their holidays, the Commission's Internet site will complement existing promotional material while, at the same time, offering potential visitors another way to source information about our State.

All of the marketing activities currently conducted by the South Australian Tourism Commission have been based on extensive market research. As outlined in the Commission's Corporate Plan 1998-2003, visitors to South Australia are looking for experiences, rather than sightseeing opportunities, and this point will be integral to the development of the State's marketing activity over the next five years. The key consumer benefits delivered by a visit to South Australia are sensory in nature and meet the needs of experienced, rather than first-time, travellers. Consequently, the key consumer benefits to be emphasised in marketing activities are; relaxation, indulgence, discovery and enjoyment. In doing this the Commission will focus on SA's key attributes—Good Living, Unspoilt Nature, Heritage and Culture and Accessibility.

When combined, all of these initiatives should provide real benefit for South Australia. In fact, the Commission's corporate plan states outcomes of:

- An additional \$560 million to Gross State Product;
- The creation of an additional 10,300 jobs and a further 700,000 visitors to South Australia;
- An 8 per cent average annual growth in international visitor nights, a 2 per cent growth in domestic nights and a 1 per cent growth in the intrastate market.

As stated earlier, a successful tourism industry is vital for South Australia. I believe with the continued support of Government, the Commission and the local industry, the tourism industry will continue to grow and contribute significantly to this State's economy and wellbeing.

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

The Hon. M.D. RANN: In light of what has been said, I want to make a brief statement about tourism but also say that I greatly resent the accusation that I have told lies. The last time the Deputy Premier accused me of telling lies was when I said publicly last year that I believed that the Liberal Party had plans to sell ETSa. Well, I was proven absolutely correct. We know who was telling the lies, and it was not the Labor Party.

As to the issue of the Hindmarsh Soccer Stadium, I have been a very strong supporter of the upgrade that stadium. I have met privately with the Deputy Premier and with the soccer federation. What I have said to both is I will not, cannot and could not, with any propriety, deliberately and improperly interfere with the legal responsibilities of the Public Works Committee, because that would be wrong, particularly given that the Auditor-General himself had highlighted problems with the process of dealing with the Hindmarsh Soccer Stadium.

The committee members, led by its Liberal Chairman, have been right in highlighting the fact that it is the Government that has failed to provide the committee with the relevant facts to support the upgrade. The committee would want to support the upgrade in my belief, but the Minister will not supply the facts.

As for this dickybird that came to him in the night and told him about the Labor Party's secret plans, let me remind the Deputy Premier that the committee itself was informed of the 1993 and 1989 proposals—notional proposals—in April this year, and the dickybird who told them was the Minister. He signed the letter. We have already heard in this Parliament that he does not hear things, that he does not understand things, and that he does not read things, but surely, as a Deputy Premier, he read the letter that he signed himself. So, all I can say—

The CHAIRMAN: Order! I have provided the opportunity for the Leader of the Opposition to make an opening statement with regard to the South Australian Tourism Commission. I ask the Leader to refer to those issues and to ask a question on the South Australian Tourism Commission.

The Hon. M.D. RANN: This Government seems keen to get to court and is increasingly looking like a police line-up. As a former Tourism Minister and the person who established through legislation the South Australian Tourism Commission, I have been reluctant to publicly attack or criticise the commission in order that it might have time to settle in. I advised the Deputy Premier of that within a week or two of our going into Opposition and his becoming the Minister for Tourism. In fact, I have had a number of discussions with the Minister since December 1993 and I know that he appreciated this consideration that I would give the commission time to settle in and not publicly attack it.

However, the Opposition has been informed from people within and outside the Tourism Commission that there are serious morale problems within the commission. We are told that there is a morale crisis in the commission, with a series of resignations and a lack of confidence in the commission from the industry itself who criticise the constant changes in directions, in decisions and a lack of cohesive strategy, let

alone the frequent changing of minds over logos. I understand that money carried over from last year to this year will be put into a book, what is known as 'the book', as part of a consumer campaign. I am told that it is a concept similar to the Freedom Furniture catalogue.

I am told that there are concerns from the industry about diverting money from other areas and in suspending and ending other campaigns and that South Australia, by putting all its resources into the book, the catalogue, is putting its eggs in one basket. I have been told of a spate of resignations, including that of Judy Green. I am told that the marketing area is seen to have an attitude problem and that this is being resented by other areas of the commission and by other areas of industry. We are told that not only is the logo being redone yet again but that a series of logos have been commissioned at considerable cost and then rejected.

The Opposition has been given a copy of a letter to the Deputy Premier which states:

Dear Minister,

It is a matter of urgency that I bring to your attention facts regarding the operation of the South Australian Tourism Commission. As a person with a long-standing and solid involvement in the hospitality and tourism industry in this State, I consider it my duty to make you aware of particulars which I am sure are being kept from you.

The whole operation of the Tourism Commission has changed for the worse since the appointment of its incumbent Chief Executive Officer. In my view, whoever was responsible for her appointment to the position should have their backsides kicked—and so on. It talks about problems in terms of the disintegration of areas, including marketing, travel centre, media and trade familiarisation. It refers to the need for the Minister to look into the matter because he will find that staff is leaving and that there is escalating sickness and stress, demoralisation and damage. The letter continues:

This concerns me as I have worked closely with these people over the years and in the past found them to be a happy, cohesive and effective bunch. I have always been impressed by the willingness of the commission staff to give practical help to the industry above and beyond the call of duty.

It goes on to make a series of other allegations about the commission, but essentially it was a plea for the Minister to have a look at the appointments and disruptions to the effective working of the commission, to look at the health of the commission and examine the impact that this is having in terms of the tourism industry. My question is: do you have absolute confidence in the leadership of the Chief Executive Officer and the Marketing Manager, and in the consumer campaign that is being prepared?

The Hon. G.A. Ingerson: Yes. One of the interesting things about unsigned letters is that people are often prepared to make many accusations that at the end of the day may or may not be true. As the Leader knows, that letter was sent to him and me unsigned. There was an argument put that, if it was signed, it may affect their business status. I take most of those things with a pinch of salt. However, the reality is that, when you receive letters of that type, it is important that you further investigate. What has happened is that we have requested the Chairman of the Tourism Commission to investigate—and put to rest—all the issues that have been brought up.

I have been handed some staff separation tables relating to the commission from 1993 to 1998. The separations are as follows: 1993, 30 per cent; 1994, 38 per cent; 1995, 21 per cent; 1996, 26 per cent; 1997, 24 per cent; and 1997-98 23 per cent. Those figures are high, but we need to take the following points into consideration: first, some significant organisational restructures have occurred;

secondly, and more importantly, that movement of staff is not high in relation to the total industry. Having said that though, clearly we would want to improve those figures because to have long-term involvement of staff in any organisation shows stability in the organisation. My understanding is that no abnormal change has occurred over the past three years relative to the previous couple of years.

In relation to logos, the Tourism Commission continually is looking at new ways of marketing itself. As with all marketing procedures—and as the Leader of the Opposition would know, being a former Minister—sometimes a logo stays for life and sometimes it lasts for the life of a program. It is important that we continually look at how to portray a better image of South Australia into the national and international market through the methodology we use. That is an evolutionary exercise. I suggest that during the Leader of the Opposition's time as Minister much time was spent looking at what was the best image, the best logo and the best promotional tool for the Tourism Commission. Some are good and some are pretty awful, but that process has to be gone through. The commission is about marketing, change, ensuring that we keep up to date and getting the best value.

We are looking at whether we have to modernise and upgrade the logo of the grape which we have used for the past two to three years. It was introduced with the 'Come to Your Senses' campaign. As the Leader of the Opposition would know, we use 'Sensational Adelaide' for major events. That is being looked at to see whether it is now out of date. We are always looking at new logos in our attempt to improve our marketing image. In relation to the catalogue, the board has advised me that it believes that we need to become more involved in the national market, and to do that we should be using a catalogue type process which focuses on two distinct issues: first, selling South Australia for what it is—a great lifestyle, its outback, its wines, its foods and so forth—and, secondly, a very direct relationship to products that need to be sold.

One of the clear messages from the 'Come to Your Senses' campaign was that, whilst it clearly highlighted a different sort of South Australia to the rest of Australia, there was no product linked to it. In this instance, there is a clear product link, and companies appearing in the *Shorts* program—which the Leader of the Opposition would know was initiated during his time and which is probably still one of the best programs we have—will be linked into this national catalogue. So, there will be a very strong connection between the local market and the national market in this total project.

As the Leader of the Opposition would be aware, there will be a downturn in Asian tourism in this country. We have to try to increase our tourism numbers within Australia. They are not as good as they ought to be. We are about 7 per cent, but we could be up to 8.5 per cent—and that extra 1.5 per cent represents a lot of people moving within Australia. The program itself is based in Victoria, New South Wales and a part of Queensland. It is seen as something in which we have not done very well. The fact is that we have not been involved in that market for a long period, other than through television. The view and the board's recommendation is that we need to promote South Australia to the households in that area, and that is the reason for the campaign.

Extra money has been made available in the budget to fund that, and virtually there is no large sum transfer of funds from other areas. Obviously there will be some movement of funds but no distinct, deliberate movement of funding for that campaign. This year the Government is making available an

extra \$4.75 million to the commission, which money principally will go into this sort of campaign.

The Hon. M.D. RANN: By way of supplementary to my final point in the last question: much of the concern that has been expressed to us from people in the industry has related to the appointment and role of the current marketing manager. In relation to Ms Rose's appointment as marketing manager, was the position advertised?

The Hon. G.A. Ingerson: I have been advised that it was not advertised. It is an acting position and it is a service contract within the commission.

The Hon. M.D. RANN: By way of supplementary again: the reason I ask the question is that I find it extraordinary that—and I understand it is the number three position in the Tourism Commission—it would not be advertised. The Opposition has been told—and would like some clarification one way or another—that Ms Rose's position may be for only four days a week and her salary package includes a car, a salary of over \$80 000 a year and commuting air fares to and from Melbourne. Is that true?

The Hon. G.A. Ingerson: I am advised that it is a service contract and that it does not involve a car or air fares.

The Hon. M.D. RANN: No air fares whatsoever?

The Hon. G.A. Ingerson: That is what I am being advised. In relation to their being no car, she has the use of a work car which is available to the department in a normal process. It is a service contract and no air fares are involved.

The Hon. M.D. RANN: Is it a four day a week position?

The Hon. G.A. Ingerson: It is a service contract and it sets out the number of services where required, and those services are set on an as delivered basis. So, it may or may not be four days a week.

The Hon. M.D. RANN: I ask the Deputy Premier to produce to the Committee the details of the service contract because I would be very interested to know from the Minister whether the service contract also includes accommodation in Adelaide while she is in Adelaide and air travel at all.

The Hon. G.A. Ingerson: I am advised that there is no accommodation involved and that there is no air fare: it is a straight service contract.

The Hon. M.D. RANN: What does the Deputy Premier mean by 'a service contract'. This is supposed to be the Director of Marketing, the marketing manager of the department, a position that was not advertised. If it is a service contract as a consultant, it should have been put out to tender.

The Hon. G.A. Ingerson: There is a permanent position, Director of Marketing, and that is held by John Greenslade. When Judy Green left, this service contract was entered into with the person concerned.

The Hon. M.D. RANN: Did she come from Melbourne to fulfil the service contract?

The Hon. G.A. Ingerson: We have nothing to do with her accommodation, but I understand on advice that there are addresses in both Adelaide and Melbourne.

The Hon. M.D. RANN: Is it a commuting position?

The Hon. G.A. Ingerson: We will supply to the Committee the details of the service contract.

The Hon. M.D. RANN: Who negotiated and approved the contract and the package for Ms Rose, given that it was not advertised or put out to tender?

The Hon. G.A. Ingerson: I will ask the Chief Executive to answer the question, but the advice that I have been given is that it is a process that she can approve and that the negotiations were done on her direction.

Ms Hancock: The negotiations were done with the Director of Marketing and Ms Rose's company. The Deputy Chief Executive was also involved in those negotiations and they presented me with a recommendation.

The Hon. M.D. RANN: Did the Chief Executive approve the salary package and the service contract?

Ms Hancock: I approved the service contract. It is not a salary package as such: it is a fee for a particular set of services which Ms Rose's company is providing to the commission.

The Hon. M.D. RANN: Does that include commuting in any way?

Ms Hancock: No, it does not include any commuting. It is a fee for a specific set of services. We do not pay any air fares or any other travel costs at all for the services required. What we will reasonably pay, just as we do with any other contractor or service contract, is the cost of travel to any location as a result of a specific request, but there are no other costs involved with travel within the service contract.

The Hon. M.D. RANN: Now that we have heard that the position was not advertised, I want to know why the position was not advertised and, if the service contract does include travel, I want to know whether that travel includes return air fares or air fares between Adelaide and Melbourne.

The Hon. G.A. Ingerson: As I said, I will get that detail and supply it to the Committee. I understand what the Leader is getting at.

Membership:

Ms Ciccarello substituted for Ms Thompson.

Mr CONDOUS: Market SA distributed an innovative high quality, magazine-style tourism publication to 1.5 million targeted households on the eastern seaboard to significantly increase interstate awareness and visitation to South Australia. Research has shown that there is a general lack of consumer knowledge in the national market of what there is to see and do in South Australia. What is the South Australian Tourism Commission doing to address this problem?

The Hon. G.A. Ingerson: Before I answer the question, I should like to make some comments that are relevant to the negative remarks that have been made. Yesterday the annual Australian Tourism Exchange, which is based in Melbourne, was held. The feedback from the dinner last night included very significant praise for the industry operators and for the process that South Australia is entering into. There were also congratulations from wine makers both here and nationally. More important, and this is the key to the tourism exchange, was the very positive comment from overseas buyers. At the end of the day, these tourism exchanges are about setting up long-term contracts for the State. Our visitation and presentation at the exchange has improved every year since we have been in Government, and it was good to hear yesterday that South Australia was again recognised as an excellent performer within the Tourism Exchange.

I briefly spoke earlier about the need for us to increase our consumer awareness and, as I said, it is an ongoing exercise. We cannot measure our success in selling tourism by looking back all the time. We have to look positively at what we are doing, what changes need to be made and how we should proceed. The commission, on advice from its excellent staff, has the view that we need to better target the key markets in metropolitan and country New South Wales, Victoria and the ACT, because clearly that is where our market is.

To achieve growth in these markets, it has been recommended that we distribute a 148 page, magazine-style catalogue into 1.5 million households, which is significant, to promote two things. It is absolutely critical for South Australia, whether it is in tourism or something else, that we are a quality destination, that we are the best in service, no matter what the category is, and that we can ensure that the experiences that we accept as ordinary lifestyle experiences are translated to our visitors.

On Monday night, along with the member for Norwood, I had the privilege of attending the restaurant awards. As I said, the contribution that the multicultural community has made in that industry has been outstanding. In addition, the contribution of the industry itself has been outstanding because all tourists eat, they all have a drink of some type, whether it is wine, beer or some other beverage, and it is at that point that they take a positive or negative view of our city. It is just fantastic that all of us in this Parliament can stand up and say that not only is South Australia the wine capital of Australia but we also have the best restaurants in Australia. So, we believe that this need to expand that lifestyle component of South Australian tourism nationally is best done by undertaking this catalogue process.

It is the first time that we have launched a strategically targeted direct mail campaign—and I point out to the Leader that the only reason why Ms Rose was brought in was her expertise in direct marketing. It is not a permanent position—and I will provide more details on that in a moment: her role is to support this catalogue in the direct marketing campaign.

The strategy has been refined, both quantitative and qualitative work having been done. Some pre-testing has been done, which has been conducted through our policy, research and planning branch, on the key interstate markets of Melbourne, Sydney and Adelaide. The results clearly support what we are doing. The catalogue is aimed at three markets: young couples with no children; families with children aged between five and 15; and older couples with no dependent children. So, the advice according to the market research is that targeting families is the best opportunity for South Australian tourism on a national scale. I believe that, from his research, the Leader of the Opposition would know that that also applies very significantly to Asia in that, if one does not supply family-based tourism, in an Asian sense, one does not get as good a take-off as when it is provided.

The catalogue will also be targeted to market through the Pacific Rim distribution system, and we believe that when the catalogue is out we will have a greater opportunity of selling (and this is what it is all about) better tourism opportunities for the State. I am always very supportive of looking at change—and looking at change for the better, not just for the sake of change. I believe that, whilst it is new for us as a commission, direct mail has a very significant effect on the purchase of products by individuals and, I understand, a very strong effect in terms of tourism product. As I believe the Leader well knows, the Shorts program, which is fundamentally a type of direct mail process, has been very successful in South Australia.

Mr CONDOUS: The South Australian Tourist Commission recently released its new corporate plan: what initiatives have been implemented?

The Hon. G.A. Ingerson: As I said earlier, this is a huge industry. It is worth \$1.9 billion annually and involves about 26 000 South Australians, and the new strategy is about setting goals to increase that figure by \$560 million, with an additional 10 000 jobs and an additional 700 000 visitors in

10 years: in other words, it is a long-term plan. It is not an impossible dream in terms of the way in which tourism has expanded and given the existing base. Fundamentally, we have an interstate figure of about 7 per cent. We would hope normally to be between 8 per cent and 9 per cent, because that roughly represents our per capita basis. If we can do that through better marketing and better promotion, there is the potential for hundreds of thousands of new jobs in South Australia. But, like all job estimates, they are all potentials, and a strategy has to be put in place to attempt to achieve that. That process began when I was the Minister, and it has been followed on with a new corporate structure. The marketing activities will be grouped together to enable a better outcome.

As Minister, I have the privilege of travelling to our international agencies, and one of the issues (and it is a small one) that came back some 12 to 18 months ago was that the marketing system needs to be coordinated so that, when a person rings up from London, they do not have to go through five different divisions. That seems to be a pretty basic thing, but suddenly one finds that that is what has to happen and something has to be done about it. That is what marketing is all about—to make sure that there is a one stop process, whether it is national, international or local. So, bringing that together makes a lot of sense.

In relation to an emphasis on advertising holiday experiences and developing a wholesale operation, we do not have an operation properly set up on a State basis. There is a view that the commission ought to look into that as an option and progress it and, if we have to get out of it as it develops, we do so. But it is a need that should be filled at the moment.

An infrastructure planning and project development group has been established, with the aim of developing a statewide infrastructure plan. The Leader would be well aware that we have had many dreams over many years—in particular, we go back to the late 1980s—and many of those dreams failed because there was no plan, no financing and no view as to how things could be done and what the Government should be doing to help some of these things happen. So, we are setting up an infrastructure plan to sort out those issues. That should have been done before, and we have to take a normal business approach, which you would expect the commission to take.

We are setting up a call centre because, with the removal of our agency outlets interstate, once this magazine is released, people from interstate will want to telephone someone to ascertain where to get the information. So, a properly streamlined, modern call centre needs to be set up to handle all those interstate and local calls. That is a major issue. It is looking into the future in terms of getting information out into the community. We need to do that, and we are progressing that way. We are developing regional project teams and establishing a new entrants service through the business centre. That is one of the pluses of bringing together the Tourism Commission and the Department of Industry and Trade. Many Business Centre issues relating to small business clearly relate to tourism.

From a Government perspective, it will be bringing together the same services but delivering them to a much wider community, as far as the tourism industry is concerned. Finally, work is being done in respect of national accreditation. I know that the Leader would remember from his time as Minister that accreditation of bed and breakfast facilities was an issue and it is still one today. But if we intend to promote the commission nationally and internationally, all its

agencies must be able to say, 'If you stay at this place you will get this outcome.'

If South Australia is to be recognised as a quality destination then, in my view, we must have quality service, accommodation and output from the people who own the products, and that is what the strategy is all about. It is a 10-year plan. It will be measured politically and by the community. It is a very important basis from which tourism can go forward over the next 10 years.

Mr CONDOUS: The Australian Bureau of Statistics recently released figures for tourist accommodation. How did the South Australian tourism industry perform?

The Hon. G.A. Ingerson: I thank the member for Colton for his question, because there is always plenty of negativity around in this State, and when you get some good news you should be heralding it. I hope we can get support in doing that because, clearly, South Australia has the best recorded accommodation results in Australia, despite the Asian crisis. That result is achieved primarily because South Australia has conducted long-term promotions in the UK, Europe, New Zealand and the United States. We have also been conducting promotions in Asia for some time. The basis of our long-term promotion has been out of the UK, Europe, New Zealand and the United States.

As a result we have been able to maintain accommodation demands. It is also interesting to note that, whilst we have not done as well as we could out of Asia, the negativity at the moment is a benefit. Although it is a benefit we should not leave it at that: we should be trying to develop the Asian market as part of our total package. Whilst it is a bonus at the moment, it is not a bonus that we really want. We want much more expansion from our Asian markets. The demand for hotel/motel accommodation is up by 5.6 per cent compared with last year's figures. The demand for four and five star establishments is at an all time high, recording occupancy rates between 71 and 78 per cent. They are very high levels.

Five star accommodation in the city, in particular, is running at 85 to 87 per cent and, as the member for Norwood would have noted, Adelaide has a new five star hotel, and the convention business is running at 17 per cent. We believe that retaining and increasing major events and staging high-profile events, such as the Olympic Games and the horse trials, will ensure that Adelaide has a very high rate of occupancy. Caravan parks, holiday units and homes are also recording increases in demand. The increase in demand is being experienced right across the board.

Increased demand for accommodation is affecting not just high level areas, which is great, but an increased demand for accommodation is being felt across the board. As we all know, these are today's figures: they could change tomorrow. That is why it is absolutely critical that the economic portfolio of tourism be driven very hard through the Department of Industry and Trade as representing one of the most significant economic opportunities for us now and in the next 10 years.

The Hon. M.D. RANN: I refer to my previous line of questioning. I formally ask the Deputy Premier to supply this Committee with details of any taxpayer-funded air travel for Ms Rose between Adelaide and Melbourne, or return, and the purpose of that travel. The Deputy Premier will remember the controversy surrounding the appointment of his former political adviser, Anne Ruston, to a position of Wine Tourism Manager; accusations by the former CEO of the Tourism Commission, Mr Michael Gleeson, that the Deputy Premier, as Tourism Minister, played an active role in the selection

and appointment process; that Ms Ruston was not the preferred candidate; and that the Minister had intervened to ensure not only Ms Ruston's appointment but a higher salary package than was advertised.

It is also true that the controversy led to a no-confidence motion in this House against the Deputy Premier in December 1996 and to his giving a partial apology to this Parliament for misleading the House. The Deputy Premier said earlier that he was not responsible for the National Wine Centre, even though it is a tourism asset. It has been billed as a tourism asset even though the Deputy Premier initiated the project, had negotiations with the Opposition about the project and, more recently, introduced amending legislation about the project.

I would like the Deputy Premier to ascertain whether Ms Ruston has been appointed Chief Executive Officer of the Wine Tourism Centre; and, if so, is this a permanent position and was this more senior position advertised? Can the Minister also provide the Committee with details of Ms Ruston's new salary package, including associated perks and entitlements?

The Hon. G.A. Ingerson: As the Leader would be aware, because one assumes responsibility for Bills in the House does not mean that one is responsible in terms of Government and administration. The responsibility for the National Wine Centre is held by the Premier. He is handling that process. I was advised of Anne Ruston's appointment at the press conference today. That is the first time I was aware of it. I will obtain information as to whether the position was advertised and details of any package and supply that information to the Committee. I have no further involvement in that area at all, other than that I would have if I were asked to promote the centre as Minister for Tourism. The centre will be, as the Leader would be aware, one of the major attractions in Adelaide from a tourism perspective.

The Hon. M.D. RANN: That is why I spoke for two hours on the Bill in order to give it that bipartisan support. However, I would be grateful if the Deputy Premier could obtain that information for the Committee. Last weekend McGregor Marketing conducted an extensive survey in which people were asked for their opinions regarding what logo or message should be depicted on South Australia's numberplates and how much they would be willing to pay. Members of the public were shown various styles of numberplates, including coloured plates, depicting the Rose State, with a picture of a rose; the Wine State, with a picture of a bunch of grapes; the Defence State, with a picture of a submarine; the Creative State—I do not know whether that had a picture of the Deputy Premier; State of the Art; SA Great; and the current Festival State numberplate.

Members of the public surveyed were also asked whether private companies should be able to advertise on numberplates and were shown a Port Power numberplate. I am sure that the Deputy Premier would like to join me in having that on our cars. They were also shown a Seven Nightly News numberplate, which might be of interest to channels 9, 10 and the ABC. Given that the centrepiece of the Premier's election strategy was to announce Rose State numberplates, why are they yet to be introduced, and is the Government paying for this current McGregor Marketing survey; and, if the answer is 'Yes', how much is the survey costing and will the results on this very important issue be made public?

The Hon. G.A. Ingerson: Whilst I would like to give an answer to the question, it is not in my portfolio. The issue of what we should be promoting is clearly one into which we

would have input. I have received the suggestion that we should have only Crows numberplates and no Port Adelaide plates, and I have also had suggestions from the member for Fisher as to what we ought to be looking at. I am quite sure that all members of Parliament would have some novel ideas of what ought to go on our numberplates, either to promote themselves through their own photograph—and I think you and I, Leader, would have a bit of a problem with that—and/or any other operations. But that issue is really one for the Minister for Transport.

I am quite sure that we will be asked to have input if it gets to the promotion of the Tourism Commission. Something we have been encouraged to look at is 'wine and roses', whether they should be linked together as one of the options, but definitely not as a total concept in terms of what the State ought to be promoting.

The Hon. M.D. RANN: Just by way of follow-up, I am surprised that, if the Government, the Premier's Department, is undertaking a survey about whether we will have all these different numberplates—and we all remember 'Going all the way'—it is not consulting the Tourism Commission and the Minister for Tourism. I would have thought that it is a way of advertising the State. Perhaps we can go on to marketing.

What progress has been made towards meeting the tourism targets set by the Government in 1995 for the turn of the century? Those targets included: increasing the value of tourism to \$2.4 billion; 10 000 additional tourism jobs; an additional 8.5 million bed nights; and growth in the international market of 15 per cent per year, in the national market of 5 per cent per year and in the State market of 2 per cent per year. When you think that an additional 8.5 million bed nights were announced in 1995 as the target for the year 2000, which is only 18 months away, what progress has been achieved? Are there benchmarks?

The Hon. G.A. Ingerson: As I said in answering a question from the member for Colton, the strategic plan that has now been set in place is setting all those benchmarks for the next 10 years. In relation to the previous three years, those positions were not set as closely in terms of benchmarks as they now will be. I do not have the information as to the actual detail of how we have moved relative to that, but I can supply it. What I will give the Leader is the latest tourism domestic results, which are continually on the increase. In relation to the increase in interstate holiday demand, interstate nights in South Australia were up 3 per cent in 1997, which compares with no change nationally. South Australia's share increased from 7.2 per cent to 7.4 per cent, the rise being due to the significant increase in holiday purpose nights.

Since 1994-95, which was part of the Leader's question, interstate nights have grown at an average of 8 per cent per annum compared with 2 per cent nationally. Intrastate nights were up 6 per cent in 1997 compared with 4 per cent nationally, which means that South Australia's share is up from 6.7 per cent to 6.8 per cent. The rises are small due to holidays and larger increases in VFR, visitation of friends and relatives. Since 1994-95 our intrastate nights have grown on an average of 4 per cent compared with 2 per cent nationally, and in relation to total domestic travel we were up 5 per cent in 1997, the second highest of all the States and Territories and well above the 2 per cent national average. We need to come back and give the Leader some relative figures over that period on an international basis as well, and we will do that.

The Hon. M.D. RANN: By way of supplementary question, is the Minister fairly confident that he can meet the 2000 targets that he set in 1995?

The Hon. G.A. Ingerson: Yes. We believe that, with the improved strategy that we have upgraded since 1995, we should be able to meet those targets, and clearly that is the goal. If we are not going flat out in 2000, I think everyone in the world will have a problem in terms of tourism product. Internationally for the 12 months to December 1997 we are down 4 per cent on trips to 267 700 visitors, and down 5 per cent on nights to 3.643 million nights. At the moment there is a turnaround, but that is as of December 1997; there are no more recent figures.

The Hon. M.D. RANN: The reason I asked that question is that this year's budget papers are almost devoid of targets or, indeed, of results in the area of tourism. Last week the Deputy Premier gave a speech to the Tourism Council Australia in which he said, according to a press report, that South Australia's tourism sector was performing 'bloody poorly' and that 'we have been like this now for some four or five years', and blamed the tourism industry for the poor performance. Is the Deputy Premier willing to take the blame on behalf of the Government for at least part of South Australia's poor tourism performance in recent years, especially given that the marketing of South Australia is suffering a significant cut of \$2.5 million, according to the budget papers?

The Minister at the table was the person who took over from me 4½ years ago and he is saying that it has been performing poorly over the past four or five years. Does the Minister not think it is a bit rough to blame the industry when tourism is about a partnership between the Government and the industry?

The Hon. G.A. Ingerson: As with most things that appear in the paper, that is out of context: there was no blame of the industry. What I said was that we did fantastically well with the Convention Centre and meetings business, which brought into South Australia 17 per cent to 18 per cent of the national and international market, something of which we are very proud and which we achieved because of the excellent representation by ACTA in getting the meetings and conventions, and the fantastic delivery of services by the Convention Centre here, once we have them.

The Hon. M.D. RANN: I would like to agree with that. I would like to put on record that I concur in those comments. The convention area is one where we are doing an outstanding job.

The Hon. G.A. Ingerson: If the Leader would like me to go on, I will tell him what was said. To put that into context, we have about 7 per cent of the national market and 6 per cent of the international market. If you take out the excellent performance in convention and meetings business, we have been bloody awful in the other area, and that is the truth. The point was to say to the industry—as I did say—that the Government is putting up an extra \$4.75 million in this budget for tourism and what the industry needs to do is to look at its marketing budget and work with us for a better outcome. In other words, it was a challenge to the industry to say that we do exceptionally well in one area, meetings and conventions, we do not do as well in the other area, but we can do better. The Government is putting \$4.75 million extra into the industry on top of existing marketing budgets to get a better outcome.

I think it is a challenge, and I am not blaming anyone. As far as the outcomes of the Commission are concerned, of course we can do things better. I said that earlier regarding the Come to Your Senses program, which I think was fantastic in putting South Australia on the map as having a

different lifestyle. We did not get as much success out of that, because there was no direct product linkage. Obviously, there was product linkage but nothing direct. We are now bringing together this new campaign, which links product. At the end of the day, if you do not sell any product, it does not matter how good your glamour campaign is. Clearly, we are moving on.

Of course, the Government has to accept that its performance in the outcome for the money spent is not as good as we wanted it to be. I accept that, and I have always accepted that, as the Leader knows, in terms of ministerial responsibility. My point is that we can do better in the basic tourism area. We are now putting money into that. We are putting money into the Convention Centre and enhancing it with the new \$55 million extension, because we recognised that that is the golden part of our industry and that we have to keep it. As the chief executive keeps telling me, we will keep it only by continually being the best in Australia. As you have rightly said, in the market area of the convention business we are, without a doubt, the best in Australia.

The Hon. R.B. SUCH: My question focuses on the issue of using Internet technology. What is the Tourist Commission doing to make sure that, through the use of the Internet and associated technology, it maximises the benefits available?

The Hon. G.A. Ingerson: Clearly, the technology changes in communication are very important to us. In the marketing and selling division, the redevelopment of our current web site can be expected to be completed by 29 June and launched in July. After an open-tender process—and I am quite sure that the Leader of the Opposition would be happy to know it was an open-tender process—we engaged a local South Australian company, N-Space, to construct the web site. The site is highly interactive and user-friendly. It aims to convert interest and awareness into bookings and sales through existing distribution channels as well as providing the capacity to take direct bookings and other transactions.

The site will provide a large range of information and glimpses of the State and its unique and diverse holiday experiences through state-of-the-art technology and also have links to regional, State and national sites, including the Australian Tourism Commission sites. Tour packages, maps, driving itineraries, competitions and product will be a feature. It is expected that potential travellers throughout Australia and worldwide will access the site. It will complement our existing promotional material. It will also look at new and emerging markets that encourage South Australians to look at their own 'stay for a holiday' destination. The site will provide advertising opportunities to the industry to enable its participation in this development. We expect to help individual operators in constructing their own site. The site will be updated regularly, and the SATC will provide the web site address with all media advertising it takes in the future. The web provides us with worldwide opportunities that general promotion does not provide, at significantly less cost. It does open up the world much more quickly to us.

The Hon. R.B. SUCH: What is the commission doing to promote and expand the self-drive tourist market?

The Hon. G.A. Ingerson: In 1995-96 there were an estimated three million self-drive trips to South Australia from interstate and intrastate. Business conference trips use cars. One specific group which is probably not listed here—it never is—is the biggest single self-drive group that comes to South Australia, namely, those who come here for AFL football. Clearly, the self-drive issue is a pretty important part of where we are going. The objectives are: to develop

opportunities for the market through the completion of good market research; build up profitability in the industry; develop some alliances with motor organisations so that we can gain access to membership databases; provide guidelines on packaging and presentation of South Australia in these products; and work closely with the Caravan Parks Association and with the regions in developing itineraries.

One of the major interstate/interterritory drive programs is the Explorer program. It highlights the national highway between Adelaide and Darwin and sets up a whole lot of experiences along that route. It is a very practical example of how a State and a Territory can get together to promote a very important part of holidaying, that is, self-drive.

The Hon. R.B. SUCH: How is the commission seeking to expand and improve its information and network services?

The Hon. G.A. Ingerson: Obviously, information is what tourism is all about. If you do not get your information, your ideas and your opportunities into the marketplace—because it is a worldwide industry—we will be left out. I refer to the national call centre, the additional five versions of the *Shorts* packages, the increase in national distribution of *Shorts* by a total of 758 agencies, a major campaign interstate (which I have mentioned in the catalogue), the production of our interactive web and to the travel centre being changed and more personalised in terms of its services. We have some 14 000 visitors per month to that centre, so it is a very important part of the tourism ethic in South Australia. We are also establishing a number of satellite information centres around key city locations to improve information outlets by working with the Adelaide Airport Corporation, the RAA and the Passenger Transport Board.

With respect to the airport, I recently had the privilege of visiting Manchester. As a State we are lucky to have the fantastic corporation which is running the Manchester Airport establish itself in South Australia. Bearing in mind its marketing programs and its ability to work with the community to get better output through the airport, in 10 years we will look back and say that it was the biggest and best economic decision that South Australia ever made. If it can achieve only half of what it has achieved at Manchester, we will have a very significant input and output through our airport in terms of passengers, freight, etc. It will be one of the most exciting opportunities for this State over the next five years.

Ms CICCARELLO: I am very supportive of tourism. If I could be parochial, Norwood has hosted the Parade Criterion (where we had over 30 international cyclists), a cultural heritage festival and a food and wine festival, which this year attracted some 70 000 to 80 000 people. It is in that context that I refer to the National Wine Centre. At what stage are the plans for the National Wine Centre? Who will be the planning authority for the purpose of granting approval? What provisions will be made to address the car parking issues and the amenity issues of the adjoining residents in the Hackney area? In the event that Commonwealth funding is not forthcoming, does the State Government have any contingency plans with regard to the extra funding which might be required to develop the centre?

The Hon. G.A. Ingerson: As I have already reported to the Committee, I do not have responsibility for the National Wine Centre—that is the Premier's responsibility. In terms of the plans, the only thing of which I am aware is that they have not been finalised. Clearly, the position in relation to the Commonwealth is exactly the same in terms of Federation

funds. I will be happy to pass that question on to the relevant Minister.

Mr CLARKE: As we will not have enough time to talk about the Convention Centre or the Adelaide Entertainment Centre, I would like to say that I think they do an excellent job. The best thing the Minister did in the past 12 months was to take my advice and get the Cabinet to agree to spend \$55 million on the capital upgrade of the Convention Centre.

With respect to the contract entered into last year between the Government and Australian Ferries Pty Ltd and its services to Kangaroo Island, did it provide for minimums with respect to frequency of operation and, if so, what are they? Does the existing contract provide any scope for the frequency of operations to be reduced, does it provide for the amounts payable by the company to the Government for landing fees and other services, and are those fees based on actual numbers of passengers, and what fees to date have been paid to the Government by the company?

The Hon. G.A. Ingerson: I thank the member for his support in relation to the Convention Centre. I always know when he is genuine in his praise for something—it is when he takes the responsibility for it. Clearly he knows that I have been a very strong supporter of the Convention Centre: I always have and always will be.

In relation to the Adelaide Entertainment Centre, since we have taken over Government the current management under the leadership of Ian Fraser has done a fantastic job in turning around what was a very difficult financial operation. Whilst things go up and down on a yearly basis, all the staff and management need to be congratulated for the fact that we have improved the performance of both the Convention Centre and the Entertainment Centre in terms of outcome. I know that both centres are very keen to keep on improving and, under the excellent encouragement of this Government, they will. The honourable member has asked for a great deal of information about the contract, and we will provide that. We have some general information, but it does not specifically answer the questions.

Mr CLARKE: Still referring to the Australian Ferries Pty Ltd service to Kangaroo Island, it is my understanding, again from media reports, that the average passenger numbers per trip since the service began have been very disappointing, unfortunately, and this is at a time when we have had the mildest and best summer for at least the past four years. From media reports, it appears that Australian Ferries is seeking to renegotiate the contract.

Is that possible or permissible without penalty under the existing contract, and what specific variations are being sought by the company with respect to these renegotiations? If the Government is entertaining reopening the contract, why not put the whole contract out to open tender for other potentially interested investors who may indeed improve on the changed circumstances in which the current operators are involved?

The Hon. G.A. Ingerson: Again the honourable member is asking for very detailed information, some of which we can supply but, as the honourable member would know but very rarely understands, there is often the need for confidentiality in terms of negotiating for contracts. If I refer him to the industrial area, he would probably remember that fact. The reality is that we will provide the Committee with what we can in terms of non-confidential negotiations. It is fair to say that the outcomes have not been as expected, but there are all sorts of reasons for that. One of the easiest things to do, until you really know the facts, is to simply say that things are not

going too well. It is important that we provide the Committee with those details.

Mr CLARKE: As a supplementary question, can the Minister say whether or not the Government will reopen the whole process and put it out to open tender if the current service provider wishes to renegotiate? It seems to me that if, for whatever reason, good or ill, they cannot fulfil their end of the contract they entered into with the Government last year, and there will be any significant variation to the contract, it ought to be at least put to open tender so that any potential investors have the opportunity to put in their two bob's worth.

The Hon. G.A. Ingerson: It seems we are going through a few hypotheticals. Unlike the Labor Party, I do not put anyone's foot on the till and push them under with this sort of general trend which potentially leads to that. I am not suggesting that the honourable member is deliberately doing that. I am saying that we need to make sure that reasonableness goes through any process. If at the end of the day there needs to be some change, I am quite sure the Government will consider that in a reasonable way at the time. At this stage, negotiations are continuing.

Mr CONDOUS: The Premier recently announced that South Australia would stage the Tour Down Under in 1999. What benefits will be delivered to this State in staging this event, including the regional impact?

The Hon. G.A. Ingerson: The question highlights the need for us to recognise the role of sport and recreation in the tourism area and how it enables us as a State to get into the international market at an absolute minimum cost versus having to do it under the traditional marketing view of either spending dollars in hard copy or on television or in any other information medium. The Tour Down Under will be the first time an international cycling event has been held in Australia. It will feature international teams, as in the style of the world renowned Tour de France. It will be staged annually in our State from 1999.

It is really one of the biggest single coups that has happened to this State in terms of any sporting event. In my view, it rates with the achievement of the previous Government in attracting the Formula One Grand Prix, and it gives us an opportunity to really show all of our fantastic close city areas to the world. The television opportunities, through channel 10, will be quite enormous.

The Tour Down Under will travel through the Barossa, the Adelaide Hills, the Fleurieu Peninsula, Adelaide City, Gawler, Port Adelaide and Norwood. Communities from the regional townships involved in the tour will be actively encouraged to participate in the event to provide maximum exposure and visitation to their area. Following 1999, bids will be considered from regions not currently part of the tour route.

As I said, I think it is the most fantastic event we have had since the Grand Prix. It will give us tremendous opportunity to promote South Australia. We have the support, which is also quite fantastic, of channel 10 to really make this one of the most important television events on the sporting calendar coming out of South Australia. I did have the privilege of being involved in the very initial planning stages, and the effort of our staff in the Major Events area to secure this and the involvement of Michael Turtur as one of our international cyclists in encouraging these teams to come here is something that needs to be put on the public record. It is a major success story. I believe that the biggest single plus that has come out of the loss of the Grand Prix is the setting up of the Major

Events Group to get continuous international events for us here in South Australia.

Mr CLARKE: In so far as extended shopping hours are concerned, has the Tourist Commission undertaken any analysis concerning growth in tourism either from interstate or overseas since Sunday shopping was introduced into the Central Business District, and have any surveys been undertaken by the commission with respect to the impact on tourism if deregulated shopping hours emerge from the current Government inquiry?

The Hon. G.A. Ingerson: As the previous Minister for Industrial Affairs—and as the previous shadow Minister—I remember going down the same line about two years or more ago. We have not done any work in terms of benchmarking because there was no benchmark to begin with. Clearly, from a tourism perspective, the more your city is open—whether it be for shopping, leisure, restaurants, or whatever—the better impression it leaves on the tourist. Tourists are people who do things from convenience and, if they are visiting a city that happens to be open, they will spend money. If they are in a city that is closed, they move on and spend their money somewhere else.

Mr Clarke interjecting:

The Hon. G.A. Ingerson: Yes, I am getting to that. In terms of the impact on tourism in South Australia, having the shops open in the city is an add on to our promotion. It is not a major plank, and it has never been a major plank even though the honourable member has wanted it to be so. It is very important that our city is seen to be alive. One of the important comments that the commission and I have received on several occasions is: whilst we may not come into your city necessarily to shop as a tourist, the city proper is a much more exciting venue on a Sunday with people present than when it is an empty concrete mall. I think that is one of the long-term revitalisation issues of the city.

I know the Adelaide City Council is very keen to continue with the existing standards—and they may even want to extend them—but its view is that there has been significant increased tourism activity in the city by the fact that it is open. It would be a very long bow to draw that the extension of shopping hours has necessarily been the major reason, but it has definitely been part of the revitalisation of the City of Adelaide.

Mr CLARKE: I refer to the Convention Centre and the \$55 million upgrade. I appreciate that it has to go to the Public Works Committee first, but will the extensions be completed in sufficient time for the International Wine Technical Conference, which is scheduled to take place in Adelaide in the year 2001 and, if so, what costs, if any, do we incur as a result of that organisation having to cancel the conference it scheduled for Melbourne when it was unable to obtain any advice from the Government late last year that the Convention Centre upgrade would go ahead?

The Hon. G.A. Ingerson: I remember the fiasco at the time and the beat ups, and I commented about that earlier today.

Mr Clarke interjecting:

The Hon. G.A. Ingerson: I said 'Beat ups'. It has a finishing date of June 2001. The wine convention and the supplementary conferences are to be held between 5 and 18 October 2001. I have been advised by the General Manager that they have paid their deposits. We have set up a major task force committee chaired by Bill Manos to work with members of our department and with the Convention Centre to look at the current proposed plans for the site to see

whether they can be improved. As I said earlier, it is a difficult site because it is over a railway station, which, obviously, we will not shift. To achieve the maximum outcome for the \$55 million we need to undertake more work. We expect the close to final plans to be made available to the public towards the end of this year, with the majority of the construction being done in 1999 and 2000, which is well within the time frame of the honourable member's concerns.

It is clearly a major convention for us as a State. If there had been a possibility of losing it, it would have been a real down side for us but, with the magnificent support of the honourable member, we were able to achieve it. Of course, our ability to negotiate in Cabinet helped, too.

The ACTING CHAIRPERSON (Hon. R.B. Such): The agreed time for the examination of the Tourism Commission lines has expired. We now move to industry and trade.

Membership:

Mr M.J. Wright substituted for Ms V. Ciccarello.

Additional Departmental Advisers:

Dr D. Swincer, Executive Director, The Business Centre.

Mr J. Hallion, Executive Director, Industry Policy and Infrastructure.

Mr J. Frogley, Executive Director, Business Investment.

The ACTING CHAIRPERSON: I invite the Minister to make an opening statement.

The Hon. G.A. Ingerson: With the Committee's concurrence, I will have my opening statement inserted in *Hansard* without my reading it.

The Department of Industry and Trade is the Government's principal agency for promoting economic development with primary responsibility for investment attraction, coordination of major development projects and provision of support to Government in the formulation of industry policy. In partnership with the private sector and other Government agencies, the Department of Industry and Trade has as its focus to encourage the growth and development of internationally competitive businesses in South Australia.

Sustainable economic growth requires a multi-faceted approach. Accordingly, the Government's economic development strategy comprises:

- Facilitating improvement in the State's economic infrastructure and business climate;
- Supporting local business to become globally competitive;
- Helping local enterprises increase exports;
- Encouraging reinvestment and attracting new investment to the State;

This approach is delivering results. In the nine months to March 1998, the Department of Industry and Trade assisted in the:

- Creation or saving of 4,493 direct jobs;
- Attraction of \$233 million in new business investment.

Market South Australia

One of the primary drivers of economic development is new, private investment. The Department of Industry and Trade has a role to play in encouraging productive private investment in the State. The department secures new private investment and reinvestment through promoting South Australian capabilities locally, interstate and overseas and competing for complementary new investment

Underpinning all investment attraction activities is the challenge of raising the awareness of South Australia and its competitiveness as an investment destination.

Two marketing initiatives to support the Government's growth targets for jobs, investment and increased trade include:

The Case for South Australia and South Australian Industry

To present a coherent and comprehensive statement of a highly productive, creative and competitive State. To aggressively market the capabilities and potential of key sectors which will generate jobs, investment and trade.

Serving SA business

To promote the range of quality services which are being provided to all South Australians. To position DIT as a highly focused, customer oriented public sector team.

Both of these programs have an objective of helping to build confidence among SA business.

The 'Business Investment Division and Regional Development Boards' provide a range of targeted investment attraction and reinvestment services. From 1 July 1997 to 31 March 1998 the Business Investment Division:

- assisted over 48 companies
- achieved \$208 million of investment, and
- created and retained 3125 jobs, a further 7220 indirect jobs are estimated, making the total employment impact 10,345 jobs
- achieved additional Gross State Product, estimated in present value terms at \$1790 million; and
- achieved additional state taxation revenue estimated in net present value terms at \$107.4 million.

Since July 1997 the State's fifteen Regional Development Boards have achieved the following:

- attracted \$25.8 million of investment in regional areas
- created and retained 1,368 jobs

Regional Infrastructure Development Fund

The fund was developed to facilitate regional business development opportunities which are being constrained by infrastructure upgrade or establishment costs.

Investment Briefs

Investment Briefs for 8 primary production value adding opportunities in regions were developed and are now being taken to investor markets overseas (briefs include canola oil, pigmeat, abalone, wine grape).

Regional Towns Program

This program was developed to broaden the focus of the old Main Street Program, to assist local economic development initiatives in country towns

Infrastructure Development

A key component in improving the competitiveness of South Australia's business environment is to develop the State's economic infrastructure. Through the development of physical infrastructure, the cost of inputs to production and the costs of distribution will be reduced. The provision of facilities can also act as a catalyst for emerging wealth generating industries. Major infrastructure projects include:

- Adelaide Airport
- Adelaide to Darwin Rail Link

Industry Development

The Department of Industry and Trade provides a variety of enterprise focussed services that assist the development of a wide range of South Australian industry sectors.

In 1997-98 the achievements to date of the agency include:

- Assisting 246 South Australian small to medium enterprises in eleven targeted sectors to undertake improvement programs.
- Securing import replacement contracts valued at \$48.5 million for local companies.
- Provision of 214 rapid proto-typing services to SA based manufacturers.
- Assisted 105 small businesses to access program funding and initiating a change process in another 271 small businesses.

Key priority sectors for 1998-99 are:

- Back Office/Call Centres
- Information Industries Food & Beverage Processing
- Defence
- Automotive
- Electronics

Sydney Office

The focus of the Sydney office is to ensure that South Australian industry gains a significant share of economic development leading up to the 2000 Olympic and Paralympic Games and beyond. The key strategies for the Sydney Office are to assist local companies win contracts in support of the games, promote Adelaide as an ideal pre-Games training location and attract investors to South Australia.

Policy Development

Improving the business environment is a source of competitive advantage and is critical in attracting new investment. The South Australian business environment must assist business to compete effectively in the global marketplace. A competitive environment can be developed through the provision of economic infrastructure, building competitive cost structures and minimising constraints on business.

1997-98 Achievements

Export Statement

South Australia's export performance continues to be impressive. Since 1988-89, the State's exports have averaged 9.6 per cent growth per annum, significantly faster than the corresponding rate of growth for the exports of Australia as a whole (7.6 per cent). The Government is finalising an export strategy statement.

Manufacturing Policy

A broad strategy has been developed for the manufacturing sector in South Australia supported by an initial range of policy initiatives designed to address the key issues confronting manufacturing firms. These initiatives have been developed in conjunction with the Manufacturing Industry Advisory Board.

TCF Inquiry

Together with industry and other State Governments, the South Australian Government lobbied strongly against the draft recommendations, arguing that such a sharp reduction in tariffs would result in the loss of many thousands of jobs. As a result of the sustained lobbying effort, the Federal Government announced in September 1997 that tariffs will be frozen between 2000 and 2005.

Small Business Initiatives

Specific initiatives of the 'Second Step' package that have been implemented include:

- Establishment of Business Enterprise Centres
- Access to Government Markets
- South Australian Business Networks Program
- Small Business and Local Government

1998-99 Initiatives

Priority policy development areas for the Dept of Industry and Trade in 1998-99 include:

- Taxation Reform
- Workforce Development
- Industrial Land Strategy
- Planning System Benchmarking
- State Science Policy
- Streamline Licensing and Approval Processes
- Trade Policy
- Manufacturing Policy
- Small Business Policy

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

The Hon. M.D. RANN: I would just say that, with respect to economic development, industry, trade and small business matters, probably on 99 per cent of occasions we have attempted to be bipartisan, as is my way. I would like to focus for a while on one aspect of the economic benefits that are to be delivered to South Australia by the United Water contract. The Minister may recall that on 1 December 1996 the Premier issued a media statement in which he said that Pica Activated Carbon Australia Pty Ltd had established a \$2 million activated carbon processing and packaging plant in Adelaide. As it has transpired, Pica had not set up its factory by that time.

In March 1997 we challenged the Premier to show us this plant as well as the location of Pica's regional headquarters for the Asia-Pacific region and research facilities which it was to have set up under the contract. Under the water contract, which the Minister may recall was leaked to the Opposition in its entirety along with all supporting Cabinet papers, subcommittee papers and Crown Law documents, Pica was to have established by now: first, a \$30 million plant to produce activated carbon with an annual turnover of \$6.5 million; secondly, a \$5 million regeneration plant for activated carbon with a \$1.2 million turnover; and, thirdly, a technical advisory service to provide advice on the regeneration of activated carbon to users.

According to the contract, all this is due to be fully operational in about six months. Indeed, United Water won the water contract by assuring the Government, according to our leaked documents, that this was 'an unequivocal commitment'. The Opposition has checked on the progress of the Pica carbon factory from time to time. During the October State election we again raised the fact that Pica was

a no-show. Pica responded by issuing a press statement confirming that the new plant would begin in November. During the October State election, Pica, presumably wanting to assist the Government, stated that its new plant would begin in November.

This morning, eight months after the State election, the Opposition again checked the factory which has been leased by Pica at Greenfields, in my own electorate. The only activity inside the shed was an industrious spider, weaving a web near a stack of old, outdated telephone books. Is the Pica carbon factory ever to be built in Adelaide and what has been the delay, given that it is in the contract, announced by the Premier in December 1996, and re-announced during the election campaign as starting one month after the election campaign, and still totally empty? Are we ever to see this factory up and running?

The Hon. G.A. Ingerson: I have no responsibility for the contract.

The Hon. M.D. Rann interjecting:

The Hon. G.A. Ingerson: Let me answer the question.

The Hon. M.D. RANN: I just point out that page 2.23 of the Portfolio Statements refers to the SA water industry, which was put under EDA's responsibility, because it is supposed to be about economic development.

The Hon. G.A. Ingerson: Listen to what I have to say. I have no responsibility for the contract. That is under the responsibility of the Minister for Administrative Services, and I am quite sure that if the Leader asks him about the contract he will be able to provide an answer. Our involvement with the water industry through SA Water and other associated companies concerns the Centre for Manufacturing in best practice and in encouraging companies to develop their businesses so that they are export ready and so that they understand the quality manufacturing standards that they need to attain. That is done primarily through Mike Nagel at the Centre for Manufacturing.

It is also involved in the clusters within the water industry to encourage the getting together of small companies so that they can be part of big contracts and part of the export ready process. Our only other role is to get involved in investment attraction other than in a contract. We do not have any direct involvement other than in a contract. I am advised that we have been involved in one small investment outside the contract. We work with SA Water to give advice.

The Hon. M.D. RANN: We are just trying to find out who is conning who, whether it is United Water conning the people of South Australia and the Government, or Pica or the Government. Given that the EDA is responsible for economic development in this State, we are concerned about what action the EDA is taking to speed up the process of ensuring that Pica complies with the water contract's economic development responsibilities. The Deputy Premier can take this on notice, but given that he is the former Minister for Infrastructure, can he ascertain whether any penalties will be applied under the contract for United Water's failure to ensure that a significant part of its promised export industry component of the water contract is being met? Perhaps the Minister can ask Geoff Anderson, who has apparently switched sides yet again. It is like something out of Circus Oz.

The Hon. G.A. Ingerson: I was positive I was right, having been the previous Minister, that SA Water handles all the economic development matters as they relate to that contract, and it does that on advice within its own formal structure. The question needs to be asked of the Minister

responsible, who will be able to give the Leader a detailed answer.

Our role in economic development, given the inference that we are responsible for all of it, is that we are responsible for a section of it. There is one area called primary industries and another area called minerals, which are very significant in the economic development portfolio. Whilst we work with those agencies, we are not directly responsible for them. Our job is one of implementation, which is more than an overall view. The Premier has total overview of economic development for the State and we are delegated our role within the 'doing' side, and that excludes the SA Water contract.

The Hon. M.D. RANN: On page 2.23 of the Portfolio Statements, it is pointed out that 'the promotional component' of the cooperative water industry venture between SA Water and the Department of Industry and Trade will not continue in 1998-99. Can the Deputy Premier answer why that has been dropped, seeing that such a big deal was made of it?

The Hon. G.A. Ingerson: My understanding is that it was a one-off promotional grant in that year, but I will obtain more details.

Mr Krasowski: I concur with the comments made by the Minister.

The Hon. G.A. Ingerson: It was a one-off promotional campaign. We will provide more details of that for the honourable member.

The Hon. M.D. RANN: I can find no reference to a world's best practice water industry anywhere in the Minister's section of the Portfolio Statements. It mentions key sectors such as food processing, defence and automotive industries but not water. I find this surprising, given the amount of taxpayer-funded propaganda put out by the Premier and the Minister last year about an international water industry being established in South Australia. World's best practice was mentioned; we were going to be the Asian-Pacific hub—sort of the water fountain of industry in this part of the world. Is DIT still involved in any way with the economic development component of the water contract—which would seem to be important, given all of its export value?

The Hon. G.A. Ingerson: As I mentioned earlier—and the Leader obviously has a hearing problem, or I am not speaking loudly enough—SACFM is involved in world's best practice at a manufacturing level. In other words, we say to companies, 'You are not up to the ISO standards, or the AAA standards: this is what you need to do,' and we work with them, through the South Australian Centre for Manufacturing, to enable that to occur. Some 40 companies are currently involved in that program with the South Australian Centre for Manufacturing, and that is our role in getting the companies up to that level. After that, whether they sell their commodities or expertise internationally as part of the SA Water agreement with United Water, Thames and/or CGE—

Mr Clarke: What is the French name?

The Hon. G.A. Ingerson: CGE. Clearly, our role is at a manufacturing support level, not at a contractual level.

Mr Dixon: I wish to support the Minister's comments. In answer to the honourable member's question, we play a role in terms of supporting, with only several resources, the economic development initiatives that SA Water is conducting. So, because of that manufacturing expertise, it is very much targeted at that level in terms of assisting the industries and the companies themselves, and improving their efficiency and effectiveness as organisations. It is very much at that industry support level. So, in terms of the question of our

involvement in various industries, in some industries we are more involved than others. The food industry is another example where we have a very cooperative relationship with primary industries, and we are doing it as a joint exercise between our two agencies. So, it is very difficult to say that this is in one area or another totally. In relation to many of these industries, we are working generally, supporting each other and working very collaboratively across Government.

The Hon. M.D. RANN: I can understand the contract compliance and SA Water's responsibilities, but the economic development area has an overview of exports out of the State. We were told that the contract was about exports. I am happy for the Minister to take the following questions on notice: what is the measured level of water exports for 1997; which South Australian businesses were involved; what is the value of assistance given—an aggregate figure will do, in order to assist the Deputy Premier; what is the value of additional output generated—for instance, exports or import replacement, which is important; what is the net number of additional jobs created; what is the role of United Water in bringing this about; how much of the export figure the Minister has quoted is accounted for by United Water and how much of the total export figure is made up of repatriated dividends and profits; and has Thames Water Asia-Pacific relocated to Adelaide yet and, if so, how many people are employed? We need a transparent process. The whole deal was about getting exports and jobs.

The Hon. G.A. Ingerson: Most of that does not apply to our department. What does apply we will supply on notice to the Committee. However, I suggest to the Leader that a lot of those questions are more specifically related to the contract and should be taken up with the Minister for Administrative Services.

Mr CONDOUS: When does the Government expect to see work begin on site for the proposed new terminal building at Adelaide Airport?

The Hon. G.A. Ingerson: This is clearly a very important question in relation to the western suburbs. Under the tourism portfolio, I believe it is probably the biggest single opportunity for us to get something right here and obtain significant benefits. One of the reasons has been the winning of the contract by the Adelaide Airport Limited company, the new lessee. It is good to see that the ownership of the company has a very significant South Australian base to it. It has already taken over as at 1 July, and we expect to see the construction of the new integrated terminal begin in late November this year, with completion in January 1999. It is a \$150 million facility and will be ready for use in 2001. If it looks anything like the two new terminals that that company has built in Manchester and the services that they are giving, it will be a fantastic gateway for our city, not only at passenger level but also at freight level.

Prior to the commencement of the construction, a number of issues need to be resolved. They include: gaining approval from the ACCC, and that is specifically in relation to a levy on passenger throughput; and, from the Commonwealth Minister for Transport and Regional Development, a major development plan is required in all developments in excess of \$10 million. They also need to resolve the leaseholders' terms with various tenants, including the airlines. The Commonwealth Airports Act requires AAL to provide its plans for public consultation prior to gaining approval, and we expect to establish—and it will be done very shortly under a senior manager—an industry and trade group that will not only expedite the approvals but work strongly, quickly and

supportively with AAL to make sure that we have a very smooth transition into this new opportunity for us. It is really one of the big economic drivers for us in the next 10 years.

Mr CONDOUS: What progress has been made on the Adelaide to Darwin railway project, also known as the Alice Springs to Darwin railway?

The Hon. G.A. Ingerson: From a public relations and marketing perspective, we want to set this up clearly as an Adelaide to Darwin link. The advantages for us as a city and for the State are very significant. A significant step was taken on 8 April when the two Governments announced their short-listed consortia for stage 2. The first is the Asia-Pacific Transportation Consortium, incorporating Brown and Root Engineering and Construction Pty Ltd, incorporating Kinhill Pty Ltd, Hutchison Port Holdings and Genesee and Wyoming, the key advisers being Bankers Trust. The second is Southern Cross Consortium, the key participants being Henry Walker, a major Bruneian finance institution and Australian Transport Network, which comprises Wisconsin Central Transportation Corporation, Tranz Rail Holdings, Fay Richwhite and Company Ltd and Berkshire Partners, key advisers in this case including the Macquarie Bank and the Hong Kong Bank of Australia in association with HSBC Securities. The third consortium is Northlink Consortium, the key participants being Thiess Contractors and the Commonwealth Bank, with the key advisers being BHP Engineering.

These three consortia each have until 30 October to make final submissions to the AustralAsia Railway Corporation, which will evaluate submissions and make recommendations to the South Australian and Northern Territory Governments.

Mr CONDOUS: What progress has been made to date with respect to the Government's back office/call centre investment attraction strategy?

The Hon. G.A. Ingerson: The Government, as everyone is aware, has been very proactive in positioning Adelaide as a hub for back office/call centre activity. A specialised investment attraction team was developed within the Department of Industry and Trade to promote Adelaide's advantages in this sector and to compete for projects. We can reasonably expect to secure a proportionally large share of the Australian back office and call centre market than other States on a *per capita* basis if it continues to ensure it represents a cost-effective solution and is aggressive in marketing these large business targets.

Adelaide has been attracting substantial and well-known companies to locate here and expand their back office and call centre facilities. Over the past 18 months, secured investments will lead to 1 350 jobs. South Australia's success can be attributed to an aggressive investment strategy, based on a business case that makes Adelaide a logical choice, together with highly customer focused investment and after-care service. The proactive business orientated Government, which I am very proud to support, and the excellent competitive work force and cost competitive environment make recent investor testimonials, such as Teletech, BankSA, Bankers Trust and Westpac, very important for our future.

The Government is committed to seeing that the success continues by ensuring that human and physical infrastructure is in place to support anticipated growth. For example, Connecting SA, a call centre recruitment and training program, has provided people with an opportunity to obtain the right skills to enter this expanding industry, at the same time promoting the growth of industry by ensuring that the right skills are available.

Mr CLARKE: I refer to the EDA industry grants. Page 2.16 of the Portfolio Statements states:

Attract new business, investment and re-investment for South Australia.

Minister, you will call that the Auditor-General found serious problems in the EDA, in fact, persistent problems of inadequate controls and little accountability over the years during which the Premier was the Minister. In 1995 the Auditor-General first raised his concerns that industry assistance money was being provided to private companies without adequate information controls. The Auditor-General has had to provide a qualified audit opinion on the EDA as a result of:

... weaknesses in the standard of documentation, records and database systems relating to provision of financial assistance to the industry.

The Auditor-General's Report states:

The Government was not always able to verify that agreed arrangements and performance benchmarks had been achieved when companies sought ongoing support.

The Auditor-General further states that since 1995 there has been:

... no advantage from the introduction of formalised monitoring or reporting arrangements for these packages.

I asked about this issue on 18 February when we were debating the Auditor-General's Report. I am still waiting for an answer. I was hoping that I would get a bit of joy from you today. Has the department now identified fully the nature and extent of assistance and any obligations to companies, or from companies to the Government, that the EDA was not able to verify to the Auditor-General and the companies involved, or are there any such obligations still outstanding?

The Hon. G.A. Ingerson: I think that we will give the honourable member an opportunity to read page 968 of *Hansard* of 28 May 1998, because he might get his answer there. It is a reply to a question asked by the member for Ross Smith on 18 February. The reply has already been tabled and printed in *Hansard*. There is some more recent detail, and I will ask Mr Dixon to give a more detailed answer.

Mr Dixon: As the Minister has indicated, a response was tabled in the House of Assembly, but it is fair to say that the EDA did establish a re-engineering team under the direction of the previous CEO in September 1997—which I continued when I took up the position in October last year—to oversight some significant changes in processes and documentation management and to address some of the issues raised by the Auditor-General. The changes have been implemented and cover the documentation, systems and processes. Those changes have been operating consistently now. We have done a very thorough review and any of the minor concerns have been addressed. The Auditor-General is more than happy with the processes we have in place.

Any concerns were listed in the reply from the Deputy Premier to Mr Clarke, but the Auditor-General has not previously commented adversely on any aspect of the assessment and approval process leading to financial assistance to companies. Primarily the criticisms of the Auditor-General concern the need for improved documentation to more readily evidence that the appropriate steps have been undertaken in the assessment and approval process: an improved consistency between file and database records; a more formal project monitoring and review process for the more significant projects; and improved confidence in the accuracy of historical records to verify financial statement reporting.

It was mainly about trying to improve the system and to achieve best practice, and that is what has been done. Having

taken up the position, I am more than satisfied with the results and processes as they are now.

Mr CLARKE: Page 2.7 of the Portfolio Statements refers to the 2 000 jobs in the back office/call centre area. Given that Australis, or Galaxy, is now in receivership, what are the Government's plans for the future use of the Australis building and the company's licences, which the Government bought for the company, and what are those licences worth today?

The Hon. G.A. Ingerson: As part of the winding up process of Australis, the Government cannot make public a range of confidential issues. We do have a strong relationship in terms of the licences and we will pursue our opportunities under the agreement to maximise our return on those. Significant interest has been shown in the property at Technology Park by a number of consumers. We are currently talking with a group about the future use of that particular facility. As the honourable member would be aware, any unfortunate demise of a company involves many delicate, legal and accounting issues that must be handled by both parties.

Whilst I would like to give a more detailed answer, that is really where we are at. The processes of winding up are not always easy. There are some significant positives in the pipeline which we hope to announce reasonably soon.

Mr CLARKE: You mentioned that some other consumers may be interested in the Australis building. The Government paid for Australis's licences. Would not the contract have provided that, in the event of Australis no longer needing them, going into liquidation, or whatever, those licences would have automatically reverted to the ownership of the Government and, if not, why not? As I understand it, the technology of these licences is somewhat outdated. Are they worth anything to the taxpayer today?

The Hon. G.A. Ingerson: The issue of the appointment of receiver/managers, and a range of other issues, are very difficult and delicate at this time, and that is because of the process and the way things always happen in these wind-ups. The most important issue is that the Government has security over the licences and it will be protecting that information. At the end of the day, what the licences are worth, as the honourable member would know, is exactly what someone else is prepared to pay for them, and that sort of process is being handled by the receiver/manager. As the Premier has said, once this whole process is wound up, the Government will be making a full and public disclosure of the position, which will clearly include the licence position and any other matters that relate to that transaction.

Mr CLARKE: Is the Government assisting those workers who have lost their jobs at Australis to find alternative work, whether it be through training or retraining programs, putting them in touch with employers who may have need for their services, and other back office centres that the Government has attracted to this State?

The Hon. G.A. Ingerson: As I said earlier, with the unfortunate exercise of Australis, some people are affected. One of the most important issues for their future and for the future of the whole development is that we have a new operator that comes in and gives them the opportunity to utilise their skills. There has been significant interest in the building and its future and hopefully, in the near future, we will be able to make some public announcement. We are not directly working with any of the existing staff of Australis to employ or train them. It is our very strong view that, because

they have significant skills in that area, the new operator would see them as a tremendous advantage.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 1, page 2.6, under the heading 'Accelerate the development of industries with high employment growth potential'. The statement points out that three areas have been identified for this: tourism, information industries and back office/call centres. In relation to information industries, the document talks about fostering infrastructure projects such as telecommunications, electronic commerce and smart cards. In the telecommunications sector we have the Regional Telecommunications Infrastructure Fund, which is money made available from the partial sale of Telstra. South Australia's share of that was something like \$26 million.

Will the Minister inform the Committee whether there has been any coordinated policy on the distribution of those funds? I believe that quite a few organisations have accessed those funds, and I wonder whether there is any overall master plan to improve the infrastructure throughout regional South Australia.

The Hon. G.A. Ingerson: It is a Federal fund containing \$250 million over five years, and our allocation is \$26.5 million. It assists rural and remote communities to encourage and identify needs. We have a special group within the department that works with regional areas to coordinate and help them promote their major concerns. We see our role as working with the regions to make sure that these things happen but, fundamentally, the initiative is coming from the regions. As I said, it is a Commonwealth exercise and we are really facilitators. In my view, it is one of the most important programs the Commonwealth has. I have expressed a concern that it is not getting into the community quickly enough, but much of that comes back to the fact that many of the regions as yet have not decided, or possibly do not know, what they really need.

Over the next six months we will up the ante in terms of distributing this money through the community. I would welcome the honourable member's support: if he could encourage the people in his district to put up their hand for special projects, we would be very happy to work with them.

Mr WILLIAMS: Supplementary to that, the concern expressed to me over the handling of this fund is that moneys are being distributed on a rather *ad hoc* basis and not in a coordinated fashion; there does not seem to be an overall master plan for how we will tackle the problem of telecommunications infrastructure on a statewide basis. That is really the nub of my question. Does the Minister's department have a master plan as to where it might see telecommunications infrastructure in regional areas in five years, say, and are we working towards that plan?

The Hon. G.A. Ingerson: It is a Federal fund and, unlike the Rail Reform Fund, which has a State committee, all these projects are referred to and approved at Federal level. That may be one of the issues we need to take up to see whether we can improve the process. The IT 2000 program of the State Government is the basis of our whole IT program, and we integrate that in principle, in any case, with this program. I will ask Mr Dixon to give some further information.

Mr Dixon: As the Minister has said, the State IT 2000 plan is the broad framework. There is no arrangement such as we have in the Rail Reform Fund, where there is a coordinating body. I should note that the first two rounds of the RTIF applications have now been processed, and projects to the value of some \$2.9 million have received approval in South Australia. It is complementing and supporting various

programs related to regional telecommunications, and that is the intention of selecting various projects. A significant example is a trial by the Eyre Regional Development Board of the regional communications initiative, and RCI is a methodology used by the Melbourne based IT&T Research Organisation Circuit to enable communities to determine their IT&T services and infrastructure requirements.

Much of what some of the projects are about is trying to determine the requirements in more detail in that location, not necessarily going straight to implementing a particular course of action. Many of the projects being put forward are to do exactly what the honourable member is suggesting, that is, to determine the appropriate needs for that area. Obviously, statewide they may vary from region to region; there is no standard solution. That is where the linking is going. Many of the projects are looking at how they can integrate those needs. In that particular one, the then MFP Development Corporation provided financial support to the tune of \$40 000 to kick start the project. Since then, the Eyre Regional Development Board has successfully applied for further funding of \$82 000 from that RTIF funding to continue the trial. That is due to conclude at the end of June 1998.

If it proves to be successful, it will provide a template that may possibly flow on to other regional communities at much lower cost. By undertaking one proposal in one area, that information can then be used across the board in other areas. Hopefully, that goes some way to answering the honourable member's concern as to how it all fits together in the bigger picture.

Mr WILLIAMS: The reason I am pursuing this line of questioning is that I understand what the Government is trying to do with the back office/call centres in that area but, as the Minister will be well aware, I am very concerned about rural and regional South Australia. It is my belief that we can sell the concept by being able to demonstrate how it works. We can do that by utilising IT in regional South Australia and having Government agencies using the same concept, and in that way revitalising some of our regional areas. This is why I asked the question. If some of these funds are used to provide the infrastructure to regional centres, that could become a reality. Will the Minister comment on whether the Government has any thoughts along those lines and whether there is any chance of using this to revitalise regional centres in South Australia?

The Hon. G.A. Ingerson: One of the things I have done in the short time that I have been Minister is spend some time in regional South Australia.

Members interjecting:

The Hon. G.A. Ingerson: I know: I was going to talk about that. I tell you what: they've made some changes. One of the things that is obvious in the IT area, where transportation is not an issue, is that there is an opportunity for us to have a look, at least in the primary cases, at whether some of these smaller back office/call centres, in particular, could be placed in some of the regional towns.

It is one of the issues that came up only this week in terms of the industries that we could translate—and this is one of them. We have also been talking to the Commonwealth about redirecting the funds into these regions in a different way. The advice is that they are reasonably sympathetic to that. As I said, this fund has \$26 million in it from five years, and so far we have spent about \$2.6 million, which is about 10 per cent. I have requested and will continue to request that we ask the Commonwealth to hurry up with this expenditure, because the sooner it is out there the better we can keep rural

South Australia up-to-date with the rest of Australia. In my view, it is a very important issue.

Mr WILLIAMS: I refer to page 2.24, 'Industry development'. One of the projects mentioned is the sealing of the Hawker airstrip. The Minister well knows that I have constituents who have talked to him about at least two airstrips in my electorate. Is it Government policy to upgrade and bring all rural regional airstrips up to a certain standard? Is this an ongoing project, or is the one listed in the budget papers a one-off?

The Hon. G.A. Ingerson: As the honourable member knows after a recent visit I made to the South-East, Wattle Range council put the proposition that two of the towns should have upgraded airports. I put a proposition back to him and to the council which said that, since there was so much interest in it, they ought to be able to decide which one was of the best economic value to the district and that it would be much better if they decided where their money went rather than have someone from the city make a decision for them. I did encourage them to submit proposals, and one of the proposals has already come in. Clearly, the other proposal will come in, too. Once that is received, the Government will look at where it puts any future infrastructure funds in the airport area.

In relation to airports in the north and on Eyre Peninsula, the rail fund has put significant sums into Port Lincoln, Ceduna and Port Augusta. Clearly, money is coming from the Commonwealth in relation to that rail fund. In the South-East, the challenge is there for the council to argue for the need for one major airport, and if it wants another it will have to pay for that. I accept your comments that as industries grow in the South-East, particularly the wine and tourism industries, we will need another medium-sized airport other than Mount Gambier.

Mr CLARKE: Will the Teletek centre go ahead? How many people will it employ, and when will it go ahead?

The Hon. G.A. Ingerson: Yes. My advice is that there will be 750 jobs by 2002. One of the prime reasons for the slow beginning has been difficulties with the site. We hope that in current negotiations it will be cleared up either by relocation to another site or by finalising the major issues on that site. There are also some discussions in terms of location and whether it should be in some part of the city other than in the south. That is not a final position: it is a matter of availability and how we get this process going.

Mr CLARKE: Is 750 jobs the total number of jobs that will be created by the year 2002? Does Teletek employ anyone on the site at the moment, or is it still in the preparation stage? What are the problems with the site?

Mr Dixon: The situation is that Teletek intended to build a new building and that in late 1998 or early 1999 it would start to employ people at a call centre in the city. That was the intention and the arrangement, and that was what was announced. They have come back to us and said that, if they can lease some temporary accommodation, there may be an opportunity to start earlier and employ people. That is one of the issues we are looking at now in terms of whether we can assist them to come to the State somewhat earlier, depending on other work they may have available.

The proposal was to construct a building. They would be established in early 1999, and that is when they could start hiring people. However, in the type of business it is—call centres and the rapid development of an operation—if they can secure any business earlier in this State and get operating earlier, they will endeavour to do so. Because a building takes

a certain amount of time to construct, they may lease some accommodation on a short-term basis. That is one of the issues in terms of where they may be at this stage. Obviously, there is the issue of what do they do in the short-term versus the long-term in relation to temporary accommodation. They are some of the issues that they are considering in respect of their long-term plans; but there is definitely a commitment for them to come to this State with an operation and the number of employees mentioned by the Minister. I should clarify that they talked about ramping up over the four years up to 750 telephone agents and about 177 management and administrative positions. This program is in the order of 1 000 jobs over the next four years.

Mr CLARKE: What conditions relating to employment creation and other issues must Teletek achieve to receive the full value of the assistance package?

The Hon. G.A. Ingerson: In terms of assistance packages, as the honourable member has been told many times not only by me but by previous Ministers, we do not disclose them. For obvious reasons, they are confidential agreements between the Government and the company. In all instances, the commitment involves a hard and strong negotiation on behalf of the Government, recognising that you have to be competitive with Victoria and New South Wales. We put out the total of the sum spent, but no Government has ever put out the detail of those packages unless there has been a fallover or something at the very end. In everyone's interest, it has to be that way. That is the prime reason why we have the IDC and the general support of the Parliament in terms of that sort of information.

Mr CLARKE: By way of supplementary question, at the very least the Minister ought to be able to say whether or not the assistance package which has been announced by the Government is in place for Teletek to come here. There must be some benchmarks where they get \$X if they achieve certain employment levels by a certain date and then it ratchets up until the contracted number of employment positions is reached. Or has the Government entered into a contract where no such benchmarks are in place?

The Hon. G.A. Ingerson: As a general principle, in all systems plans, the Government (as did the previous Government) bases it on what is reasonable performance criteria. Part of that performance criteria is a traditional claw back arrangement. If a company enters into an agreement with the Government and says it could have 500 employees engaged in two years, and the Government makes a decision to give them \$X as part of the assistance package per person, and if they achieve only 300, in most instances a claw back arrangement is provided.

On the other hand, sometimes we have it the other way around, where the Government says it will provide up to an amount for a certain number of employees and, as that is achieved, it is paid on that basis. There is usually some claw back arrangement if there is a big dip. In any assistance program you must be careful that you do not include absolutes at too early a stage because often you can tip a company which, for good intent or for market reasons, has had a down turn. Any claw back arrangement also has flexibility. This Government and the previous Government in principle based most of their assistance programs on that standard procedure. The only difference between the two Governments is that we do not make so many mistakes.

Mr CLARKE: I am quite happy for the Minister to take part of this question on notice. Could he provide a chart of all executive positions and describe exactly what the executives

are responsible for and the salary package of the CEO? To enable us to understand how DIT divides up its assistance to various sectors of the State economy, would he supply, also on notice, a record of the value of assistance given in 1997-98 by the department, broken up by the Australian New Zealand Standard Industrial Classification, code 2 digit sector?

The Hon. G.A. Ingerson: I will take that on notice.

Mr CLARKE: This may be a question to be taken on notice as well. How many people are currently employed at the Department of Industry, Trade and Tourism, the Business Centre, the Centre for Manufacturing, and the ISO, and what are the separate budgets for each organisation for the next financial year?

The Hon. G.A. Ingerson: We have the work force numbers. I will ask Mr Dixon to supply you with the information that we have, and any further information will be provided to the honourable member.

Mr Dixon: In terms of overall employees for the department, which I might mention to the Committee includes the former EDA (Economic Development Authority), the Office of Local Government and the Office of Recreation and Sport, the total is 315.8 FTEs, including 19.85 FTEs externally funded. As to the other questions concerning a breakdown of locations, etc, it would be more appropriate to take them on notice and bring back a reply.

Mr CLARKE: Page 2.23 of the Portfolio Statements points out that there will be no Rail Reform Transition Program for next year. Could the Minister specify the projects funded to create alternative employment opportunities?

The Hon. G.A. Ingerson: As the Chairman of the Rail Reform Committee in South Australia, I can indicate that a whole range of projects are currently endorsed. As mentioned earlier, they include the three airports at Port Lincoln, Port Augusta and Ceduna. There has been funding in Port Augusta also for aquaculture. A significant amount of work has already been done on these projects.

As to the projects approved to date, I will list the companies and obtain some advice as to whether the Commonwealth is happy to have the figures released, but I will make them available to the honourable member in any case. Some of them may fall into the category of some of these assistance areas, and there may be issues on which we will need to take further advice.

The other companies are: the Barossa Tourist Train; the Port Lincoln Airport; the Pichi Richi Railway; the Lawrie Wallis Aerodrome; Port Augusta Electronic Trading; Ceduna Airport; Glen Ewen Manufacturing Plant, which is in the honourable member's electorate; the Northern Territory Links Project, Port Augusta; Overseas Pharmaceuticals—there is a tremendous over use of pharmaceuticals, particularly at the prescribed level, and this company is virtually collecting them and redistributing them to Third World projects (it is a very good project); Therapeutic Antibodies, which makes antibodies for venoms and 4 500 sheep in South Australia are being used as the base source; Austral Meat; Dryland Engineering Port Pirie; Wilmington Development; and the Fishing Industry Training Council.

I think that we have about 40 current projects before the group. We have already expended \$7.5 million as a group and \$9.5 million is left to be distributed. It is my intention when I come back from Korea to sit down with the committee and resolve what other projects are of the best benefit for the community. Within the next two months we would expect to distribute, or at least agree to distribute, the majority of those

funds, as it might take three months to get it out. My major concern is that we need to get this money into the community because the restructuring of AN has caused difficult issues for many people. It is my view that the quicker we can distribute that money to projects with real value, the better off we will be.

Mr CLARKE: I appreciate the opportunity to have a closer look at the information the Minister has provided, which leads me into my next question. In relation to the number of jobs lost once AN was privatised and the number of jobs that have been created under the rail adjustment program, how many of those jobs went to ex-AN workers? I would like to think that a good number of those retrenched rail workers—for example, whether it be on the Eyre Peninsula or Port Augusta—picked up work in the aquaculture industry, the Pichi Richi Railway or in the other projects that the Minister mentioned. Does the department have that type of information, that is, the number of jobs lost once AN was privatised and the number of the ex-AN workers who have got work out of the rail adjustment project to date?

The Hon. G.A. Ingerson: We do not have that information with us. We have some detailed information in terms of where AN employees went, but the important issue was that the Commonwealth did not tie it to AN workers deliberately: it tied it to job opportunities for which AN workers who had been displaced could apply. The criteria is very broad. The major thrust of the committee is that the majority of workers, in essence, came out of Port Augusta and Islington and there should be some proportionate distribution of the funds in relation to that displacement. The apportionment is pretty loose, but there has been an attempt—with the forthrightness of one particular member of the committee, Rex Phillips—to ensure that it was reasonably well proportioned and, on the other hand, the Mayor of Port Augusta, Joy Baluch, argued also that it should be proportioned.

There has been some healthy debate regarding how it was distributed, but I would have to say that it has been a pretty loose arrangement. As I said, the major thing is to create new jobs in the areas most affected and, hopefully, as I said, we get a large number of ex-employees involved. I have been advised that it is not clear yet what the final level of employment from the industry will be. No details are available regarding employment with the passenger business due to the uncertain age of the employment locations and final requirements. What that is really saying is that we do not know what the final requirements of ASR will be and we will have to obtain the details of those people who have taken up the jobs in this reform group—and that will not be easy.

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

Membership:

Mr M.L.J. Hamilton-Smith substituted for Mr S.G. Condous.

Mr E.J. Meier substituted for Mr M.R. Williams.

Mr CLARKE: On 17 May last year the Premier committed the Government to bring down the State's unemployment rate to the national average by the year 2000. Today our unemployment rate is 10.4 per cent compared with the national rate of 8.1 per cent, and since the present Government came to office in 1993 employment has shrunk by 1 100 jobs. That compares with national jobs growth over the same period of 779 200 positions or 10 per cent. Our unemployment rate is now 2.3 percentage points above the

national rate, the largest gap since October 1981, when the Liberals were last in office. We have a hidden high rate of unemployment and, if our participation rate was the same as that of Australia, our record unemployment would be something like 15 per cent. Since the present Premier came to office we have lost 21 000 jobs. The latest Commonwealth Department of Employment 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 employed persons—the eighth consecutive monthly fall. Total South Australian employment 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.

Given the latest figures that show that the present gap between South Australia's unemployment rate and that of the nation is the highest for 17 years, does the Minister believe that the Government will meet the target of bringing down our unemployment rate to the national average by the year 2000?

The Hon. G.A. Ingerson: As the honourable member knows, the responsibility for employment and unemployment does not fall within my portfolio in the strict sense, but we will make some general comments on the economy. I understand that the question has also been asked of the Premier and that he has given advice to the Committee. I will ask Mr Hallion to make some very general comments in relation to employment, unemployment and the economy.

Mr Hallion: There are a couple of observations that I can add to the Premier's response of a couple of days ago. Whilst the unemployment rate in the latest ABS labour force survey is certainly at 10.4 per cent, which the Government would concede is an unacceptably high rate, it must be remembered that it is one month's figure and that the figures month by month are subject to volatility. In fact, a variation of nearly 1 percentage point can be explained by statistical variation. We do not expect to see that rate maintained over a longer period.

What I can add to the Premier's comments in this Chamber earlier is that, in addition to the fact that some of that high rate is expected to be statistical variation, some of the other economic indicators are showing very positive trends, and employment is a lagging indicator in the end of economic performance. For example, State final demand—which the South Australian Centre for Economic Studies now recognises as one of the better measures of economic performance—was up by 1.2 per cent in the December quarter and up 4.8 per cent over the year. New capital expenditure—another sign of the health of the economy—was up 13 per cent in 1996-97 to \$2.58 billion. Despite the Asian financial crisis, our export performance in 1996-97 has basically held up, and we had an 11.4 per cent growth in exports to \$5 billion in that year.

It is also important to note that more of our firms are now exporting. Something like 5.5 per cent of South Australian firms are now export orientated, and that is the highest of any State. Building expenditures were up 5 per cent in 1996-97 to \$1.2 billion, and Trend Job Ads, which is a leading indicator of employment, rose .6 per cent in the March quarter, following a .8 per cent rise in February, and that rise collectively was the second highest rise nationally—I believe that Queensland was the only State that had a higher rise. Retail turnover also increased 2.4 per cent in April. So, we are seeing from those more leading indicators of performance

an upturn in the economy, but that has not reflected yet in unemployment rates.

Also, despite the Asian crisis, we are still seeing useful signs in business expectations. For example, the EEASA survey points to a .5 per cent employment increase in the metal and engineering firms for the next month, and the Yellow Pages survey still shows South Australian small business as having the highest medium term confidence levels across the nation. So, certainly the fundamentals of the economy are pointing to growth. However, we are yet to see that clearly reflected in employment statistics.

The Hon. G.A. Ingerson: I would like to add one point. In visiting factories and small to medium sized businesses, as we have done in the last couple of months, we have received a strong message from the owners that they have significantly increased the level of overtime within their factory to pick up the productivity increases. I believe that that is one issue—albeit a small one—that contributes to this slowness of the economic indicators to filter through the economy.

Clearly, that does not help the position of the unemployed, but it is my view—and it is the view of many people in the manufacturing area—that once you get to about 20 per cent overtime, there is then no longer a continuing expansion of the overtime, and employees start to say that that is enough. In one of the major motor factories, people have mentioned that that is about where they are at today. That is just another issue out there: that whilst productivity and growth is there, there has been no increase in employment because of the overtime factor. I believe that that is an issue which, for some reason—and I suspect that it is a confidence exercise—has been pretty important in these economic statistics.

Mr CLARKE: Given what the Minister's adviser has just said, do I take it that the Government is still committed to reaching the national rate of unemployment by the year 2000, as far as South Australia is concerned? Notwithstanding what Mr Hallion has told us, how will we achieve that? Given that the gap has grown and that the Government's own budget papers show that the level of growth in the State's economy is less than what is predicted in the Government's own figures for the Commonwealth, how do we dig into the unemployment rate sufficiently to achieve the national average in a little over two years' time?

The Hon. G.A. Ingerson: We would answer a general question of that type in a general sense: it is the sort of question that the employment Minister and the Premier would put down to future projection. In my view, the target is achievable, we are going after it and we will work within the economy which we have. Clearly, if you adopt a position of negativity—which is a general negativity of the Opposition—you will not have the forward thinking and wherewithal to get there. Clearly, it is not within the portfolio lines that I am currently responsible for.

Mr CLARKE: I understand what you are getting at, but in the sense that you have to play a bit like Geoff Boycott at the crease with respect to the Opposition, what we are also trying to find out is this: even though you might not have direct responsibility for employment, the Employment Minister in this State—except when the member for Fisher was in that position—simply reads out the bad news. I do not think there has been any really good news since that Minister left that august position some two years ago—

Mr Wright: They might bring him back.

Mr CLARKE: They might bring him back, as the member for Lee interjects. The Department of Industry and

Trade has been charged with the specific responsibility of creating more jobs in this State and lending financial assistance to existing as well as new companies which hopefully will come into this State. The budget for 1997-98 predicts job growth of 1.5 per cent, but today we already have nearly 4 per cent fewer jobs than in June last year. How can your department have any confidence in this year's budget forecast of a 1 per cent jobs growth given the track record to date?

The Hon. G.A. Ingerson: As the honourable member knows, the department's responsibility is to assist industry and to attempt to grow existing businesses through job creation and expansion and, where possible, to bring in new businesses from other States or overseas. In 1995-96, 4 396 jobs were created or retained (including 2 164 jobs created and retained in regional South Australia); and a total of 228 companies were assisted (of which 221 were South Australian companies). In 1996-97, one year later, 5 419 jobs were created or retained (including 2 066 jobs created or retained in regional South Australia). In this current financial year to the end of April 1998, there is a commitment through the Department of Industry and Trade to assist programs to create or retain a further 4 941 jobs.

Clearly, our goal is being achieved, and we will continue to press for that. The issue of unemployment and employment obviously is part of the economy, and the department is the driver to create jobs. If you look at those figures you will see that they are pretty reasonable in the light of the funds that have been expended.

Mr CLARKE: In spite of your position as Deputy Premier and the intimate knowledge which your department must have of economic trends in this State in terms of forecasting which areas to target for assistance, this year's budget papers provide no estimate of the anticipated rate of unemployment at the end of the current financial year (1998-99). What does your department expect our unemployment rate to be at the end of the coming financial year?

The Hon. G.A. Ingerson: An improvement on what it is now.

Mr CLARKE: Less than 10.4 per cent, is that what you are saying?

The Hon. G.A. Ingerson: An improvement on what it is now.

Mr CLARKE: Less than 10.4 per cent?

The Hon. G.A. Ingerson: As I have said, an improvement on what it is now—at the high end.

Mr CLARKE: I look forward to seeing the Minister again in a year's time.

The Hon. G.A. Ingerson: Mr Hallion would like to add to that.

Mr Hallion: One needs to look forward towards the year 2000 and beyond. One of the guides in this area is the recent work of the South Australian Centre for Economic Studies which predicts employment growth in the South Australian economy of 15.3 per cent to the year 2009-10. So, at least one learned body independent of Government is forecasting significant employment growth over 10 years.

The Hon. G.A. Ingerson: From our point of view, a week-by-week, month-by-month snapshot look at employment or unemployment is not the way in which you run an industry assistance program. If one of the industries, say, the motor industry, requires major restructuring, clearly, you do not carry out that restructuring and base all your directions on a month-by-month industry policy. It must be driven on a four year, perhaps five year, policy of change. Our role is

to look at what industries now need a push along, what industries now need stable and continuing support and what are the new opportunities. They are the three prime areas that we are looking at in the industry assistance and creation area.

Clearly the economy in which you are working must be a significant guide to where you will end up. Our restructuring and general directions are not short term on a month-by-month basis. You cannot possibly run industry policy on that basis, whether it applies to the State or Federal arena.

Mr CLARKE: Taking the Minister's last point and the point raised by Mr Hallion, given that most economists reckon you need around 4 per cent growth to start making an inroad into unemployment and that your own budget papers predict pretty anaemic growth in the State's economy over the next 12 months, and even taking into account the Centre for Economic Studies' projections beyond the year 2000, how can you possibly say that the Premier's target of achieving the national rate of unemployment by the year 2000 in this State is even remotely achievable, given an anaemic rate of growth, on your own published figures in the budget, which makes no dent into the already existing levels of unemployment?

The Hon. G.A. Ingerson: The projection is for the year 2000: we are in 1998. There will be a lot of opportunities. The economy will change and it is a goal that we are setting ourselves to achieve. In the year 2000 that question will be better answered, but we will not stand still in the meantime and be negative about it. We recognise that outside factors, over which we do not have a great deal of control, for example the Asian crisis, will make it a bit more difficult. The reality is that, if this State is going to get going, it cannot sit around worrying about what might happen to a few statistics that fluctuate on a monthly basis.

As I said earlier, our role and direction as a department is to look at medium and long-term trends and to support the industries that have a chance now to get up and grow, including new industries that will give us good opportunities and those that are currently stable and needing continuing support, and that is the thrust of our overall industry policy. I mentioned in my previous answer that, over the past two years, significant job creation positions have come out of this department.

Mr CLARKE: If you are still here in the year 2000 we will be able to put the question to you when we have the facts at that time. You are an incurable optimist, I would suggest.

The CHAIRMAN: Does the honourable member have a question?

Mr CLARKE: I do, Sir. Is the department concerned about the fall of exports in the eight months to February this year, particularly the fall in our automotive exports, and what that means to this State's automotive industry and the level of unemployment?

The Hon. G.A. Ingerson: Any Government would be concerned about any fall in any exports, but you must also put it in the context of the environment. It is a bit like some of the Hanson stuff: if you finish only half a sentence or half a question, you will get a different perception from what the true question and answer ought to be. Clearly, we are suffering from difficulties in the Asian area, but so is every State and country within this Asian area.

Over the past four years in Government we have worked very hard at encouraging companies to get involved in export opportunities. Clearly, the Asian issue is the short-term problem for all of us in this country. What it also does is make us look, as I did on the trip I took to the United Kingdom, at the opportunities in other parts of the world that

would enable us to continue to develop the export case. I am advised that in overseas exports there was a fall in agricultural machinery and equipment exports over the nine months to March 1998. This may have been due to timing issues in relation to the shipment of orders. This being the case, overseas exports from the agricultural sector should show some increase in the coming months.

Other major commodities exported by South Australia in 1996-97 included: cereal and cereal preparations (\$745.2 million); metal and metal manufactures (\$542.1 million); wine (\$397.8 million); machinery (\$378.7 million); petroleum and petroleum products (\$286 million); wool and sheepskins (\$290.9 million); fish and crustaceans (\$191.1 million); and meat and meat preparations (\$182.5 million). Major destinations included the USA, the Middle East, the United Kingdom, New Zealand, Japan, China, Hong Kong, the ASEAN countries and the rest of East Asia, in that order. Members can see that, whilst Asia has a big effect on that, it is not as big in terms of some of the export opportunities. I do not think that anyone would disagree that Asia and its turnaround will be critical to our export business.

As I said in answer to another question today, in relation to the water industry, the most important issue for us as a department is to make sure that people who get into the export business are export ready and clearly understand the opportunities and the down sides to being in the export business. One of the biggest down sides is that, if your company is going into a narrow market and that falls over on you, you obviously have significant problems. Through the Business Centre, through the South Australian Centre of Manufacturing and through Industry and Trade, in the investment section, being export ready is one of the most important issues that we are pushing to the companies concerned.

Mr Hallion: As the Minister said, we are obviously monitoring and quite concerned about Asia and its impact on this economy. There are a couple of points worth adding. South Australia's exposure to the countries most affected in Asia, the South-East Asian region in particular, is somewhat lower than the national exposure, so we are slightly more diversified in our market performance to markets outside the traditional Asian markets that are affected. Therefore, the impact on this economy should be lower than on the total Australian economy. As only about 14 per cent of our exports go to ASEAN countries, for example, we do not expect the impact to be quite as large as it might be at the national level.

Furthermore, a number of our exports are actually inputs to manufacturing in those countries affected, and the expectation is that they in turn will attempt to export their way out of their problems and so pick up a greater number of intermediate inputs from South Australia. We are hopeful that those combined impacts and more diversification in market performance, and some of our exports to Asia being inputs to other products, will lessen the overall impact on our economy.

Mr CLARKE: On the Manufacturing Industry Advisory Board, Portfolio Statement 2.13, who is developing the manufacturing policy mentioned on that page? Who is serving on the Manufacturing Industry Advisory Board and what projects is it working on at present?

The Hon. G.A. Ingerson: The general policy is backed up by the South Australian Centre for Manufacturing but it is done with the involvement of the board. Its current membership comprises: Mr Leon Andrewartha (Chair),

Manager, Email Cooking Products; Mr Doug Brown, Managing Director, Entech Group; Mr Richard Harris, Chief Executive Officer, Springs Smoked Seafood; Mr Rex Keily, General Manager, Export and Government Relations, Mitsubishi Motors Australia; Mr Grant MacKintosh, Managing Director, Consolidated Apparel Industries; Mr Stephen Myatt, Director, Engineering Employers Association of South Australia; Mr Allan Swinstead, previous director now consultant, Engineering Employers Association of South Australia; Professor Tricia Vilkinas, PhD, Foundation Professor of Management and Director, Strategic Partnerships, University of South Australia; and Mike Nagel (*ex officio*).

The board's recent activities have centred on the development of a series of policy initiatives designed to address key issues confronting manufacturers. Issues targeted initially include skill requirements, promotion of manufacturing, access to finance and broader support programs and services. During the past year, the board also investigated the implications of reforms in the electricity sector, current transport policy reform developments and the scope for reforms in the State's workers compensation arrangements, and co-organised a successful conference to explore the implications of the Asian financial crisis.

Key elements of the board's forward work include monitoring the performance of SACFM services and facilities, monitoring national industry policy developments, and the development of a second round of policy initiatives to address issues confronting manufacturers. A specific 'second round' issue under scrutiny is freight charges and efficiency. At my request, the 10 year vision for manufacturing is being prepared. In connection with those studies, a major concern for manufacturers has been that the education system, particularly the teaching profession and children at school, still sees manufacturing as a smoke-stack industry. We are concerned about selling the manufacturing industry in such a way that young people will see it as being full of opportunity and not as a dirty, crappy industry.

Our department has had discussions with the Education Department. We believe that there is a necessity in the jobs programs for the better selling of the manufacturing industry, and we believe that should occur towards the end of the year. In order to do that, we will work with SACFM, our own department and the Education Department to produce some decent brochures to organise visitations to some of the local factories, particularly those in regions where schools are located. We will do that to encourage a closer relationship between a cluster of high schools and the manufacturing industry in order to make children aware of opportunities in that industry, as we have done at Noarlunga and Salisbury. That is probably one of the biggest issues for us, because the manufacturing sector has such excellent job opportunities for young people that we need to be able to sell it as a future work destination better than we have done in the past.

Mr CLARKE: Will the Kistler rocket development still go ahead at Woomera and, if so, when will work begin? Given that Kistler has signed an agreement in the United States to launch rockets from a site in Nevada, will that have any adverse impact on the Woomera development?

The Hon. G.A. Ingerson: I understand that the project will proceed, but some minor issues needed to be sorted out. I will ask Mr Frogley to give the detail of the current position.

Mr Frogley: We are in the last stages of negotiating final arrangements with Kistler for its launch of rockets out of Woomera. We confidently expect that those negotiations will

be concluded successfully and we will see operations out of Woomera in the relatively near future. You are correct in saying that they are attempting to conclude arrangements for the launching of similar satellites out of other locations, including Nevada. In part, that will depend upon the payload and the requirements of their customers. For example, there may be some payloads which national security requirements of the United States preclude from being launched from another location. That is one example of why they might choose to launch from a different location. We are confident that this project will proceed along the line that has been announced. Very few detailed arrangements are yet to be determined. We would expect those arrangements to be concluded within a matter of weeks.

Mr CLARKE: What are the economic benefits to this State from the Kistler rocket development project in terms of locals employed, money generated in our local economy and the like?

The Hon. G.A. Ingerson: I ask Mr Frogley to give you a general overview.

Mr Frogley: The precise benefits will depend, in part, on the number and longevity of launches from the Woomera site. Apart from the benefits of construction, if the company's plans come to fruition and it does launch a series of commercial launches, as it intends, there would be significant employment opportunities in the immediate Woomera area. Perhaps more importantly, it starts to give us credibility again in the aerospace industry and will help us to attract other operators in similar industries. We see it as a catalytic project, if you like, to help restore South Australia's credibility as a location for aerospace activities.

Mr CLARKE: I have some general questions about the State's economic development which are somewhat focused around regional development. The Deputy Premier would be aware that the Labor Party at a national level has declared South Australia a special region in recognition of our somewhat acute economic problems. A package of assistance will be announced during what I suspect will be an early Federal election campaign. By contrast, I have also seen that we have been decimated by the sale of AN and that the Commonwealth has withdrawn funding for several industry development programs. I refer to the Program Statement at page 2.23. Have you had any discussions with the Federal Liberal Government about funding for a further two submarines; have you put in a submission to the Commonwealth; and will you release that submission publicly?

The Hon. G.A. Ingerson: As far as I am aware, there have been no formal submissions in relation to two or more extra submarines. However, we are always encouraging the Federal Government to increase its expenditure in defence. As a State, we have always done better than normal in terms of defence expenditure. We are always encouraging Governments to increase that.

Mr CLARKE: Have you put in a submission to the Federal Government about funding for a further two submarines and, if so, will you release the submission? It seems that a submission has not been put in.

The Hon. G.A. Ingerson: It was in the preamble that I missed what you said.

Mr CLARKE: Taking up that point, I find it extraordinary that your department, given the importance of the Submarine Corporation to this State, has not put in a formal submission to build an extra two submarines in this State. Given that it is your department's role to kick and scream and encourage further investment in this State, we have got 600

jobs or 700 jobs which will start rapidly winding down unless they get a contract for a further two submarines, yet you are telling me that you have not put in a formal submission to the Commonwealth Government.

The Hon. G.A. Ingerson: The Government is keen to ensure that the defence industries continue to grow and, clearly, the Submarine Corporation is critical in that growth. As the honourable member would be aware, it is not only the manufacturing of new submarines which is important but also the modifications that will take place to the existing ones, and we are continually talking to Canberra and Defence about the expansion opportunities in that area.

I made the comment that there was no formal submission but that does not mean that we have not been doing exactly what you said—cajoling, pushing and trying to find out where they are going. The honourable member asked about a formal submission and there has not been one, but Mr Dixon, the Chief Executive, is continually talking to Canberra about opportunities in defence because it is critical to South Australia.

Mr Dixon: To reinforce those comments, I am keeping in very close contact with the defence forces and also with the Submarine Corporation about future plans in that direction. To my recollection, some time ago the Federal Minister for Defence announced funding towards review of the Collins class submarines in terms of modifications or upgrades that will be undertaken before any final decision is made on the additional two submarines. That work has to be completed and analysed, and that is a matter for the Department for Defence in its contract negotiations. We are keeping in touch as much as we can with that, given our situation, and obviously trying to lobby as hard as we can to ensure that the Submarine Corporation retains as much work as it can here, not only in new construction of submarines but also in maintenance of support facilities and support activities in an ongoing sense for the submarines.

We have people already based in Canberra. We have a person who assists us in that area and we are certainly very keen to increase our presence in the defence arena. You just mentioned the Kistler project, of course. We have British Aerospace in this State, and the State is a very key part of the defence sector overall. We see it is a key strategy and, if you refer to the Portfolio Statements, you will see that defence is one of the key areas on which we are focusing.

To reinforce the Minister's comments, it is a bit hard to make a formal submission because things are changing and moving all the time. However, we are continually lobbying and researching information and applying as much pressure as we can to maintain employment at that location and, preferably, grow that employment with other added activities.

The Hon. G.A. Ingerson: Another issue on the Submarine Corporation that is part of the whole sale exercise with the Australian defence industries is the issue of where it will fit and what might happen to the Submarine Corporation over the next five years. It is also an issue which we are keen to ensure stays here very strongly based in South Australia.

Mr CLARKE: That last answer neatly fits in with my next question about the plans the Government has for the Submarine Corporation following completion of the present contracts. Just before I finish on that, I still do not understand why no formal submission would have gone from the State Government to the Federal Government over the extra two submarines, given that the completion dates for the contracted six is so close. We all know the time lag that is involved in terms of convincing the Federal Government to say 'yea' to

an extra two submarines and for the trained work force to be maintained to know there is ongoing work so that the company does not lose its skilled work force base to be able to do it.

Whilst I appreciate that the bureaucrats and the like in Canberra with various phone calls, e-mails, and whatever else are trying to ginger up the signing of those two contracts, the fact is that lobbying very strongly for the engagement of those two new submarines should not be subject to a formal approach by the State Government. Anyway, what is the department's plans for the ASC following the completion of its current contracts?

The Hon. G.A. Ingerson: The honourable member can be assured that the Minister for Defence has had several personal short, medium and long briefings with me as Minister, the Premier and the department. The Minister is very much aware of our keenness as a State to see further development at the Submarine Corporation. We do not believe that there is a need for formality in that sense at this stage. However, I assure the Committee that there are not too many discussions that take place, whether privately or publicly with the Minister, in which the future of the Australian Submarine Corporation and, more importantly, the overall defence relationship of South Australia is not considered.

Apart from the Submarine Corporation, which obviously is one of the key areas, Edinburgh is very important, as is the DSTO. Of everything that is here, the DSTO being such a large source is probably as critical to the mass of our defence as anything. We are continually talking to the Federal Minister—who happens to be a South Australian—to make sure that our case is always well and truly in front of him.

Mr CLARKE: Perhaps the Minister might answer the last part of my question later as to the plans of his department for the ASC post the completion of the contract. What is the current state of bidding for the Darwin to Alice Springs railway, given that the Commonwealth has only committed \$100 million to the project?

The Hon. G.A. Ingerson: I answered that in a general sense when I named the three competitors, but I will ask Mr Hallion to give some more detail as he is directly involved in that negotiation.

Mr Hallion: I had the South Australian task force involved in the railway project, so I am obviously fully aware of the status. Members will recall that in about August last year the Commonwealth promised \$100 million from the Federation Fund towards the project. Following that, the Northern Territory and South Australian Governments set up the Australasian Railway Corporation to oversee the process of obtaining expressions of interest.

Those expressions of interest closed on 1 December last year, and members will no doubt recall there was strong support for the project. We had over 30 expressions of interest from more than 60 companies. They were then short-listed in an extensive process by the Australasian Railway Corporation. Recommendations were then made to both the Northern Territory and South Australian Governments, and in April this year the three short-listed consortiums that the Deputy Premier outlined earlier were announced.

Since that time the consortiums have started an extensive due diligence process on the railway. Obviously they are looking very extensively at the business case, the costs of construction, the costs of operation, the marketing of the railway and the sort of freight that would be used on the railway. Also, we regard this as very much an integrated

facility with the port of Darwin. All the consortiums have shipping or port interests associated with them in some form, and are looking in that direction as well.

So the project is now very well advanced. The three consortium have until the end of October to submit proposals to the Australasian Railway Corporation. It will then assess those proposals and recommend to both Governments the preferred consortium. On that process construction could commence early in the next calendar year.

Mr CLARKE: Following up that point, how impacted upon is this project by the Asian economic crisis we are currently facing in terms of those potential consortium bidders who had put up their hand and were prepared to commit money? Are there sufficient other backers with real money outside those companies that have the wherewithal to see this project strike pay dirt some time next year?

The Hon. G.A. Ingerson: The answer is 'Yes', but I will ask Mr Hallion to give more detail as he is directly involved in the project.

Mr Hallion: There are two issues in relation to the Asian financial crisis, the first being trade in the corridor and whether it will affect the volume of trade in the corridor and therefore the projections of freight and subsequently the viability of the railway. The view taken by all participants to date has been that it is a long-term project and will probably have a 50 year build/own/operate transfer period. Short-term impacts, such as the Asian financial crisis, are not taken as having a significant impact on the project. We also have to remember that it has a three to four year construction period, and most advice is that the Asian financial crisis will be of duration less than that.

The second area of impact is whether any of the major participants are based in Asia; therefore a change in their circumstances might affect their position in the consortiums. As the Deputy Premier outlined earlier, the composition of the consortiums are, by and large, Australian or internationally based and would not therefore be substantially impacted by the crisis. At least one consortium I am aware of withdrew at the expression of interest phase due to the Asian-based changes in their financial circumstances, but it has not affected those who went through to short listing.

Mr CLARKE: Given the current Federal Government's support for an enterprise zone in Newcastle, after the announcement of the closure of the BHP steelworks there, has the Deputy Premier made any approaches to the Commonwealth for the national Government to extend similar help to the Upper Spencer Gulf? There is the railroad money with the closure of AN, which is \$20 million over a couple of years and is scattered over the State rather than targeting specific regions *per se*. Both Mike Rann and I are fairly well known in the upper Spencer Gulf region, having spent a fair bit of time there in the past four years, almost to the extent where the people of Port Augusta think I am the local member.

Mr Wright: Better than the one they've got.

Mr CLARKE: Certainly. They reckon I am a better bet than the existing member. We in the Labor Party have long called for enterprise zones to assist in the upper Spencer Gulf area. We have been ridiculed by the current Government, the Deputy Premier and the Premier. But the Prime Minister saw fit to extend enterprise zone facilities to Newcastle and we were wondering, given that the Prime Minister thinks that enterprise zones are not such a bad idea in specific cases, whether the Deputy Premier will take up this idea with respect to the upper Spencer Gulf.

The Hon. G.A. Ingerson: There has not been any direct contact with the Federal Government, as far as I am aware. I have had discussions with people directly related to BHP concerning how the process is expected to be working in Newcastle. It is my view that all opportunities should be looked at and it is our intention to watch with interest and keep on talking to the Federal Government about any areas right across our State without being specific to the Spencer Gulf area. If the Federal Government makes a decision to expand enterprise zones (or whatever they want to call them) right around Australia as a matter of policy and not a one-off exercise—which, in my view, seems to be the case with Newcastle—clearly as a Government and a department we will want to be there right from the start. Without any doubt, if Federal funding is to be made available over and above (and/or some support systems) what is already available to us as a State, we would be quite stupid if we did not look at it.

That is not suggesting in any way that what has been put forward by the Labor Party in the past is something at which we are looking at the moment: it is purely and simply that a change of circumstances has occurred in New South Wales, in particular in Newcastle. As I have said, I have had very brief industry discussions but no Government discussions.

Mr CLARKE: Do I detect a softening of the Government's previous stance of opposition to enterprise zones then in so far as the Upper Spencer Gulf is concerned—that you now embrace that concept that we put forward at the last election and would lobby support of the Federal Government in that area?

The Hon. G.A. Ingerson: No, there can be no suggestion of that at all. Clearly, regional development, and particularly development in significant regional towns, is a major concern for this Government because we want to see them grow again. Everyone recognises that a clear reduction has occurred in the size of some of our major towns in the regions. We have a policy of working with the regions to try to redevelop. The point I made was that, if the Federal Government made a decision to have a series of national enterprise zones, clearly we will not be left out of that and we will be prepared to talk about it. I do not see that as being on the drawing board. I see Newcastle as being a one-off instance. As I said, if it changes, the honourable member can be assured that, if the Federal Government puts more money on the table in relation to regional development, we will be talking to it, because South Australia has to get whatever it deserves to get in the total of the Federal cover.

Mr CLARKE: Without wanting to put words into the Minister's mouth, I want to be clear about what he has said in answer to the last couple of questions.

The Hon. G.A. Ingerson: Read it in *Hansard*.

Mr CLARKE: I could read what you have said but whether I would understand it any better is probably somewhat dubious—and it is not through lack of intellectual capacity.

The Hon. G.A. Ingerson interjecting:

Mr CLARKE: No, do not be unkind. I know it is getting late but do not be unkind: act as a statesman—I know it is hard. What I am seeking is clarification that, in regard to enterprise zones for the Upper Spencer Gulf, the State Government has made no approach to the Howard Government in respect of declaring the Upper Spencer Gulf an enterprise zone following the declaration of Newcastle as an enterprise zone. Essentially, the State Government's view is: if the Federal Government happens to embrace enterprise

zones for particular regions—wherever they happen to be in Australia—then it might put its hand up for it or, if they choose to do it, that is entirely their own decision, but it is not a concept that the State Government embraces.

An honourable member: You're right.

Mr CLARKE: Thank you; I understand you then. Most of my other questions could be put on notice to save time but I want to ask one last question which would require a response from the Minister tonight. The others I will quickly read into *Hansard*. In Whyalla recently the Minister made his views about regional development boards quite explicit and, in my view, they were quite insulting of the boards regarding the work that they carried out and their ineffectiveness, as he claimed.

I understand that the Minister received quite a hostile response to his comments from the representatives of the regional development boards, and I find that interesting given that so many of them are populated by persons who generally would be on the conservative side of politics, coming as they do from business and local government in regional areas which usually favour that side of politics.

Has the Minister rethought his position since his landmark speech at the Whyalla Chamber of Commerce, where he bucketed regional development boards? Is he now contrite? Is he prepared to withdraw those insulting comments concerning the RDBs and Whyalla in particular, or does he maintain his obdurate attitude towards them?

The Hon. G.A. Ingerson: As I said, we have made the changes that I said we would make, and the boards agree. It was agreed that there needs to be more accountability in the boards, that they need review processes every year instead of once in five years, and that their performance should be and must be monitored, and it will be. The State Government puts in about \$2.5 million a year and local government contributes about \$2 million. Over the last five years, \$20 million to \$25 million has gone into the regions. We have to ask: where has it gone? What has happened? Who is driving the outcomes and what outcomes have resulted?

That is what I said at Whyalla, and a few people who did not have any outcomes got a bit toey. That is all that happened. The majority of the boards have recognised that their function is regional development and that they need to work with their communities to get the outcomes that they and their community want. It has been very interesting in the last three months since I made that statement, because the only boards that have complained have been those that have been under-performing. It is interesting to note that all those boards, other than Whyalla—and that is only because we have not had time to meet—have been to see me to determine what we can do to work with them to sort out some of their problems, and we are prepared to do that. We are prepared to work with the Whyalla board, too, but we have not been able to get back to talk about it.

There was no deliberate attempt to single out the Whyalla board. It purely and simply happened that I was in Whyalla at that time, and I talked generally about regional development and regional boards. A few people have a pretty thin skin in some of these regions and some of them should not be that way having been through bearpits in other lives. One of the things that is important in this process is to get better outcomes. The Government is not there to be critical of regional boards, because they have a major role to play. However, local councils are also questioning their role. It is not only the Minister for Industry, Trade and Tourism asking for better outcomes: the communities also want better

outcomes because, at the end of the day, if we can get more jobs and better growth in those areas, that is what the regional boards are all about.

In a couple of very strong Liberal areas, the difficulties experienced by the boards are with staff, and that is one of the other major problems with these boards. Just as it is difficult to get teachers, doctors and pharmacists to go into the regions, so it is difficult to get well-trained people to work in regional development. Some of the boards lack that quality of staff. But I would have to say that the support is not negative; people have been very cooperative and we have signed nearly every agreement now that we have been requested to sign. A couple are going through review, but everyone is arguing that we have to get better outcomes, and that is what it is all about.

Mr CLARKE: I believe that all of the RDBs want outcomes in terms of jobs, but they cannot all do it by themselves. They could do with some State Government assistance, and being abused by their Minister is not the best way of achieving those outcomes.

The Hon. G.A. Ingerson: It has improved dramatically in the past three months, and one of the most important issues has been the cooperation from the boards in wanting to get the outcomes. So, the honourable member might be quite surprised.

The CHAIRMAN: Does the honourable member have another question?

Mr CLARKE: No. This is an area that the Minister and I could debate long into the night, but I think it would be taxing on the rest of the Committee. But it is something about which I will return to the Minister in due course, following his comments. At this stage, I wish to ask a few questions on notice:

1. How many people are employed from within the Minister's portfolio in regional economic development, and what is the value of regional grants provided in 1997-98?

2. Will the Minister provide a schedule of the regional economic development grants provided this forthcoming financial year by region?

By way of explanation, last year the Estimates Committee was told that the EDA promotions and publicity budget was \$2 million. The statements (page 2.3) refer to 'Market South Australia'. My questions are:

1. How much is in DIT's promotions budget for next year?

2. What proportion of this budget will be spent here in South Australia and what will be spent outside of the State?

3. Is the department planning any more of the paid features in certain newspapers or television programs, or was that just in the run-up to the last election?

My other questions are:

1. Can the Minister 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 have there been 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 all officers who have been issued with Government owned mobile phones; what arrangements apply for the payment of mobile telephone accounts; and what restrictions apply to the use of Government mobile telephones for private purposes?

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

8. 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?

9. 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?

10. Has the Minister 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?

11. For each department and agency within the Minister's portfolio by how much will the cost of goods and services purchased increase on the likely goods and services rate of 10 per cent?

12. For each department and agency within the Minister's portfolio, by how much will the cost of each service provided to the public need to rise to prevent an erosion of State Government revenues?

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

ADJOURNMENT

At 8.35 p.m. the Committee adjourned until Friday 19 June at 9 a.m.