

HOUSE OF ASSEMBLY

Tuesday 23 June 1998

ESTIMATES COMMITTEE A**Chairman:**

The Hon. D.C. Wotton

Members:

Mr R.D. Clarke
 Mr M.L.J. Hamilton-Smith
 Ms A.K. Hurley
 Mrs K.A. Maywald
 Mr I.H. Venning
 Mr M.J. Wright

The Committee met at 11 a.m.

Minister for Government Enterprises, \$37 998 000
 Department of Administrative and Information Services,
 \$63 602 000
 Minister for Administrative Services and Minister for
 Information Services—Other Items, \$1 967 000

Witness:

The Hon. M.H. Armitage, Minister for Government
 Enterprises, Minister Assisting the Premier for Information
 Technology.

Departmental Advisers:

Mr T. Phipps, Chief Executive, SA Water.
 Mr J. Caporn, Executive General Manager, SA Water.
 Mr H. Lacy, Executive General Manager, SA Water.
 Mr R. Abbott, Manager, Corporate Management Ac-
 counts, SA Water.
 Mr A. Atterton, Ministerial Liaison Advisor, SA Water.
 Mr B. Cowain, Ministerial Liaison.
 Mr G. Foreman, Chief Executive Officer, Department of
 Administrative and Information Services.
 Mr B. Miller, Director, Business Services, DAIS.
 Ms C. Maelzer, Executive Project Officer, DAIS.
 Mr G. Troughton, Ministerial Adviser.
 Mr A. Secker, Director, Government Business Group,
 DAIS.
 Mr G. Haberfield, Financial Officer, SA Water.
 Mr P. Edmonds, General Manager, Ports Corporation.
 Mr G. Pitt, Chief Executive, TAB.
 Mr A. Frolow, Group Manager, Administration, TAB.
 Ms J. Roache, Chief Executive, Lotteries Commission.
 Mr G. Button, Director, Administration and Finance,
 Lotteries Commission.
 Mr I. Millard, General Manager, Forestry SA.
 Mr G. Nunn, Manager, Strategic Development and
 Business Services, Forestry SA.

The CHAIRMAN: Members would realise by now that we adopt a fairly informal procedure as far as these Committees are concerned. 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 under-

stand that the Minister and Deputy Leader have reached an agreement as far as the program is concerned, which will mean that the Minister for Government Enterprises, Minister Assisting the Premier for Information Technology, will be available for questioning until 6 o'clock; after dinner, the Minister for Administrative Services, Minister for Information Services lines will be open for investigation.

Changes to the composition of the Committee will be notified to the Committee as they occur. Members should ensure that they have provided the Chair with a completed request to be discharged form. If the Minister undertakes to supply information at a later date, it must be in a form suitable for insertion in *Hansard* with two copies submitted to the Clerk of the House of Assembly no later than Friday 10 July 1998. I propose to allow the Minister and the Deputy Leader of the Opposition to make an opening statement, if they desire, 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 three questions per member, alternating sides.

Members may also be allowed to ask a brief supplementary question to conclude a line of questioning, but I make it quite clear, as I have on previous occasions, that supplementary questions will be the exception rather than the rule. Subject to the convenience of the Committee, a member who is outside the Committee and desires to ask a question will be permitted to do so once the line of questioning on an item has been exhausted by the Committee. An indication to the Chair in advance from the member outside the Committee wishing to ask a question is necessary. Questions need to be based on lines of expenditure. We all realise that that can be a little difficult because of accrual accounting and some of the changes that have been made to the budgetary papers. Reference needs to be made, wherever possible, to the Estimates Statement and may also be made to other documents, including the Portfolio Statements.

Where possible, members should identify a page number or the program in the relevant financial papers from which their question is derived. Questions not asked at the end of the day must be placed on the next day's House of Assembly Notice Paper. I remind the Minister 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, it is must be purely statistical and limited to one page in length. I remind all members that questions are to be directed to the Minister—not to the Minister's advisers—and that the Minister may refer questions to advisers for a response if he so desires. I now invite the Minister to make an opening statement, if he so wishes.

The Hon. M.H. Armitage: As there are a number of components of this portfolio, I will make a very brief introductory statement at the relevant time. Government business enterprises play a quite unique role within Government. The products and services which they provide are delivered on a commercial basis combining the very best aspects of private sector know-how with the Government's concern for the social and economic priorities of South Australia. The consolidation of Government business enterprises into a single portfolio has resulted in an increased focus on the development of these entities as truly commercial bodies. Emphasis has been placed on moulding the entities into efficient, safe and profitable businesses that

provide appropriate returns on the investment which the Government has made in them on behalf of the taxpayers.

Examples of how the enterprises are moving towards holistic business enterprise models include the following: the move by the enterprises to accrual accounting and a tax equivalent regime, allowing for direct comparison with private sector competitors; cooperatively working with local businesses in projects such as the development by the Lotteries Commission of the Small Business Charter; the TAB's improved profile and financial performance through the use of targeted marketing and promotions; linking private investment commitments to infrastructure upgrades such as that undertaken by the Ports Corporation in upgrading facilities at Cape Jervis and Penneshaw; and marketing South Australian products and expertise into overseas markets with initiatives such as SA Water's partnering schemes into the Philippines and China.

The success of these and many other developments represent the dividend being reaped by the Government and the people of South Australia due to the Government strategy of encouraging initiative, developing business acumen and supporting commercialisation within the enterprises. The officials who will be assisting me today come from DAIS and all the Government enterprises. We felt that, obviously, it was appropriate to have representatives from all those enterprises here so that we would be able to provide up-to-date, efficient, effective, sharp and focused information to the Opposition, because that is what the Government believes these Estimates Committees are all about. As I said previously, we look forward to providing focused, sharp and informative answers to the questions.

The CHAIRMAN: I intend to open up the three lines for examination and, with the concurrence of the Committee, if we so wish, we will close off the lines relating to the Minister for Government Enterprises and the Minister Assisting the Premier for Information Economy prior to dinner, when the Ministers change over. If that is not agreed to, we can keep the three lines open and close them all off as has been the custom previously at the end of proceedings. I indicate that I declare the proposed payments open for examination. I now invite the Deputy Leader to make a statement, if she so desires.

Ms HURLEY: It has been obvious that the work of the Estimates Committee has been hampered this year due to the changeover to accrual accounting and the resultant changes in the format and presentation of the budget. Whereas previous budget papers, in particular Financial Information Paper No.1, Program Estimates and Information, provided Parliament with the program information and estimates of expenditure compared with the previous year's budget and actual expenditure, this information is no longer available. No detailed information is given on programs and there are some glaring examples of this—for example, in community health services, where there are no details on budgeted operation of hospitals.

Even more misleading is the fact that in many cases next year's budget figures are now only shown in comparison with last year's actual expenditure; a comparison is not made with last year's budget. This means that members are not able to compare budget changes year on year or make any judgments about overexpenditures or underexpenditures. There is no information to indicate whether programs have been wound down or overspent, on the other hand.

Instead of Program Estimates, the new format provides us with Portfolio Statements. These statements, which attempt

to quantify outputs in the delivery of services, have created a good deal of debate. Accrual accounting itself is not a bad thing; it is a reasonable system. It is simply the way that those output statements have been delivered in this budget that has created a good deal of confusion and uncertainty.

Departments still run programs, but we are unable to find out what inputs are being used to deliver services to the public or to make comparison between this year's allocations and the allocations for next year. That is why in the Estimates hearings dealing with the key services agencies—health, education, police, and so on—the Opposition has asked for a line-by-line reconciliation of the 1998-99 budget with the allocation, not the actual expenditure, in the 1997-98 budget.

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

This budget also shows that the member for Adelaide's own credibility as a Minister is in tatters. John Olsen claims that the sale of ETSA is the key policy initiative of his Government. The fact that he cannot answer the basic issues and questions about this policy shows that he is in a policy free zone. Nor can his somnolent Treasurer answer the basic questions. We find that, although the member for Adelaide is the Minister for Government Enterprises, John Olsen does not trust him to be the Minister in charge of selling ETSA. I might also say that, having seen Rob Lucas's performance on Wednesday, I have difficulty in seeing how the Minister could be any worse than the Treasurer.

When we turn to the Estimates and Portfolio Statements to comply with the requirement that our questions relate to the definite lines of appropriation and expenditure in the budget, we find that the Minister for Government Enterprises rates two pages—in fact, the same or identical two pages. Both pages are unnumbered and it is impossible to comply with the requirement fully to make all questions relate to particular lines of expenditure. The Minister assisting in administrative and information services (Wayne Matthew) rates 32 pages in the Portfolio Statements compared with the Minister's one page. We now know that reading board papers for Government enterprises is optional under this Administration. We on this side of Parliament are wondering what the Minister does.

The Hon. M.H. Armitage interjecting:

Ms HURLEY: We will try, but we do not have much to go on. Before commencing to ask questions, I have a question of you, Mr Chairman. I am aware that a number of questions—the omnibus questions—can be put on notice, and I ask you, Sir, whether it is appropriate to leave them to the end of today's session.

The CHAIRMAN: It is appropriate to leave them until the end of the session.

The Hon. M.H. Armitage: I have some answers and I would be happy to provide them during the session.

The CHAIRMAN: Perhaps the omnibus questions that are addressed to the Minister at the table presently could be asked prior to the Minister's leaving at the dinner break.

The Hon. M.H. Armitage: Given the importance of the information, perhaps our members might ask the questions, so that I could provide the answers to the Opposition on the floor of the Chamber.

The CHAIRMAN: If the questions are asked on the floor of the Chamber, that will mean that they will not need to be asked on notice. Does the Deputy Leader have a question?

Ms HURLEY: Yes. Have any enterprises or agencies under the Minister's control made any submissions on national tax reform in the current financial year and, if so, will the Minister make these available to the Estimates Committee?

The Hon. M.H. Armitage: I am unaware of that—but, as the member for Hart wanted so clearly to make fun of the fact that we had a lot of people here, I will now go and ask them. We are unaware of any input from any of the enterprises into tax reform and, accordingly, there is none to supply.

Ms HURLEY: Does the Minister support a goods and services tax being levied on power, water and gaming?

The Hon. M.H. Armitage: That is a completely hypothetical question, and I do not intend to answer it.

Ms HURLEY: Given the extensive discussion in the national press and the reported discussions between State and Federal authorities about the tax regime between the Federal Government and State Governments, I would think that this is far from a hypothetical question—in fact, I hope that it is not: I hope that the State Government has given a great deal of thought to a goods and services tax and its effect on State Government services.

The Hon. M.H. Armitage: As I indicated, it is a completely hypothetical question, because we do not know what any potential goods and services tax regime may look like—we have absolutely no idea whether one will even be introduced. If and when one were to be introduced, obviously, the State Government would have a keen interest in it. But, until such time, it is a hypothetical question.

Ms HURLEY: Has the Minister, or any of the departments or agencies under his portfolio, undertaken an analysis of the introduction of a GST at the likely rate of 10 per cent (or at any other rate) and its effect on the cost of delivering State Government goods and services?

Members interjecting:

The CHAIRMAN: I hope that we will all have a cooperative day—it could be a very long day if we do not.

The Hon. M.H. Armitage: To the best of my knowledge, of the enterprises and agencies under my wing, the only one which has looked at this is the Lotteries Commission, which has examined the similarities with any New Zealand model, and I am informed that any effects, if a goods and services tax were to be introduced—and, I repeat, that is hypothetical—would depend upon whatever rate was set.

Mr HAMILTON-SMITH: I am interested in general in the performance of United Water. Will the Minister outline to the Committee the process followed in the second year appraisal of United Water's performance?

The Hon. M.H. Armitage: The appraisal was conducted in accordance with the process and scope as detailed in schedule D of the agreement. That annual performance appraisal involved a number of components, which included a review of export performance and industry development and an overall evaluation of the performance of United Water

and the extent to which the economic development vision is being attained.

In making the appraisal, the following issues were covered: an assessment of whether aggregate and net exports comply with committed exports for the 1997 calendar year; factors which have affected export performance during 1997 and which may affect export performance in subsequent years; compliance in delivery of the key commitments by United Water; progress that has been made on implementing other industry development initiatives, as set out in the industry development program; changes to the South Australian water and waste water industry over 1997 and those which are expected to occur over subsequent years; an overall evaluation of the performance of United Water, including the extent to which United Water is contributing to export performance and to changes in the structure, capabilities, conduct and performance of the South Australian water and waste water industry; the markets in which the South Australian water and waste water industry is penetrating; the need for changes in any industry development strategy and commitments and actions; and additional inputs which may be required to improve and continue to achieve the export commitments and the industry development strategy of United Water.

In relation to SA Water's conduct of the review of export performance, the appraisal was conducted with the assistance of Price Waterhouse Urwick, Arthur Andersen and the South Australian Centre for Economic Studies. SA Water established the Economic Development Performance Review Committee to conduct an appraisal of the 1997 economic development performance by United Water, and to consider and make recommendations on broader issues relating to a number of matters. The membership of that committee consisted of senior executives of SA Water, Price Waterhouse Urwick, Arthur Andersen and the Crown Solicitor's Office.

The primary and initial objective was the conduct of the appraisal of that economic performance and, in its report of March 1998, Arthur Andersen, which was appointed as an independent assessor (and that option is available under the agreement), reported on its verification of net export figures submitted by United Water in accordance with the schedule. Verification also included, importantly, that no double counting took place in respect of any of the net export categories. Arthur Andersen verified a representative sample of the value of the transactions provided by United Water.

In relation to SA Water's review of delivery of the key commitments and progress that has been made by United Water on implementing other initiatives in the development program, all members would realise that some of the activities outlined in the exhibits of the Adelaide outsourcing agreement are linked to key commitments in schedule C of the agreement. SA Water commissioned the South Australian Centre for Economic Studies to assist in conducting the second annual review. The South Australian Centre for Economic Studies is well known to all members, and its analysis, which I will not detail, was forthright.

Mr HAMILTON-SMITH: I am particularly interested in United Water's success in relation to exports. Could the Minister outline the performance of United Water in relation to achieving certain exports pursuant to the contract?

Mr CLARKE: That is a searching question.

Mr HAMILTON-SMITH: Thank you.

The Hon. M.H. Armitage: The member for Ross Smith indicates that that was a searching question, and it is, because it is a very important matter. The member for Ross Smith

burbles away over there because, factually, the members of the Opposition are not keen to see this contract succeed. However, overall, United Water met its economic development obligations for 1997 under the contract. Aggregate net exports of \$28.6 million were achieved in 1997 and that exceeds—

Mr Foley interjecting:

The Hon. M.H. Armitage: I beg your pardon.

The CHAIRMAN: Order! I suggest that if the member for Hart wishes to be part of this Committee structure he substitute for a member of the Committee, otherwise he is not able to contribute to this Committee.

The Hon. M.H. Armitage: I am interested in an interjection which seemed to indicate that these figures had been doctored. I just spent some time informing the Committee of the independent agreement of people and companies, such as Price Waterhouse Urwick and Arthur Andersen, in this process. If the member for Hart, who I understand is not a member of this Committee, believes that it has been doctored, I would be most interested to discuss it with him outside on the steps of the Parliament, and I am quite sure that members of Adelaide's senior business community and accounting firms would be interested in detail from the member for Hart as to just where these figures may or may not have been doctored.

Mr Foley interjecting:

The Hon. M.H. Armitage: The member for Hart indicates that he is happy to go outside the Chamber and make the same allegations. I look forward to seeing that reported in the press, because the member for Hart quite clearly identified that he was happy to do so. Aggregate net exports, as I was saying, were \$28.6 million in 1997, and they exceed the committed level of \$24.9 million. There is a further \$6.9 million of net exports which are the subject of discussion with United Water which actually, if they fit the criteria, would be additional exports.

Cumulative aggregate net exports of \$52.9 million were achieved in the first two years of the agreement compared with cumulative committed aggregate net exports of \$34.4 million. I will repeat that for the benefit of members of the Committee and particularly for the benefit of the member for Ross Smith who chortled before about these exports. Cumulative aggregate net exports were \$52.9 million as opposed to cumulative committed aggregate net exports of \$34.4 million. As I have said, we are discussing with United Water at the moment the eligibility of a further \$6.9 million in aggregate net exports and we expect a conclusion to that shortly.

United Water has met its economic development obligations for 1997 under the contract and has continued to provide leadership to the water industry, in particular, through its involvement in the water industry cluster development and its R & D activities.

Mr HAMILTON-SMITH: Having heard of export performance, I am also interested in United Water's performance in relation to other key commitments, particularly industry development commitments.

The Hon. M.H. Armitage: The appraisal of United Water's 1997 economic development performance included an assessment of its performance of key commitments and a number of other industry development commitments. United has met key commitments for 1997 which will maintain the foundations for the development of an international water industry based in South Australia which was put in place

during 1996. The key commitments of the agreement in summary are:

1. Once established, within 12 months of contract signing, United Water's Asia Pacific headquarters would be maintained in Adelaide for the term of the agreement;
2. Once established, within 12 months of contract signing, Thames Water International Pty Ltd's Asia Pacific regional headquarters would be maintained in Adelaide for so much of the term of the agreement as is commercially reasonable;
3. Thames Water Asia-Pacific Pty Ltd would relocate the functions of its procurement and quality control division from Melbourne to Adelaide within three months of contract signing. Other operations would relocate from Melbourne to Adelaide within a reasonable period to support the expanding needs of the water industry;
4. An international advisory board would be established and maintained for so much of the term of the agreement as is commercially reasonable;
5. United Water would establish within 12 months of contract signature and maintain for the term of the agreement a business development office and a water industry development group;
6. A business unit for the management of Kinhill's water resources design and services business would be established and operate in Adelaide within three months of contract signature;
7. A combined research facility would be established in South Australia within 12 months of signing of the contract.

SA Water supported United Water's suspension of regular meetings of the Water Industry Development Group whilst the Cluster Group was established. United Water has been actively engaged in the intervening period in fostering the cluster, which has objectives very similar to those of the Water Industry Development Group. In other industry development initiatives, during 1997 United Water focused on progressing a number of those initiatives that are not key commitments. It continued to provide leadership to the industry and has been actively engaged in fostering the cluster, as I noted before. Also during 1997, United Water focused efforts on winning a contract in Papakura (New Zealand) to operate water and waste water services and a contract in Sidoarjo (Indonesia) for a build/operate/transfer scheme to provide treated water.

Thames Water was a member of the consortium awarded the concession to operate on the eastern side of Jakarta; and United arranged for the transfer of the injection moulding equipment for Thames Water Asia-Pacific's proprietary injection nozzles to South Australia from New Zealand, with the anticipation that this will result in, first, exports and, secondly, the replacement of imports. United Water continued to facilitate the development of the irrigation industry and to provide assistance on assessing market potential to South Australian companies, and facilitated the promotion and development of pump and valve maintenance, repair and modification capabilities in South Australia.

United Water won contracts to provide specialist water industry training for two groups from Indonesia during 1997. A training course for senior officials from Vietnam was rescheduled to May 1998, due to visa problems. United participated with Riverland Water and SA Water in the development of a proposal to establish a South Australian Water Industry Training and Education Council. It participated with Riverland Water, SA Water and a number of other Government organisations in initiatives providing support facilities for the industry including: the water industry database; the water industry web site; and participation in exhibitions within Australia and internationally. The proposed PICA activated carbon plant is now expected in August 1998. It is quite clear that United Water's performance over

the first two years of its 10 year commitment to economic development has been good.

It is contractually required to mitigate the impact of adverse circumstances that might affect its ability to perform in the manner required by the contract, and we are advised that United Water is working closely with parent companies to develop complementary alternative strategies. It has been a very successful record over the past year in particular and two years in general, with many good things happening in our South Australian water industry.

Ms HURLEY: How many people under the Minister's portfolio are working on the economic development components of the water contract that we were told would be delivered by United Water?

The Hon. M.H. Armitage: I am informed that there are two streams: one involves the marketing and development of South Australian Water's intellectual property and the second stream looks internationally to complement United Water. There are two main leaders of these streams, with relevant support staff, the total of which would be fewer than 10. The leaders and the support staff work with the water industry via the Water Alliance. Because it is a commercial matter it is important that the industry is involved and does the work. It has been very successful in increasing the international view of the South Australian water industry participants, with \$18 million in exports this financial year. Employment in the water industry since the signing of the contract has increased by 23 per cent.

Ms HURLEY: The Minister said that the measured level of water exports for 1997 was \$28.6 million. How much of that figure is accounted for by United Water and how much of the total export figure is made up of repatriated dividends and profits?

The Hon. M.H. Armitage: Of the \$28.6 million, I identified \$18 million previously through the work of the industry, and the remainder is directly attributable to United Water and companies with which it deals. In relation to the question of how much relates to repatriated dividends and profits, the answer is, 'None'.

Ms HURLEY: One of the key commitments that the Minister was talking about in the contract is that Thames Water Asia-Pacific would relocate to Adelaide and bring with it 100 people. How many people are employed in that organisation and, if it has not met the key commitment of 100 people, have any penalties been applied to the company under the contract?

The Hon. M.H. Armitage: The key procurement functions have moved already, and under the contract the others, according to commercial development and need, will continue to move.

Ms HURLEY: Perhaps the Minister did not understand my question: I specifically asked how many people are employed in the Thames Water Asia-Pacific relocation compared with the 100 that was a key commitment of the contract?

Membership:

Mr Foley substituted for Mr Clarke.

The Hon. M.H. Armitage: I am informed that 100 people was not a key commitment, as was allegedly identified.

Mr FOLEY: Excuse me; it is in the contract, Michael.

The Hon. M.H. Armitage: I am going on advice that I have.

Mr Foley interjecting:

The CHAIRMAN: Order!

The Hon. M.H. Armitage: I am informed that 100 people was not a key commitment. The expectation was that it would develop over the time of the contract, which is a 10 year contract. At the moment, there are three people in the Asia-Pacific business.

Mr VENNING: In relation to forestry, I refer to the Portfolio Statements, Vol. 2, pages 7.10-7.13. However, I found more information in the Budget Statement, page 8.10, which sets out this aspect quite clearly. Is the area of forestry changing and will any changes have an impact upon meeting future demand from the timber and wood industry?

The Hon. M.H. Armitage: The Forests Review, which was commissioned by the Government in 1996, identified in one of its recommendations that up to 1 500 hectares of agricultural land should be purchased annually to facilitate future development of the forest based industries in the State. This year has seen the conclusion of the purchase of three properties in the South-East with a total area of 1 300 hectares. This will result in a net plantation area of approximately 1 000 hectares after 300 of the 1 300 hectares is excluded for areas of native vegetation, fire breaks and so on. Opportunities for the purchase of suitable planting land are pursued vigorously whenever such sites come on the market, and Forestry SA offers a price based upon the assessed forestry potential and the agreed rate of return on invested capital.

The program demonstrates the Government's commitment to providing resources for the continuing development of our State's timber industry. This is very important in South Australia, particularly in the South-East where we have purchased these three properties. The provision of new land will supplement the re-establishment of second rotation sites and will sustain an ongoing planting program of between 2 200 and 2 500 hectares per annum.

Mr VENNING: What is the current state of the Farm Forestry program in the South-East of South Australia?

The Hon. M.H. Armitage: The Farm Forestry program was initiated by the Commonwealth Government in 1993 as an initiative under the then Native Forest Policy Statement, and Forestry SA received a grant of \$305 000. The aim of the program is to promote the concept of farm forestry to landholders and to create interest in forestry amongst the rural community in the South-East. Subsequent to the initial project that I mentioned before, Forestry SA has been successful in obtaining funding under the Farm Forestry program and, more recently, under the National Heritage Trust program for more projects. The Mid and Upper South-East Farm Forestry project has been running for a year. The strategy for amelioration of the salt programs in the Upper South-East calls for drainage, revegetation and the use of salt land agronomy. Revegetation of the dunes with commercial tree species not only reduces the amount of recharge to the salt-affected areas but also can be the basis of the development of a significant timber resource. Effort in this project is dovetailing with the Salt to Success project, and the collaboration between the two projects ensures that appropriate forestry expertise is available to farmers.

Two more recent projects are: capitalising on demonstration planting; and promoting farm forestry and species selection and genetic improvement for farm forestry. The first of these projects will ensure that the impetus developed in those initial projects is not lost and that the demonstration forests are maintained and, indeed, that growth of those forests is also maintained. The second of the projects looks

to develop better genetic material for farm forestry, including the sourcing of drought resistant hybrid eucalypts.

The areas under the program as demonstration areas and follow-up planting are quite impressive—in 1994 and 1995, over 300 hectares, a further 600 hectares in 1996 and 170 hectares in 1997. The planned area for 1998 is 310 hectares. Forestry SA has placed emphasis on ensuring that a proportion of the grant money goes into the establishment of trees, as demonstration growers have also been encouraged to plant areas of a size that will in fact be commercially viable. The belief is that, by encouraging a large number of land-holders into forestry, the resultant forests will generate a large amount of local interest and will have a big impact in developing farm forests in the region. Having visited the South-East not long ago and having looked over the forests, I know that the statement about the forests generating a large amount of local interest is absolutely correct.

Mr VENNING: I notice on page 8.10 of the Budget Statement that the fourth dot point states:

· providing recreational access to forest reserves;

Will the Minister comment on the use by the community of the State's forest reserves for recreation?

The Hon. M.H. Armitage: The forest reserves in South Australia are very much a valued commodity by the community for a wide range of recreational activities. They provide easy access and present a most interesting collaboration of plantations, conservation forests and so on. Those reserves in the Mount Lofty Ranges at Mount Crawford, Kuitpo and Second Valley are particularly popular with the community as they are relatively close to Adelaide and provide for a variety of uses.

Some of the more passive uses include bushwalking, picnicking, camping, nature study, environmental outdoor education and so on. The forests are also used for a number of more active pursuits including mountain bike riding, horse riding, orienteering, dog sled racing and so on. I am informed that about 40 different forms of recreation take place in the forest reserves of the Mount Lofty Ranges and, as well as the many individuals who visit the forests, over 100 groups also hold events regularly. I am sure that everyone would be interested to know that a recent study indicated that in excess of 200 000 visits were made annually to these reserves.

Forestry SA has two information centres, one at Mount Crawford and one at Kuitpo, where access to information is available 24 hours a day either through rangers or a telephone information service. A number of major events are held within the forestry reserves, such as the State orienteering championships, dog sled racing—which I mentioned before—the Birdwood Farm Day Out, major motor sports events, the Pines Enduro in the South-East, scout jamborees and so on. Sir, there is a particularly important event in which I know that you as Chair would have a great deal of interest, that is, the Bilby Family Day, which is held every Easter in the Mid North. In summary, the forest reserves of this State provide the community with a unique opportunity to experience a really wide variety of recreational interests.

Ms HURLEY: In a previous answer, the Minister said that the Thames Water relocation had been accomplished. I point out to the Minister schedule C, 'The key industry development commitments', 3(e), which states:

United acknowledges both that at the date of this agreement TWAP employs approximately 120 persons in its current business and commercial operations in Melbourne and that if the current level and nature of business and commercial operations were to be relocated in Adelaide, then it can be reasonably expected that, upon

the complete relocation of TWAP's operations occurring, approximately 100 persons would be employed by TWAP in Adelaide.

Again, in 2.1, 'Investment by partners in United', at 2.11, it states that Thames Water Asia-Pacific will relocate its procurement division from Melbourne to Adelaide; that the procurement division will be fully operational within three months of contract signature; and that the 100 people will be relocated to Adelaide. What is the Minister's comment on that key commitment and whether any penalties have been applied for the non-fulfilment of that part of the contract?

The Hon. M.H. Armitage: I am informed that key commitment No. 3 was that Thames Water Asia-Pacific Pty Ltd would relocate the functions of its procurement and quality control division from Melbourne to Adelaide within three months of contract signature. As I indicated, that has occurred. Its other operations would relocate from Melbourne to Adelaide within a reasonable period to support the expanding needs of the South Australian water industry. This is a 15 year contract. As I have indicated, the water industry is expanding. I have given some examples to the House of the success of the water industry and clearly, as the needs of the South Australian water industry are expanding and continue to expand, despite the continued carping of the Opposition—

Ms Hurley interjecting:

The Hon. M.H. Armitage: It is in the contract to relocate the functions of its procurement and quality control division from Melbourne to Adelaide, and I am informed that that has occurred.

Ms HURLEY: Given the original promise by John Olsen that United Water would be majority Australian owned and the fact that it is now 100 per cent foreign owned, will the company ever be Australianised; what will you do to bring this about; and will you use contract penalty provisions for the company's failure to comply?

The Hon. M.H. Armitage: United is committed contractually to offer 55 per cent of its equity to Australian investors within 12 months of commitment of the process. If the offer was successful, this would result in a 60 per cent Australian shareholding (including Kinhill's shareholding) with Thames and CGE holding the remaining 40 per cent. If the offer is not commercially advisable within the 12 month period, having regard to prevailing market conditions and the objective of optimising the value of United as an international water company and its potential for success, United must provide an independent expert report to this effect to SA Water and the Minister. United must then continue—

Mr Foley interjecting:

The Hon. M.H. Armitage: That is a very interesting interjection from the member for Hart. The member for Hart indicated to me that Macquarie does it every year. Quite clearly, this is an example of the fact that the member for Hart knows of this requirement for the independent assessor, yet the Opposition continues to ask questions in relation to this matter. It clearly shows that the Opposition is not interested in the facts about how the United Water contract is growing an international industry from South Australia: it is continuing to carp and to criticise in the hope that the contract fails. It was a particularly interesting interjection from the member for Hart, because it shows that he knows all these things already. I will continue to tell the Committee about them because they are important, but it amazes me that, despite all the knowledge of the member for Hart, which he so clearly demonstrates from his interjection, he would allow his Deputy Leader to ask this question. Clearly, it indicates

that they are making a political bun fight of this rather than attempting to get information.

I will go on. United must provide an independent expert report to SA Water and the Minister, as I said. It must then continue to seek opportunities to make the offer, subject to prevailing market conditions and consistent with achieving the objectives described above. It will make periodic reports every 18 months to SA Water (with supporting experts' reports) until the offer is made—and that is clause 33.4, if the member for Hart wants to look at the contract. SA Water has just received from United Water a report from Macquarie Bank. Yes, the member for Hart was correct in his information—it makes you wonder why they are asking the question, but nevertheless—

Mr Foley interjecting:

The Hon. M.H. Armitage: No, you have clearly identified that you have the contract: that is okay. However, there is a report from Macquarie Bank which considers the current situation with regard to offering equity to Australian investors and, whilst SA Water has not had time to study it in detail having just received it, the report is summarised as follows:

The investment environment for well conceived and appropriately priced infrastructure investments remains favourable. As discussed, United Water has begun to improve the value of its business by winning a water and waste water services contract in New Zealand and by generating a small profit from its South Australian operations.

Unfortunately, prospects for short term business developments, including new offshore water and waste water services contracts, have been significantly adversely affected by the currency crisis in Asia, and in Indonesia in particular. Much time and effort has been [expended] in the past 18 months pursuing opportunities in Indonesia. However, United Water continues to have significant scope in the future to expand its business.

I now come to the absolute nub of it:

In the above context, the sale of equity in the business to Australian investors at this point in time would not optimise the value of the business over the medium to longer term.

Macquarie believes that the value of United Water will continue to increase as contractual commitments are satisfied. The Australianisation of United Water should occur in the future once the composition of the business diversifies through the acquisition of additional domestic and offshore contracts.

Thus the independent report called for in the contract—which the Opposition indicated through interjection it clearly knows about—indicates that, as the business grows and the circumstances alter, Australianisation will occur.

Ms HURLEY: I find it absolutely amazing that the Government is not making more of an attempt to Australianise the company that has control of our water resources. It seems to regard that as a minor commitment in the contract that it made. Another commitment in the contract was that the number of Kinhill staff in Australia would increase. The schedule to the contract states that in year 1 this will involve 20 Kinhill staff in Australia and revenue of \$5 million; in year 3, 40 Kinhill staff in Australia and \$10 million in revenue; in year 5, 45 Kinhill staff in Australia and \$12 million in revenue; and in year 10, 65 Kinhill staff in Australia and \$20 million in revenue. Has that commitment been met and, if not, have any penalties been applied?

The Hon. M.H. Armitage: I am informed that the contractual commitment was that a business unit for the management of Kinhill's water resources design and services business would be established and operated in Adelaide within three months of contract signature. I am informed that Kinhill has established its national coordination and control over its water resources design and management capability

in Adelaide. I am also informed that that group works in cooperation with United Water and that, as I said, it is the national coordinator and controller of the people working throughout Australia on projects which are controlled from Adelaide. If the Opposition is expecting that Kinhill staff working on a project in Brisbane would be based in Adelaide and would fly up every day, that is clearly fanciful.

Ms HURLEY: There was a clear commitment for 20 people to be employed in Adelaide. How many are there?

The CHAIRMAN: Order! The member for Hart will take his seat. The Minister has been asked a supplementary question by the Deputy Leader of the Opposition.

Mr FOLEY: The Minister is not giving the right advice and I do not want him to unintentionally mislead the Parliament.

The Hon. M.H. Armitage: I am informed that Kinhill has about 200 staff in Adelaide, and clearly some percentage of those—and given the size of the contracts that are involved that would be a good number of people—would be based in Adelaide on those water and waste water contracts.

Mrs MAYWALD: My question relates to forestry, and the only reference I can find is in the Budget Statement (page 8.10). Given that Mr Adrian De Bruin from Auspine recently claimed that there were sweeteners in the sale of Forwood Products to Carter Holt Harvey, can the Minister give details of the long-term resource agreement signed with CHH and at what discounts to prevailing royalties?

The Hon. M.H. Armitage: I am informed that the long-term contracts with Carter Holt Harvey are as follows. There is a 15 year contract for 440 000 cubic metres of sawlog, with right of renewal. There is another contract for 60 000 cubic metres for the Mount Burr mill, which is for five years. There are a number of other shorter contracts, but I was asked particularly for the longer term ones. The contracts were written at the current list price, an index formula applies and the costs of transport have been held constant for five years.

The CHAIRMAN: Before I call the member for Waite, I point out to the Minister's advisers that the use of mobile telephones in the gallery is not permitted and they should leave the Chamber if they wish to use a mobile telephone. The telephones being used by members of the Committee are all internal telephones.

Mr HAMILTON-SMITH: I should like to turn the Committee's attention to the TAB. I notice that the Australian Broadcasting Corporation recently announced that it will cease race broadcasting in the regional areas of the State with effect from 1 July 1998. What initiatives has the TAB taken in response to this decision?

The Hon. M.H. Armitage: The honourable member is correct in that the decision taken by the ABC will apply across all regional areas of Australia, not just South Australia. The decision is that of the ABC alone, and the TAB had no influence and, importantly, no input into the decision. An agreement is in place between the TAB and the ABC until 30 June for the service and, unfortunately, the service will not be available after this date. A number of people in the Committee would be aware that the TAB has in place its own race broadcasting service through TABRadio. This service initially commenced operating throughout the Adelaide metropolitan area and was subsequently extended into the South-East, the Iron Triangle, Port Pirie, Port Lincoln and surrounding areas of the State. Since then, the TAB has continued to investigate opportunities to expand this service to other parts of the State but the opportunities are limited by the number of radio licences that are made to date, which are

generally of a low power output and, therefore, the size of the area that can receive the TABRadio is limited.

As previously mentioned, the TAB is continuing to pursue opportunities. It recently commenced broadcasting TABRadio at Roxby Downs, and is expecting to commence broadcasting in the Riverland on 1 July 1998. As I indicated, further options to expand the service are being reviewed.

Mr HAMILTON-SMITH: Will the Minister provide some details relevant to the South Australian Lotteries Commission's retail network?

The Hon. M.H. Armitage: As at 31 May 1998, the SA Lotteries retail network is comprised of 579 sales outlets, including the head office. A break-down of the outlets by key types of distribution is as follows: on-line retail, 346 outlets; on-line licence, 210 outlets; off-line retail, 22 outlets—and the head office also is an outlet. The network is comprised of many different types of businesses, which I am sure we have all seen as we have been out and about in the community, and they are as follows: 28 chemists; 36 clubs; 187 newsagents; 173 hotels; 78 delicatessens; 32 supermarkets; five petrol stations; and eight kiosks. There are 30 other businesses, and the Casino and the head office. Interestingly, the retail network has decreased by 62 outlets since 1 July, resulting in average weekly sales per outlet increasing by 17 per cent.

The Lotteries Commission has supported the network with the introduction of a small business charter, which is committed to: providing the retailer network with the means to grow their business through growth in sales of lottery products; facilitating the operation of high quality, well managed retail operations within South Australia; and having in place a distribution network for lotteries products and services. That distribution network obviously has to be efficient, having regard to size, structure, locations and so on. It also has to be easily accessible to the consumers; and, very importantly, it has to have staff who are knowledgeable and skilled in selling lotteries products. It is also important that the charter indicates that we must continue to present SA Lotteries in the best possible light at point of sale by making the outlets easily recognisable.

SA Lotteries measures its performance in relation to its network by using an independent research organisation to conduct a comprehensive survey of the retail network on a biannual basis, and SA Lotteries' overall service has improved slightly from a very high base over the past two years. Areas assessed were in line with the commitments that I indicated before—having skilled professional staff; meeting customers' needs; being easy to deal with; being innovative; being committed to the agents—a very important part of the network; understanding the agents' needs; a help desk hotline; agency updates; the ordering and delivery section; and retail support officers. So, it is a very broadly spread network. As I indicated, I am sure that most people in South Australia at some stage have seen one of the outlets. SA Lotteries performs particularly well.

Ms HURLEY: Will the Minister confirm that, not content with merely lifting its prices by 25 per cent since 1994, SA Water now requires people to pay their bills one week earlier? An SA Water flier that was sent out with bills states:

The date for payment will be seven days earlier than it was in the past. As well, where payment has not been received on time, only one follow-up notice will be issued in place of the two notices we now send.

The Hon. M.H. Armitage: The answer to the question is: yes, SA Water has reduced the recovery period for outstanding water and sewer rates. That was implemented in April this

year. It brings SA Water more in line with other utility providers. Previously, SA Water had allowed customers approximately three weeks from receipt of the original account: this has now been reduced to two. As I said, that is the general approach adopted by other utility providers. In addition, only one final notice will be issued, instead of two follow-ups. Most other utilities issue only one notice before recovery action, including the withdrawal of services, is commenced.

The first follow-up notice was called a reminder notice. For the benefit of the Committee, the details are as follows: in 1994-95, 183 706 reminder notices were sent out; in 1995-96, 184 369; and in 1996-97, 182 330. So, it is standard: about 182 000-183 000. The second follow-up notice was called a restriction notice, and details as to the number of restriction notices sent out for the same periods are: 1994-95, 118 654; 1995-96, 125 481; and 1996-97, 121 254. Now there is a one and only follow-up notice, called a restriction notice, which was implemented in April. From April until 17 June, 75 243 restriction notices have been sent out.

Despite the number of follow-up notices (the first being 183 000 and the second being 118 000) the number of restrictions due to non-payment of water and sewerage rates in 1994-95 was 2 891; in 1995-96 (when 125 000 second follow-up notices were issued), 2 800; and 1996-97 (when 121 000 restriction notices were issued), 2 719—and I emphasise that it is restriction, not cutting off water. So, the net impact is to reduce by two weeks the time in which recovery action will be initiated. Customers have been given advance notice of these changes—which is clearly what has stimulated the question from the Deputy Leader. I inform the Committee that this is a normal commercial decision.

Ms HURLEY: How does the Minister justify the rise in expenditure on executives in SA Water of almost \$1 million since 1995, and the rise in the number of executives earning more than \$100 000 per annum from seven to 12? After all, since the operation and management of Adelaide's water has been privatised, SA Water and its Chief Executive Officer have less to do. What is the present remuneration of the SA Water Chief Executive Officer? Has it risen from the more than \$220 000 shown in the latest annual report?

The Hon. M.H. Armitage: I take it that the Deputy Leader's question relates to the increase in the number of executives and managers employed by SA Water, as reported in the annual report, as being paid more than \$100 000. It is important to indicate that the number—the total remuneration of which exceeded \$100 000 in 1996-97—increased by four from eight in 1995-96 to 12 in 1996-97. The increase was due to two existing executives moving into the \$100 000 band—in other words, some small increment—and the recruitment of two personnel. The cost differential between 1995-96 and 1996-97 of \$715 000 was due to the payment of long service leave entitlements for two executives who retired (\$210 000).

As I indicated, two executives moved from below the \$100 000 band into the \$100 000 band, and two personnel earning more than \$100 000 were recruited. All that totals \$670 000. I reiterate that \$210 000 of that amount comprised long service leave payments to people who retired, and a good percentage of the \$480 000 identified comprised people who moved into the \$100 000 band. There were net increases in other executive payments over the previous year of \$25 000. Whilst it is reported, and it is quite legitimate in its reporting, the figures behind the bald, stark figures tell a completely different story.

Ms HURLEY: What is the CEO's salary?

The CHAIRMAN: Is this a supplementary question?

Ms HURLEY: It is part of the original question so, yes, it is a supplementary question.

The Hon. M.H. Armitage: I am unclear of the detail of the total package, but it is contained in the annual report.

Ms HURLEY: The Minister has the CEO sitting next to him; I was asking about the CEO's salary package as well as any bonuses.

The Hon. M.H. Armitage: I am happy to identify that it is approximately \$220 000. That is in the annual report. I do not happen to know whether it is \$220 257 or \$218 265, and I did not want to mislead the Committee. I am very happy to say that it is approximately \$220 000 because that is the information that has been publicly available since the annual report was released.

Ms HURLEY: My next question concerns Bolivar. As we all know, an inquiry was held into the causes and cures of the Bolivar pong. What was United Water's financial input into the total costs of the inquiry and any financial contribution to the physical rehabilitation of Bolivar, and were any penalties applied against United Water as a result of the Bolivar pong?

The Hon. M.H. Armitage: The cost of the inquiry and all of the costs of the physical rectification of the problem which caused the difficulties and dilemmas at Bolivar were borne by United Water. The costs associated with the environmental improvement program, which will see the odour being contained within the boundaries of the Bolivar treatment plant and which was ignored by members of the Opposition when they were in Government for many years—far too long—will be borne by SA Water as part of its capital program because, as the Opposition knows well, the contract with United Water is not that of infrastructure: it is management.

Ms HURLEY: Do any penalties apply?

The Hon. M.H. Armitage: No penalties apply because SA Water rectified the problem. SA Water paid for it.

Mr VENNING: My question relates to ports, which is a favourite subject of mine, and I refer to Budget Paper 2, page 8.6.

Mr Clarke interjecting:

Mr VENNING: I may be landlocked for the moment but, in the future, one never knows.

An honourable member interjecting:

Mr VENNING: You never know. Ports Corp is constructing an extension to the Outer Harbor container terminal. I see that Mr Edmonds is coming to the table and I am pleased. What has been the increase in trade volumes and ship calls necessitating this extension?

The Hon. M.H. Armitage: Since the establishment of Ports Corp as a commercially-focused corporation it has been quite instrumental in attracting significant growth to the level of container shipping services which call at Port Adelaide. Over the past three years there has been an increase of 105 per cent in the number of container ships calling at Port Adelaide, and an increase of 78 per cent in the number of containers handled through the port. Currently there are approximately 26 container ship calls per month at Port Adelaide, with annual container volumes now exceeding 100 000, 20 foot equivalent container units per year or, as we in the trade know them, TEUs.

Mr FOLEY: What do you know about the ports?

The Hon. M.H. Armitage: A lot, and I look forward to the honourable member questioning me about them. Container shipping lines calling at Port Adelaide currently

provide the following direct services: South-East Asia, three per week; North Asia, one per week; Europe, three per fortnight; North America; one per month; and New Zealand three per month. These direct services also provide connecting linkages to all major markets. As the member for Schubert identified, concurrently with the increase in the frequency of ship visits to Port Adelaide has been an increase in the size of the vessels that call.

It has been particularly significant over the past couple of years where the number of vessels with a total length exceeding 200 metres has increased from 100 in 1995-96 to an estimated 170 in 1997-98, while the number of vessels which exceed 250 metres in length have increased from nine in 1995-96 to 40 in 1997-98. Those vessels exceeding 200 metres in length include a number that approach 290 metres in length. Port Adelaide, by world container port standards, is quite a small port and it is essential that Ports Corp ensures that delays to shipping calling are minimised.

Ports Corp was concerned that given the increased frequency of services and the increased length of vessels this was conducive to delays—perhaps even excessive delays—and hence a negative, from the shipping companies' perspective, was being encountered at the port. A number of extensive computer studies were conducted to determine the most cost effective wharf length to accommodate the increase in ship size and numbers of calling. That indicated that a 55 metre berth extension was the most cost effective approach. The berth extension was costed at 307 metres meaning that, at its completion in August 1998—so it is imminent—the total berth length at Outer Harbor container terminal will be 505 metres. When it is completed in August 1998, it will be in time to accommodate two additional container cranes to be installed by Sealand. It is very much a positive success story in relation to both the number of ships and their size that are calling at Ports Corp.

Mr VENNING: That has certainly opened up many avenues for a person interested in the ports. I am particularly interested in the Minister's answer in relation to the length of the ships and the extensions at Outer Harbor. As a supplementary question, considering the length of those ships and considering the fact that the extension is 55 metres long, should we consider loading bulk grain ships at Outer Harbor in the future?

The Hon. M.H. Armitage: The member for Schubert may or may not be aware of a deep sea port investigation that is being conducted.

Mr VENNING: I certainly am.

The Hon. M.H. Armitage: Then he would know very well that that investigation has been driven by the grain industry.

Mr Venning interjecting:

The Hon. M.H. Armitage: As I understand it, the conclusion is that probably Port Giles would be the best deep sea port. I repeat that that is the finding of the investigation being carried out, independently driven by the grain industry.

Mr VENNING: I am disappointed in that answer. What non-containerised cargo moves through Ports Corp ports, and what has Ports Corp done to promote growth in this trade?

The Hon. M.H. Armitage: Ports Corp does not have a particularly large ability to influence the volume of non-containerised trades through South Australian ports as the shipping tends to be quite uniquely contracted for particular cargo. However, Ports Corp has focussed on improving the efficiency of non-containerised shipping and also in facilitating that trade. The major non-containerised cargoes through

Ports Corp ports in general are grain, limestone and clinker, gypsum, ores and concentrates, motor vehicles, fertilisers, citrus, and pipes, timber and steel coils.

During 1997-98, Ports Corp in conjunction with Treasury and Finance finalised the sale of the bulk loading plants to SACBH, and that has enabled SACBH to achieve significant economies in the shipment of grain through a restructure and integration of its total grain storage and ship loading operation with immediate benefits to the grain industry, accentuated by the record grain harvest being handled during 1997-98. There has also been significant investment in the motor vehicles storage and handling areas at Outer Harbor and Port Adelaide in order to facilitate these trades. Ports Corp has developed the area now used by Mitsubishi Motors Australia Limited for the storage of export Diamante vehicles. It has also provided services to Sealand to assist in the development of the area to be used by General Motors-Holden's for the export processing of Commodore and Vectra vehicles.

Ports Corp has worked closely with the citrus industry to facilitate citrus exports through Port Adelaide. This year it is expected that there will be five consignments of citrus out of Port Adelaide using specialised refrigerated ships. At Port Pirie, Ports Corp has negotiated a major lease arrangement with Pasmenco which has enabled that organisation to improve the control over and efficiency of its movement of ores, processed materials and finished products through Port Pirie. Clearly a number of initiatives have been taken by Ports Corp to increase the non-containerised cargoes through the ports.

Mr VENNING: With respect to SAGRIC International, referred to in Budget Paper 2 at page 8-12, can the Minister outline the recent contract successes achieved by SAGRIC, particularly those in Papua New Guinea?

The Hon. M.H. Armitage: SAGRIC International, the State's technology transfer company, has successfully tendered for several international projects over the past six months. These have included three major Australian aid projects in PNG, where South Australian education and public sector expertise will be used. These projects include the PNG basic education infrastructure and curriculum materials project, which is a \$1 million contract to design better classrooms and teaching materials for primary school children in PNG. It is planned that this contract will extend to another \$20 million of expertise being required. There are a number of positives and, to provide more detail, I will introduce to the Committee Dr Glen Simpson, the Managing Director of SAGRIC International.

Additional Departmental Adviser:

Dr G. Simpson, Managing Director, SAGRIC International Pty Ltd.

Dr Simpson: South Australia has a very enviable record in South-East Asia, Indonesia and Papua New Guinea in particular for the delivery of education and health contracts. The other contracts that have been recently awarded to this State through SAGRIC International to which the Minister referred were a training project in PNG where SAGRIC International will manage the entire scholarship program for that country on behalf of the Commonwealth Government, and a PNG advisory support services project where approximately 60 advisers from around Australia, including South Australia, will be contracted through SAGRIC International

to provide advice to a range of Government departments in Port Moresby.

In Indonesia, two recent additional contracts will be managed by SAGRIC International: one of these is in strengthening workplace training in eight key Indonesian industries; the other is in primary school education needs in Indonesia. In total, these recent contract awards will bring in excess of \$40 million to this State over the next three years but, more importantly, will provide opportunities for the broader implementation of the contracts in those countries in later phases of the contracts.

Ms HURLEY: Given that the Opposition late last year released a leaked document saying that SA Water was working on various proposals for further privatisation, and given the fact that the Minister failed to rule out more privatisation when asked about the document in Parliament, will he now rule out further privatisation or outsourcing of SA Water?

The Hon. M.H. Armitage: Things have been written into the folklore here. The document did not actually say that SA Water was investigating privatisation; it indicated that as a legitimate business interest—and that is what we talk about in Government enterprises—it was considering a number of options to maximise the benefit to the South Australian taxpayer. We have indicated clearly that a list of seven or eight entities are being scoped for privatisation, and SA Water is not on that list; it is as simple as that. In relation to a previous question that the Deputy Leader asked regarding the key commitment in Kinhill, the commitment was that a business unit for management of Kinhill's water resources design and service business would be established and operated in Adelaide. That has occurred.

Of Kinhill's 200 persons in its head office in South Australia, approximately 50 are operating in the water and waste water business, and 40 others operate in water and waste water outside South Australia.

Ms HURLEY: As a supplementary question, I did not say just 'privatisation': I also said 'outsourcing', and the document that we received canvassed options about future outsourcing of SA Water functions and a proposal to partially privatise SA Water by a public share float. I would also ask about any proposals for further outsourcing, in particular handing over additional functions to companies that already have outsourcing agreements.

The Hon. M.H. Armitage: None of those options is being investigated.

Ms HURLEY: In light of the rise in the dividends and tax equivalents to be contributed by SA Water in 1998-99 to over \$90 million (Budget Statement, page 8.4), can the Minister rule out further job cuts in SA Water?

The Hon. M.H. Armitage: In answering the question, I believe it is particularly important to identify that the Deputy Leader indicated that there was a large dividend, I think she said \$93 million; is that correct?

Ms HURLEY: No, it was \$190 million.

The Hon. M.H. Armitage: The 1996-97 dividend was \$91.2 million.

Ms HURLEY: I am asking about the 1998-99 dividend—what it will be.

The Hon. M.H. Armitage: The point that I make is even more relevant in relation to those projected figures. The Opposition has continually failed to acknowledge that SA Water, under this Government's management and with outsourcing contracts, is actually able to contribute a dividend to the taxpayers of South Australia. In the last full year of the

previous Labor Administration there was a \$47 million loss, which means that the taxpayers actually contributed another \$47 million. What has happened is that we have allowed the creativity of the private sector to turn that industry around. A \$102.1 million profit was reported after tax in 1996-97, the last full year.

I know that members of the Opposition always shout down answers from the Government when we talk about this, and the member for Hart is doing it again, but that is a \$150 million turnaround, a \$150 million benefit to the people of South Australia. That is the most important thing when one talks about a dividend stream. The fact is that, with the present management, present board and present Government, we have turned around the water industry so that there now actually is money to contemplate having a dividend. In relation to the question in particular, obviously, any business strives to be as efficient as it can be in relation to employment. It would be the Government's hope, SA Water's hope and the hope of everyone in the industry that as the industry expands there will be opportunities for more employment, rather than less, as seems to be the implication of the Deputy Leader's question.

Ms HURLEY: In January the Premier went to Bandung in Indonesia to sign what was described in a press release of 6 January as a multi-million dollar water contract. When the document in question was eventually seen, it turned out not to be a contract but an agreement involving a steering committee and no binding clauses. The document at no time mentions United Water, which was supposed to be the company to develop a water industry for us. Moreover, we were told that United Water would be the central vehicle for the development of an SA based international water industry. Given that United Water is not mentioned in the agreement, how many people are being employed at taxpayer expense to advance this agreement? Precisely what has United Water done towards this agreement, and what will it do in the future?

The Hon. M.H. Armitage: I am informed in relation to this particular exercise that the Government of West Java has issued a decree which validates the agreement, with SA Water and SA Water staff developing at the highest level a water strategy and water uses opportunities. I am also informed that the project has national Government support. That agreement quite clearly identifies that water businesses in West Java and in South Australia have the first right of refusal on business which flows from that agreement. That would be done through the water industry clusters. I am further informed that United Water is, indeed, looking at a number of those business opportunities, fully supported by SA Water.

This is a prime example of where Government-to-Government contracting can see matters between Governments signed off, and then the private sector, as is uniquely provided for in the outsourcing contract with United Water, is able to do the business and take the relevant risks. This is an opportunity for Government credibility, which I am sure people on both sides of the Committee acknowledge is important, particularly in Asia, to be utilised to gain the contracts in the first instance from which private sector business can be leveraged. The allegations inherent in the Deputy Leaders's question are unfair and, frankly, not correct, because United Water will be the major vehicle looking at the business as it arises through the first right of refusal.

[Sitting suspended from 12.58 to 2 p.m.]

Membership:

Mr Clarke substituted for Mr Foley.

Ms Key substituted for Ms Hurley.

The CHAIRMAN: I understand that, as we move into a time dealing with WorkCover, the Minister wishes to make a short statement.

The Hon. M.H. Armitage: Yes, Sir. I know that everyone would not want me to go into the background of WorkCover Corporation Scheme, as I assume everyone knows it. The most significant recent changes to the administration of workers' compensation occurred in August 1995 when claims management was outsourced to nine private sector claims agents for a three year term. In the past 12 months, an extensive selection process was undertaken by WorkCover to select claims agents for the next three year period. New agreements have now been entered into with five agents effective from 1 July; four of those are from the existing nine agents and there is a new agent.

Funding of the scheme continues to improve relative to the last published results of June 1997, when an unfunded liability of \$110 million was recorded. As at December 1997 that figure was under \$102 million. Although current unofficial assessments by WorkCover estimate the unfunded liability at under \$70 million—so that is a great improvement—this is not expected to be sustainable in the short term. However, the target of full funding by June 2000 is considered achievable.

Occupational health and safety continues to be a major focus for WorkCover and strongly endorsed by the Government. A joint review of the State's approach to occupational health and safety currently is being undertaken by the Department for Administrative and Information Services and WorkCover. I would hope to be in a position to release a discussion paper on this issue in the very near future to promote feedback from key stakeholders. I am sure everyone will be aware that the Government has initiated a scoping review of WorkCover, as with other Government enterprises. This review will consider the Government's ownership interests and risks to Government in relation to WorkCover Corporation and consider possible structural reforms and/or organisational changes, all of which are designed to improve the overall effectiveness of the system.

Additional Departmental Advisers:

Mr K. Brown, Chief Executive Officer.

Mr G. Dayman, Manager, Government Relations.

Mr G. Davey, Project Manager, Commercialisation.

Mr D. Huxley, Chief Financial Officer.

The CHAIRMAN: Does the member for Hanson wish to make a brief statement?

Ms KEY: No, Sir.

The CHAIRMAN: Does the member for Hanson wish to ask a question of the Minister?

Ms KEY: Yes, thank you. My first question for the Minister relates to the Budget Statement, Budget Paper No.2, page 8.13. It is my understanding that the Workers' Compensation Corporation unfunded liability is now almost funded. A reference is made to this in the Budget Paper and I understand that, as at April 1998, we are looking at the unfunded liability being at 90.54 per cent. First, is that the case? Does this include Government departments? Are Government departments part of the Government's liability in this figure?

The Hon. M.H. Armitage: WorkCover's unfunded liability as at 31 May 1998 was \$67.9 million or a funding level of 89.87 per cent. As I indicated in my opening statement, this may not be sustainable in the short term as it is highly dependent on the fluctuation in the investment market and on the 1997-98 actuarial review, which is currently being undertaken by the corporation's external actuary Coopers and Lybrand, and the results of that review will be considered by the board in October 1998. The 89.87 per cent funding level is a great improvement from the 70 per cent funding level of 1994-95 where there was an accumulated funding deficit of \$276 million.

In May 1995, significant reforms to the Workers' Rehabilitation and Compensation Act were proclaimed and these reforms, together with other WorkCover Corporation initiatives, progressively have reduced that unfunded liability. Some of those other initiatives which have been taken by WorkCover to continue to reduce the unfunded liability include: the maintenance of the current average levy rate at 2.86 until full funding has been achieved; improved investment performance; new claims management agreement, as I mentioned before, coming into operation in July 1998; tighter control of legal costs; the self-managed employers' scheme; business process alignment projects within the corporation leading to declining administration budget; provider service reviews; provider contracts; outsourcing of claims recoveries; levy administration reviews, and so on. The unfunded liability, as I said previously, as at 31 May was \$69.7 million, which is a funding level of 89.87 and this does not include Government departments.

Ms KEY: Part of my supplementary question related to Government departments. What liability does the Government have for its Government departments and agencies?

The Hon. M.H. Armitage: I think it is important that I explain. Government departments are exempt employers, so the Government has a liability but WorkCover does not.

Ms KEY: What is the Government's liability? Do we know about how much money we are talking?

The Hon. M.H. Armitage: I am informed that the figure may be available. The other officials are not present as it is not a WorkCover concern and we are not clear about that. As I said before, Government departments are exempt employers. We will try to provide a figure for the honourable member when other officials arrive later on during the afternoon.

Ms KEY: My second question is along the same theme. I could not get this information from the Budget Statement so I have referred to the WorkCover Corporation annual report 1996-97. I note that exempt employers under the WorkCover scheme referred to on page 14 cover a number of private employers, statutory bodies, Government departments and also the Health Commission. This question may be along the lines of the last question, in that, it would be my understanding that, if it was in the WorkCover report, WorkCover would have a responsibility in this area. I notice that Services SA and also the Julia Farr Centre have a rating of 'unsatisfactory'. Will the Minister comment on what measures have been taken to improve this rating?

The Hon. M.H. Armitage: Just to clarify again in case there is a misunderstanding, exempt employers under the WorkCover scheme are in no way a financial liability or drain on WorkCover. They are exempt from WorkCover expectations. WorkCover sets the standards in the ratings 0 to 3, but there is no financial liability. I am informed that the majority

of Government departments have improved their status and Services SA is now rated 3. That is since the report.

As at 31 May 1998, there were 58 agencies in the public sector and, in 1996, Cabinet determined that all Government self-insurers should make it their objective to achieve the top performance level by no later than 31 December this year. As at 31 May, 34 Government self-insurers had achieved the top performance level, and there is only one—DECS—for which special provision has been made because it will not meet the Cabinet objective by 31 December 1998. I have been informed that DECS has particular problems because of the diverse spread of its employees, but I am equally informed that WorkCover is relaxed that that is not being used as an excuse for not progressing and the corporation is happy with the underlying commitment of DECS to its WorkCover goals.

Ms KEY: My third question concerns legal costs. As I understand it, WorkCover was targeting an allocation of \$12 million for legal costs, but that for 1997-98 we are looking at a cost of \$15 million. Can the Minister confirm whether that is the case? Is he able to give the Committee a breakdown of what the main cost centres were within that \$15 million? I am also looking at the criteria used by the WorkCover Corporation for paying out that money.

The Hon. M.H. Armitage: I am informed that, after a blip, legal costs are declining and a number of strategies have been implemented which have seen the peak reached and we are now on the downward slope. I ask Mr Keith Brown, the Chief Executive, to describe those strategies and other matters in relation to legal costs.

Mr Brown: We felt that there were some issues with legal costs that were driving them beyond what we considered to be reasonable for a scheme of this size. Therefore, we employed strategies from the financial to the management. The financial strategies were to bring the legal providers onto a monthly accounting basis as distinct from their practice of charging at the end of a case, therefore a closed file, which could lead to a time of 18 months to two years before we actually knew the cost of a claim. That has happened in the period from January-February to March, which has driven our costs up in the short term. Now that all the legal firms are on a monthly accounting basis, we are finding that their costs have reduced to about \$1 million a month, which is about the number that we think is acceptable for a scheme of this size.

The claims agents engage the legal providers to deal with their issues, so we have asked them to make sure that they are dealing with them appropriately. We had a view, which we believe was substantiated, that claims management functions were being undertaken by lawyers. That matter has now been rectified as we see it by the conversations we have had and the pressure we have put on agents to make sure that their relationship with lawyers is appropriate in terms of our claims management agreement. Therefore, I think that we will see a reasonably constant level of legal fees that is more in the ballpark of \$1 million to \$1.2 million a month. If it grows beyond that, we would have to draw the conclusion that there is some other dilemma. At this stage the early indications are that our financial and management interventions have had their impact.

Mr HAMILTON-SMITH: Can the Minister explain to the Committee what the Government is doing to promote the adoption of effective occupational health and safety practices in South Australia?

The Hon. M.H. Armitage: The honourable member's question is particularly important to ensure that WorkCover and the Government are doing everything possible to promote

occupational health and safety. I draw the Committee's attention to the fact that WorkCover Corporation has produced guidelines to assist clients with management of the following issues, all of which impact on the workplace. Those issues include alcohol and other drugs, access to amenities in the workplace, occupational noise, understanding the requirements of the electrical regulations, management of occupational health and safety in the labour hire industry, and control of workplace noise.

Guidelines are under development for management of the risks associated with exposure to occupational violence, and adoption of the national Occupational Health and Safety Commission guidelines for management of the risk of hepatitis B-HIV in the workplace as a code of practice under the Act is proposed. There is a SAfer Industries 2001 strategy, which the corporation is implementing to provide an integrated focus for targeted prevention programs channelling resources in services in the most effective way possible, all geared towards improving the safety performance of selected industries which cause the greatest problem. Currently 21 industries which have been identified as high risk have been allocated to corporation consultants who are profiling each of the industry groups in establishing contact with the stakeholders. Representative bodies of over half of these industries have been contacted, and so far the response to the strategy has been very positive.

Further, the WorkCover Corporation is implementing a strategy for increasing the impact of training on workplace management of occupational health and safety by developing very high quality training materials and assisting in the delivery of the training courses and materials to a specified required standard. During 1997-98, the WorkCover Corporation implemented a new workers strategy aimed at increasing the awareness of health and safety issues which affect new workers, in particular. They are a few examples of what is being done to focus on improved occupational health and safety.

Mr HAMILTON-SMITH: Will the Minister say how successful the WorkCover component of youth employment encouragement initiatives has been?

The Hon. M.H. Armitage: As at 31 March 1998, the WorkCover levy subsidy scheme has assisted the employment of 2 494 workers by 1 246 employers, so it is a very large number. Essentially small businesses are involved, but some larger businesses statewide have benefited from the initiative, with the removal of some of the cost associated with the employment of young people.

To begin, I should like to detail some figures in the country. There are 19 employers of large capacity which have employed 91 workers through the program; 75 medium employers, which have employed 162 workers; and 273 small businesses, which have employed 326 workers. In the metropolitan area, those figures are: for large businesses, 55 employers and 607 workers; medium businesses, 225 employers, which employ 495 workers; and in the small business category, 599 employers, which employ 813 workers. As I indicated before, that is a total of 1 246 employers, which employ 2 494 workers. The subsidy means that no WorkCover levy will be paid by employers for the first six or 12 months of employment of an eligible, new, young employee.

For the 15 months to March 1998, the employers have received a saving, on average, of \$465, and the total subsidy paid by the State Government on behalf of participating employers amounts to \$1.16 million. A total of \$9.6 million

has been committed over three years in providing the WorkCover levy subsidy, and I have suggested that we might look creatively at making sure that that expenditure is maximised. For the information of the Committee, the following table summarises the target group of workers under the scheme: in relation to school leavers (and this is the target group) there are 338 males and 195 females; under 21 years of age, 962 males and 426 females; and between 21 and 25, 400 males and 173 females. So, as I say, it is an initiative which is working.

Mr HAMILTON-SMITH: I am interested in WorkCover's performance in respect of its investments. Will the Minister provide details as to its current investment performance?

The Hon. M.H. Armitage: As I indicated in my opening statement, WorkCover maintains a very diversified investment strategy, which is clearly aimed to minimise the impact of unfavourable and isolated events—such as the current Asian financial problems. The unaudited investment return over the 12 months to 31 March 1998 was 19.5 per cent, which is well ahead of actuarial targets—and a lot of investment people would like to be receiving 19.5 per cent on their money. I again ask Mr Brown to provide further details in relation to the investment strategy.

Mr Brown: The corporation has, over the period of 10 years, activated a diversification strategy which is designed to overcome short-term fluctuations. It has generally been focused on a three year rolling cycle—so, it is conservative in that sense. In terms of risk and return, it is generally thought of as being in the top two or three performers (in the Australian context) over that time. In terms of the split of investments, our strategy enables us to keep about 10 per cent of our investments in cash—and we need to do that from a liquidity point of view—10 per cent in fixed interest securities, 20 per cent in inflation protected securities, 12½ per cent in property, 12½ per cent in Australian shares and 35 per cent in overseas shares, 26 per cent of which are currency hedged.

Our strategy is very robust and rigorous in its assessment of fund managers. It is outsourced, and there are two professional people in the corporation who manage the portfolio with the assistance of external providers. We have found that the lowest risk route is solid longer term investment performances to generate consistent returns with a moderate degree of risk. Therefore, we have a very high level of return: it is 90 per cent real now. Over 10 years it has been 12.8 per cent, or over 9 per cent per annum real, which has been a substantial contributor to the viability of the fund in that period, by virtue of the fact that the corporation and the fund live on the contribution of employers and the investment return the corporation can achieve on those levies.

Ms KEY: In relation to Budget Paper 4, Volume 2, page 7.7, I note that there is a review of a number of Government agencies, including WorkCover. Will the Minister guarantee that, as a condition of the sale of WorkCover, there will be no loss of entitlements or rules applied to injured workers?

The Hon. M.H. Armitage: I think the member for Hanson has presumed the result of the scoping study that is being done. No decision has been made by the Government towards any particular end in relation to WorkCover. We have identified that a scoping study is being done; a decision will be made when the results of that are known and the experts have discussed matters with the Government. However, until that time, issues such as the one that the member for Hanson raises are hypothetical. Obviously, they are important issues which would have to be addressed if any

decision were to be made. But we have not contemplated that at this stage, because we have not had discussions with the consultants following the implementation of the scoping study.

Ms KEY: I suppose it is useless asking about the conditions of the workers at WorkCover, if it is hypothetical, so I will ask a different sort of question. In relation to the access and equity program that was outlined on page 25 of last year's annual report, what is the allocation for next financial year; does the access and equity program include interpreting costs and, if so, will the Minister outline the support provided for people who do not speak or read English as their first language?

The Hon. M.H. Armitage: I am informed that two staff work on the program and that the budget for the access and equity program is contained within the publications and marketing section of the WorkCover budget, which is about \$1 million. I have not been provided with more specific information than that.

In relation to the programs, there is the access and equity program to address the occupational health, safety rehabilitation and compensation needs of workers from diverse cultural and linguistic backgrounds, women, Aboriginal and Torres Strait Islanders and workers with disabilities. The program offers consultancy and training to employers, workers, claims agents, service providers and internal corporation departments, to ensure that best practice access and equity principles are incorporated into all aspects of the business. Cross-cultural training is available to claims agents, rehabilitation providers and corporation staff. Information produced by the corporation for employers and workers is translated when appropriate and made available in appropriate forms for people with disabilities.

Importantly, ethnic media is used to provide information to the various communities. An example of that is the Employer Registration Awareness Project that was promoted on ethnic radio and in the press in eight community languages. The New Worker campaign information is available in 10 community languages on audio tapes, in braille, on computer voice disk, in picture card format and in large print. In conjunction with the workplace education service from DETAFE, a workplace health and safety training resource kit that meets the national core OH&S competencies has been developed and is due for launching.

Ms KEY: My third question relates to rehabilitation. I understand that the target set for the past financial year was \$7 973 000. My understanding is that we are somewhere near \$8 339 000, which is obviously over budget. I am hopeful that those increased costs mean that we have had more effective return to work rates. Will the Minister comment on the progress with regard to rehabilitation and the return to work rates, and how are programs such as the RISE scheme faring at the moment?

The Hon. M.H. Armitage: The progressive increase in rehabilitation activity and related costs was expected, to some extent, following the legislative changes in 1995, including the second-year review and the rehabilitation regulation of January 1996. However, costs continue to be of concern as they exceed actuarial forecasts and, importantly, there is no evidence of weekly benefit savings by way of early return to work. Rehabilitation payments, as at the development period of 10 months following the commencement of the injury year, show an 8 per cent increase for 1997-98 when compared with the same period in 1996-97.

Rehabilitation payments as at the development period of 22 months, following the commencement of the injury year, show a 38 per cent increase for 1996-97 injuries when compared with 1995-96. Rehabilitation expenditure increased from \$7.2 million in 1995-96 to \$8.5 million in 1996-97, and it looks like being approximately \$10 million in 1997-98. Recent data analysis confirms an increase in the number of claims being referred for rehabilitation since outsourcing. The claims are being referred to rehabilitation earlier, and the average cost of rehabilitation per claim is increasing with little or no improvement in terms of return to work and/or reduction in income maintenance expenditure. That is not an acceptable situation, and the corporation has put in place a number of strategies to attempt to ensure that the return to work rate is increased and that the finances do not get further out of hand. I ask Mr Brown to detail those to the Committee.

Mr Brown: The rehabilitation outcomes are unsatisfactory. We are therefore investigating a fee arrangement that promotes outcomes rather than a fee for service, which was about process. We believe that that will go a long way to changing those outcomes. We are also increasing agent responsibility in the review of provider performance. The agents are, of course, those who engage the providers on behalf of the injured worker, with the proviso that the injured worker has some say. Through the introduction of Contract 98, which is the new contract with the five ongoing agents, we have much more leverage in respect of the provision of improved performance data, which will enable us to monitor which of those rehabilitation providers is producing the outcomes that are useful to the workers. We are also looking at creating contractual agreements with rehabilitation and return to work service providers, as we have with the claims management agents, to outline more clearly our expectations in relation to service standards which in some cases has also been an issue.

The CHAIRMAN: I understand that, with the concurrence of the Committee, it is intended that we move to 'project delivery, ministerial support'. Does the Minister wish to make a brief statement?

The Hon. M.H. Armitage: I shall be brief. The Government has acted to implement new arrangements for the management of its development projects. These arrangements will improve the Government's role in the facilitation, management and delivery of projects, and they will help attract and secure greater private investment in South Australia. We have established the Land Management Corporation to manage the Government's land and property assets, such as the Port Adelaide redevelopment project, the East End development and the Gillman site.

The LMC also represents the Government on existing joint ventures, such as the Mawson Lakes project and the Golden Grove project. We have acted to consolidate project management services within the Department of Administrative and Information Services. Project staff from the former MFP Development Corporation and Services SA are located within this area to provide an effective project management resource for agencies which lack the necessary project management skills but which are nevertheless undertaking capital works projects. The Industrial and Commercial Premises Corporation is located within this area to project manage strategic building developments which facilitate private sector investment and expansion.

For certain key development projects, specialist private and public sector skills are required effectively to facilitate and deliver development objectives. The Government has

established the project delivery task force to progress these projects in an expeditious way whilst meeting complex environmental, technical and economic factors. Projects such as the Glenelg-West Beach development, the National Wine Centre and the Southern Vales pipeline project are being effectively managed through the project delivery task force.

Additional Departmental Advisers:

Ms A. Howe, Deputy Chief Executive, Department of Administrative and Information Services.

Mr W. Steele, Director, Industrial and Commercial Premises Corporation.

Membership:

Ms Hurley substituted for Ms Key.

The CHAIRMAN: Does the Deputy Leader wish to make a statement?

Ms HURLEY: No, Sir. I refer to the Portfolio Statements, page 7.4 and 'Strategic Outcomes'. Earlier today I mentioned the difficulty in working one's way through the new budget format and the vagueness of some of the outcomes and proposals within the budget which does not allow anyone to measure the outcomes against previous or future years' budgets. At page 7.4 I cited as an example the achievement of quality outcomes for Government in the delivery of major projects. That means almost nothing to me. The Victorian budget papers, for example, in listing outcomes had specific numerical targets against which one could measure the success of Government programs from year to year. That sort of achievement of a quality outcome for Government is completely unmeasurable. I can see nowhere in these budget papers where a quality outcome for the Government in delivery of projects is defined. Could the Minister elucidate that for me?

The Hon. M.H. Armitage: I am informed that, given that this is the first year in which the budget papers have been presented in this form, there is an understanding that the movement towards more measurable outcomes and identification of those measurements is likely to occur in future budget papers as the outcomes are more definable. I emphasise that this is a Government decision which has been taken to present the budget papers in a more effective way and we do not resile from that.

Ms HURLEY: I refer to page 7.4 which lists a number of strategic outcomes, including definition and establishment of operating protocols for Government business enterprises that appropriately reflect public corporation/Government relationships and responsibilities, as well as a number of other related outcomes. No mention is made about encouraging South Australian businesses. Is that a deliberate omission or does that form part of the Government's plan and strategy?

The Hon. M.H. Armitage: The specific task of encouraging South Australian business is under the portfolio of Industry and Trade. Clearly, we are aligned regularly in relation to the things that occur under our portfolio responsibilities, but the specific mention for which the Deputy Leader seems to be looking in that particular area would be under the direct responsibility of the Department of Industry and Trade. That does not mean that we ignore it, but it is not the specific responsibility of this portfolio.

Ms HURLEY: I must say that I am surprised it is not the responsibility of the portfolio, since the Minister is talking about establishing operating protocols for Government

dealing with business and driving projects in South Australia. However, if that is the Government's focus, so be it. Will the Minister provide an update on progress of the Virginia pipeline project?

The Hon. M.H. Armitage: The Virginia Irrigation Association, which represents some 400 growers, was associated in the project negotiations and endorsing the final list of customers to be served by this scheme. The selection of customers was driven by the total project budget and the cost of servicing each customer. The negotiations were completed and manufacture and construction has now commenced. Completion will be in two stages: the first in February 1999; and the second in October 1999. Building Better Cities funds have been formally signed off by the Commonwealth. SA Water has those BBC funds and is responsible for their draw-down against construction milestones.

This is a very positive project in that it will lead clearly to job creation and increased economic development in an area which, in essence, and having visited it, is starved of water. There will be a huge environmental impact with a quite dramatic reduction of the effluent which is presently discharged to Gulf St Vincent but which will end up in Virginia. Frankly, it is an example of best practice water management. This is a project of which the Government is very proud and one that is obviously a major win for the economy of the State. I have rarely been at openings where participants, for example the growers, were more enthusiastic. That did not mean there was not some hard bargaining done before we got to the final position, but everyone was very happy at the end of it. The Virginia pipeline scheme is under way and it will lead to a great result.

Mr VENNING: I refer to page 7.4. Will the Minister provide details of the number of jobs created in relation to the Holdfast Shores development, both in the long and short terms?

Mr Clarke interjecting:

The Hon. M.H. Armitage: The member for Ross Smith says it is a hypothetical question: it is not. It is actually under way, despite the fact that the Labor Party has identified at public meetings that it has gone back on the agreement that was brokered in the House late last year.

Mr Clarke interjecting:

The Hon. M.H. Armitage: If the member for Ross Smith is not careful, I will start reading from *Hansard* something which really fired up the demonstrators that the member for Hanson had brought in because they could see that all their questions were being answered.

The total Glenelg-West Beach project will obviously be a very significant employment opportunity and generator for many South Australians. An economic evaluation of the project undertaken in 1996 estimates that the total project will create 2 300 jobs through the construction period which, on average, is 500 per year over a five year period. In addition, the estimation is that ongoing employment opportunities will be present for 160 jobs in the area and an additional 140 jobs through multiplier effects. It is a pity that the Opposition has attempted to discredit the figures: that is by the by.

They are important jobs which do make a difference to the people of South Australia. It is important that these sorts of projects do go ahead. I was recently at the opening of the work on the LeCornu project, which has been a monument to lack of progress for a number of years, and the person who was the foreman of the construction gang indicated that he was really thrilled because it was his first work for six

months. That is what projects like Glenelg-West Beach, LeCornu and so on actually do: they provide employment for South Australians. I know that the Opposition jests but factually it occurs.

By way of example I will provide details of how Glenelg-West Beach is providing real job opportunities. The truck owner-operator is getting eight months work, and that enables him to stay at home in South Australia rather than having to move interstate. The excavator-operator placing the rocks on the groyne, who I am told is recognised as the best in Australia, is a South Australian and is able to remain here with nine months extra work. The site engineer, who is a South Australian, is able to return to South Australia from interstate to work on the project. It is a similar story for the site secretary. These are real jobs that are providing employment for South Australians, and it is yet another very positive benefit for South Australia from the Glenelg-West Beach project.

Mr VENNING: Referring to the same line and the same project, can the Minister advise whether the Holdfast Shores development is on schedule?

The Hon. M.H. Armitage: This is again a very important question. I am pleased to inform the Committee that the consortium funded civil works at Glenelg have been under way since October 1997, as scheduled, and building construction activity is expected to be in train on the \$49 million marina pier development next month. This is perhaps a month later than was envisaged originally and is subject to final negotiations regarding finance and Baulderstone Hornbrook's parent company guarantees and so on. We expect that to begin development next month.

In my role as Minister for Government Enterprises, I have the responsibility of finally signing the contracts for houses that are being bought off the plan in this area, and it actually is a clear example of the saying 'selling like hot cakes'. This is a very popular development, with the vast majority of it being purchased by South Australians who want to invest in a great investment in South Australia. That deals with the Glenelg end of the development.

Works at West Beach are either on schedule or ahead of schedule. These include the Holdfast Bay Sailing Club building, which has been demolished. The combined Glenelg and Holdfast Bay Sailing Clubs building is under construction and is scheduled for completion on 1 October 1998. A temporary causeway has been constructed out to the boat launching facility, and the breakwater and the dredging contracts are under way. The jetty structure, which will actually be the means by which boats get to the boat launching facility from the road (just like a normal jetty that people walk under all the time) is also under way. In summary, the works in the Glenelg-West Beach project are advancing as expected.

Mr VENNING: Will the Minister advise what the return to the Government is expected to be from the Holdfast Shores and West Beach development projects?

Ms Howe: The master feasibility for the overall project shows revenues from the sale of the various precincts are expected to repay the full Glenelg infrastructure costs of \$14.2 million, which are currently funded by the consortium; to provide the consortium with a developer's margin of \$10 million; and to provide the Government with the revenue to offset net costs of the West Beach boat launching facilities of approximately \$10 million. Any additional sales revenue is to be shared 50/50 between the consortium and the Government, and any shortfall in sales revenue will reduce

both the consortium's margin and the Government's revenue amount.

In addition to the analysis of potential revenue set out above, the project will contribute normal rates, stamp duty and land tax revenue. A consultant's study in 1996 estimated the additional capitalised revenue to the State Government from these sources to be about \$12 million, for what was then a \$120 million project, a figure that can now be considered conservative.

Ms HURLEY: Regarding the Glenelg-West Beach development, the Opposition has been advised that sand management costs associated with the Glenelg and West Beach developments are spiralling because of significant and constant silting in and around the two basins. It appears that, despite almost constant dredging, the harbor depths promised at the design stage of the Glenelg development are not being achieved. I am told that \$500 000 per annum has been allocated by the Government for sand management at Glenelg. Are there difficulties maintaining the Glenelg harbor depth to within design limits, and are problems occurring in maintaining sufficient depth for the Kangaroo Island ferry to operate every day?

The Hon. M.H. Armitage: I do not have the exact detail, but I am informed that the Kangaroo Island Fast Ferry is performing adequately, although there are matters in relation to seaweed and dredging. I will obtain an answer and bring it back for the honourable member as I do not have the detail at the moment.

Ms HURLEY: What amount has been expended on sand management associated with the Glenelg development in the 1997-98 budget year?

The Hon. M.H. Armitage: That is detail I will need to provide later; I do not have it.

Ms HURLEY: How much will the National Wine Centre cost and what have the Commonwealth and industry committed to this project?

The Hon. M.H. Armitage: The Premier is the lead Minister for the botanic wine and rose garden development, but the Project Delivery Task Force facilitates the delivery. The original scope of the National Wine Centre at Hackney has been extended to include two other key elements: the establishment of the Adelaide International Rose Garden and the relocation of the Botanic Gardens' administration and State Herbarium facilities. As members of the Committee would know, the redevelopment site incorporates two run-down heritage buildings, the Goodman Building and Tram Barn A. These buildings will be upgraded to provide accommodation for the Botanic Gardens and the State Herbarium.

The relocation of the gardens and State Herbarium facilities will allow the National Wine Centre to be located at a major gateway to the city, close to North Terrace and the east end. Obviously, these are key foci for Adelaidians, South Australians in general and tourists. The National Wine Centre is a joint State Government and wine industry initiative—and it is important to emphasise that—which aims to showcase the social, cultural and economic benefits of the national wine industry. The International Rose Garden will include some 10 000 plants and will be located opposite the magnificent Bicentennial Conservatory, designed by Guy Maron. The National Wine Centre has been established as a statutory authority and will be managed through an industry representative board, which board became operational on 21 May 1998. I have seen a list of board members and they are

representative of all the doyens of the wine industry around Australia.

Coordinating and managing the delivery function of all the major project elements is the responsibility of the Project Delivery Task Force. The board of the gardens will manage the Adelaide International Rose Garden. Forward estimates show a further allowance of \$9 million being dedicated to the expanded development in addition to the \$20 million previously allocated to the construction of the National Wine Centre. The scope of the project has expanded and involves the upgrade of the heritage buildings and construction of the International Rose Garden. Whilst it is anticipated that the Commonwealth Government will contribute to the project through the Federation fund, the additional \$9 million in the forward estimates will allow the project to proceed without delay and, importantly, without compromising the integrity of the overall development.

Clearly, there is a great level of interest within the wine and the rose industries and other groups around Australia. I have spoken with a number of people who are most interested in this development. That interest will provide the project with a source of assistance that might well reduce capital and recurrent expenditure. Appropriate budgetary allowances will be made to address any calls for recurrent funding associated with the maintenance and operation of the rose garden. Commercial opportunities, sponsorship and other funding avenues will be explored by the board of the gardens and herbarium, as managers of the Adelaide International Rose Garden, to help reduce those recurrent costs. An appropriate pre-operating budget will be made available to the board of the National Wine Centre to assist with marketing and pre-opening expenses. Once it becomes operational, the National Wine Centre is expected to generate sufficient operating revenue to be self-funding.

Importantly, the National Wine Centre will be a centre of excellence of national importance and international status for the Australian wine industry. Given some reports recently which I read and which indicated that the French Government in particular has decided to indulge itself in some increased degree of protectionism—and given the increasing focus in countries such as South Africa, Chile and so on—if we are able to focus the international wine industry's attention on South Australia through the National Wine Centre that will obviously be a bonus. It will be representative of the entire Australian wine industry and, as I indicated, will be an international icon to showcase Australia's wines and wine regions. Clearly, it will be a major tourism drawcard for South Australia. Given that we are the pre-eminent wine State in Australia, it is quite appropriate that this National Wine Centre should help to build on that recognition.

The CHAIRMAN: The Committee will now move to Workplace and Industry Support, and I invite the Minister to make an opening statement.

Membership:

Ms Key substituted for Ms Hurley.

Additional Departmental Adviser:

Mr Matthew O'Callaghan, Executive Director, Workplace Services.

The Hon. M.H. Armitage: The industrial affairs function of the department is directed towards assisting industry as employers and employees achieve the best possible employee relations, occupational health and safety and public safety outcomes in South Australian workplaces. The industrial

affairs function strives to contribute positively to industry development in South Australia through working to achieve the objectives of the State's employment legislation, administration of that legislation and, importantly, assisting people to comply with the legislation. There are two components to the industrial affairs function within the department. The Workplace Relations Policy Division provides ongoing policy advice on a broad range of employee relations and OH&S issues. This advice is provided in the context of the Government's established policy positions. Additionally, the Workplace Relations Policy Division undertakes a range of informational and encouragement initiatives to assist the community to maximise opportunities created by the industrial legislation.

The workplace client services division contributes to the development and maintenance of safe, fair and productive workplaces and promotes and enforces a range of public safety legislation. OH&S and industrial relations specialists undertake a comprehensive range of advisory and enforcement functions across the full range of industry sectors. Over the past year, the workplace client services division has commenced implementation of an industry-focused structure under which staff of the division are now working in one of five industry teams to identify and address issues pertinent to specific industry sectors. This new approach has been strongly supported by employer and employee associations.

Ms KEY: In acknowledging what the Minister has just said about restructuring and in looking at previous program performance budgets, I point out that there is an issue about asking questions and making comparisons, because not only do we have a different budget system but we also have a different creature, if you like, about which we are asking questions—what would normally have been the Department of Labour in its many names has now changed. Bearing that in mind, I still have a number of questions. I refer to the Portfolio Statements, Budget Paper 4, Volume 2, page 7.6: 'Performance Indicators'.

I draw attention to that reference because, with the changes that have occurred, it is very difficult to make comparisons and to interpret the data. I seek more information, bearing in mind that I understand that some of the performance indicators are still of relevance and that the ones listed on page 7.6 are relevant and current. Also, when I look at what I can make out to be the department's annual report, it states that initiatives (which I assume are the same as indicators or measures) for 1997-98 in objective 1 (page 20) will include further development of performance measures capable of demonstrating the effectiveness of services delivered. On page 7.6 it states that there were 215 enterprise agreements in 1996-97; 231 in 1997-98; and in 1998-99 I presume the projection is 250.

As a performance indicator, what does that mean? What do you mean when you say 'enterprise agreements', because I would normally understand that enterprise agreements would be between the parties? The other reason I raise that point is that, when you read the Employee Ombudsman's report, he also talks about enterprise agreements and, in his case, scrutinises the agreements. In 1997-98 he points to there being 301 enterprise agreements. I wonder whether or not they are the same ones?

The Hon. M.H. Armitage: Clearly, the Government wants to encourage enterprise agreements. In fact, some employer consultancy grants are administered by the Workplace Relations Policy Division. I will ask Mr O'Callaghan to detail them in a minute. The first grant in

1996-97 assisted 185 employers with their enterprise agreements and resulted in 51 registered enterprise agreements. However, one of those agreements was used as a model industry agreement, thus increasing to 100 the number of registered agreements.

The second grant was in 1997-98. Since its commencement in October it has already assisted 141 employers and has so far resulted in 10 registered agreements. An agreement negotiated and approved—demonstrating the effects of these agreements which is why the Government is so keen to foster them—as a direct result of the employer consultancy grant is Cowell Electric Supply Company Limited, which was the winner of the most innovative agreement by a small business at Finlaysons Enterprises Awards. A company, which employs 13 staff, really presented a terrific example of how an enterprise agreement can be tailored to the business and to its employees. The reason I say that is that key features of the enterprise agreement included the wage calculations being simplified by abolishing overtime and penalties, with employees receiving a higher flat rate based on hours worked and pay received the previous year.

There was a commitment in the enterprise agreement from management and staff to develop a profit sharing scheme. Further, there was a commitment to develop key performance indicators and there was an emphasis on unpaid and paid training. Another example is West Coast Security in which the enterprise agreement allows the employer and 11 employees to have what they want relating to rostering of duties without the employer incurring additional penalty rates. The employees expressed a preference to work either permanent night or day shift of 12 hours duration to suit individual lifestyles—sleeping habits and so on—and the enterprise agreement enabled the employer to reduce penalty rates from 30 per cent to 15 per cent. The enterprise agreement commissioner approved the agreement after satisfying himself that the negotiated agreement was actually a reflection of what both employer and employees wanted and therefore there was no disadvantage to the employees. To elaborate on that, as I indicated previously, I ask Mr Matthew O'Callaghan to speak to the Committee.

Mr O'Callaghan: During the 1997-98 financial year, the workplace relations policy division within the Department for Administrative and Information Services marketed enterprise agreements via a range of mediums. These included various events, newsletters, promotional publications and the employer consultancy grant that the Minister mentioned. Over 20 300 South Australian employers and employees received a positive message about enterprise bargaining or enterprise agreements through the various marketing activities of the workplace relations policy division during this financial year. Each edition of the newsletter published by that division reaches 20 000 people and approximately 300 people attended various seminars throughout the year: 226 enterprise agreements covering 25 563 employees were approved by the South Australian Industrial Relations Commission during the 1997-98 financial year.

Mr CLARKE: How many in the private sector?

Mr O'Callaghan: We can provide that information to you.

Mr Clarke interjecting:

The CHAIRMAN: Order!

Mr O'Callaghan: I do not have it in front of me. The grant or activity outlined by the Minister involved a range of costs. Some \$75 000 has been made available to the Employers' Chamber on the basis of salary and on costs

being \$55 000; promotional costs, \$10 000; and disbursements, \$10 000. That amount is paid to the Employers' Chamber on the basis of four 25 per cent instalments: one at the commencement of the grant, one after four months, after eight months and at the completion of the grant.

Ms KEY: My second question relates to work being done by the department with regard to underpayment of wages or conditions of employment and unfair dismissals. Again I notice in the Employer Ombudsman's report and also in the Industrial Advisory Service report that unfair dismissals have a prominence as far as industrial concern and also, I believe, underpayment of wages. Unfortunately, I was unable to track down the number of unfair dismissals or underpayment of wages cases handled by the South Australian Industrial Commission in 1997-98 and also 1996-97. Can the Minister answer that question and, if that information is available, why has a change of policy occurred in collecting that data?

The Hon. M.H. Armitage: In relation to the retrieving of benefits, investigation officers under the Industrial and Employee Relations Act and related legislation promote, advise and consult on compliance with awards, with industrial agreements and with matters generally related to wages and working conditions in the private sector. They investigate claims alleging non-compliance with legislative requirements aimed at preventing or dissolving disputes. Satisfactory outcomes include the resolution and payment of underpayments, or the arrears of wages, and matters such as that. Legal action has not been necessary to resolve matters but some \$644 000 has been retrieved on behalf of employees since 1 July 1997, which compares with \$840 000 in the full 1996-97 financial year. The reduction can be partly explained by the increase in the proportion of South Australia's work force as employment is regulated by enterprise agreements. Generally speaking, persons whose employment is regulated by an enterprise agreement actually better understand their employment conditions and entitlements and do not experience the same number of problems with payments made by their employer.

Between June 1997 and April 1998, 989 unfair dismissal applications have been lodged under State legislation. In the same period in the previous year there were 1 358 unfair dismissal applications. In the previous 12 months, the department has conducted workshops aimed at developing good human resource techniques to prevent unfair dismissals and the department has also prepared an article for the Australian Human Resources Institute magazine regarding techniques for preventing unfair dismissals. The Government is currently assessing options following the disallowance during December 1997 of some unfair dismissal regulations. Regarding the data on unfair dismissals, I am informed that it is and always has been provided and made available by the commission. So, I certainly do not think there is a change in policy—not that we are aware of.

Ms KEY: My third question relates to information on industrial matters. It has certainly been my experience in the past that one could telephone the department and get information on awards and also conditions of employment. Will the Minister tell me what the average worker would do if they wanted to find out their conditions of work, their award and whether or not they are covered by an enterprise agreement, assuming this person is not a member of a trade union?

The Hon. M.H. Armitage: I think if people were involved in an agreement they would know that in the first instance, but let us assume they are not in an agreement.

There is a telephone industrial advisory service and I will talk about the upgrade of that. The advisory service for just this sort of instance handles some 80 000 telephone calls per year on award and industrial relations type issues.

The information mix will expand to include basic OH&S information and even perhaps Commonwealth awards and basic workers' compensation inquiries. New telecommunications software—Q Master—has been purchased to handle the anticipated call volume and to further enhance the services provided to customers. The flexibility of that software will enable additional staff to be brought on-line when peak loads occur. These staff do not have to be located in the information centre, so it is a particularly efficient use of available resources. This advisory service is to be renamed the Workplace Information Service so as to reflect the change in information services offered.

The new software will be installed to commence live operation once the advisory service relocates to the ANR building at Mile End in mid August. A new 1300 number and information service fax line facility will be available to customers, and they will be able to get that when the new Telstra *White Pages* is released. This service will ensure that no-one pays more than the cost of a local call to access the services about which the honourable member is inquiring. It is a particularly positive initiative. Services are offered on-line at no cost to the customer other than the call. A call-back facility will be offered to customers after a predetermined time in the queue, meaning that customers can get on with other tasks.

Priority will be given to calls from the country, which will save country customers time and money. The staff will benefit by having the most up-to-date, on-screen information about call levels, customer waiting times, call mix, and so on. It really integrates telephone and computer technology very well. The most important thing is that it provides better service to people seeking just the sort of information that the member for Hanson has detailed.

Mr HAMILTON-SMITH: I am particularly interested in the action being taken by the Government to encourage workplaces to adopt more family friendly work practices. Can the Minister explain what is being done in this area?

The Hon. M.H. Armitage: The Government regards the issue of helping businesses to adopt family friendly work practices as a very important initiative. It is an initiative that needs to focus on education and information. Mistakes have been made in the past, and they have sought to impose costly and compulsory new obligations on business, without giving those businesses the flexibility that can be associated with enterprise specific agreements. It is an important area for the Government, and I would like Mr O'Callaghan to detail some of the initiatives that the Government is looking at.

Mr O'Callaghan: A Work and Family Working Group was established late in 1997 to ensure that services and sharing of resources are not duplicated and to identify ways of encouraging work and family practices in the workplace. Information to workplaces is being disseminated by preparation of a range of publications in partnership with the Office of Families and Children, and a series of seminars and workshops are to be held at a Work and Family Day on 14 July this year. A 'Work and Family: Introducing more flexible working hours' seminar was held as part of the Australian Human Resources Institute Day. Seventeen participants, mainly human resource management practitioners, attended the seminar.

The expenses associated with gathering information about work and family issues, including expense payments for a guest speaker and conferences, totalled \$2 907. Booklets, posters and leaflets encouraging work and family practices are currently being prepared. The cost of these publications will be shared with the Office of Families and Children and is expected to total \$6 955. These publications are expected to be launched at the Work and Family Day. The estimated cost of the Work and Family Day is \$7 000. The development of publications addressing work and family issues will allow information to be disseminated to a very broad range of people within our target audience, which is primarily small to medium size businesses.

Mr HAMILTON-SMITH: Will the Minister explain what the incidence of industrial disputation has been in South Australia in the past 12 months?

The Hon. M.H. Armitage: This is a particularly important question, and I thank the honourable member for asking it because the whole impetus for South Australia's economy is able to be destroyed by rogue industrial disputes. However, what is very important to identify is that in the past 12 months South Australia has decreased its industrial disputation from 74 working days lost per 1 000 employees in February 1997 to 12 working days lost per 1 000 employees in February 1998. That is an extraordinary decrease and it is an indication that all components of South Australia's economy—employers, Government, industrial legislation, employees, unions and so on—are clearly, under the Liberal Government, able to work constructively and to decrease industrial disputation.

Members interjecting:

The Hon. M.H. Armitage: It amazes me that the member for Ross Smith should indicate that I want to go union bashing. I have just said that the unions and employees are a major component in working together. That is what I said. It indicates that members of the Opposition in general, but the member for Ross Smith in particular, have blinkered minds. The minute they hear a member of the Government say anything about employer-employee relations, they expect those comments to be negative. That is simply not the case, and obviously employees know it because they have worked with the Government to produce a staggering result: a reduction from 74 working days lost per 1 000 employees to 12 working days lost per 1 000 employees.

Mr HAMILTON-SMITH: It is an excellent result.

The Hon. M.H. Armitage: As the member for Waite said, it is an excellent result. There was also a significant decrease in South Australia in the number of working days lost for the 12 months ending in February 1998, which was 6.5, compared with the 12 months ending in February 1997, which was 39.6. There has been a five-sixths decrease in the number of working days lost in that 12 month period.

Industrial disputes may well arise, and we understand that. We do not believe that they will be as demanding in South Australia as the levels that may be reached in the Eastern States, but factually I would say that the results of which I have informed the Committee today indicate that all sectors of industry are combining as well as possible to avoid industrial disputation because, frankly, there is very rarely a winner in an industrial dispute, and it is fair to say that South Australian disputation is at its lowest level since the Liberal Government was elected in 1993.

At one stage in the House I was questioned by the member for Hanson as to why the Government was delaying the Living Wage Case. I clearly identified that that was wrong,

that we were not doing that and, as I said at the time, the member for Hanson was exhibiting everything that a previous honourable member (and I will not name him) had indicated—

An honourable member: Go on.

The Hon. M.H. Armitage: I won't. He indicated that South Terrace always runs North Terrace, and this was yet another example. But factually, the employers, the UTLC and the Government have been working cooperatively and constructively, with the goal of ensuring that the Living Wage Case flowed on. Agreement now has been reached. Importantly, the Committee should note the time that it took from the—

Ms KEY: Mr Chairman, I have a point of order. It is pleasing to hear that the Living Wage Case has finally reached some point of resolution, but that has nothing to do with the question that was asked by the member for Waite—which was about industrial disputations. He is about to ask his third question, and we hear about the Living Wage Case. I am delighted to hear the news, but it is hardly appropriate at this time.

The CHAIRMAN: Order! I do not believe that there is a point of order. I take the point that the member for Hanson made, and I ask the Minister to come back to the question. But the Minister is at liberty to provide any information that he feels would be of benefit to the Committee.

The Hon. M.H. Armitage: It is a pity that that point of order even has been contemplated, because our performance in relation to industrial disputes—which is the best since 1993, and ought to be trumpeted by members of the Opposition as well as by members of the Government—is related to the way in which governments and unions interrelate. The fact that we have been able to arrange for an agreed position between the UTLC, employers and the Government to flow on the State Wage Case in the same approximate time as all the other cases have taken, despite the cheap points that were taken by the Opposition, is another example of how constructively we are able to work with the unions—and that is positive. The fact that we have been able to do that is yet another example of why, in response to the member for Waite's question, I was able to identify that industrial disputation is at the lowest level since 1993.

Mr HAMILTON-SMITH: It is particularly pleasing to hear of the success that has been achieved through workplace cooperation rather than confrontation under this Government, because nothing could be more important to small business. That leads to my next question in respect of shop trading hours. In my electorate of Waite, in the Mitcham area, this is a matter of considerable interest, particularly to small business. Will the Minister explain what process the Government has adopted following the Premier's announcement on 17 March that there is to be a review of shop trading hours?

The Hon. M.H. Armitage: Again, I thank the member for Waite for his question about this very important issue, because shop trading hours and the Shop Trading Hours Act 1977 are clearly a point of particular interest to the community—and, as people would know, there is a so-called moratorium, which expires shortly. The Premier identified that, as Minister for Government Enterprises, I would conduct a review of the Shop Trading Hours Act 1977. The Premier indicated that there would be a six week consultation period, after which deliberation would occur, and then a preferred position would be put to Parliament for debate. I referred the Shop Trading Hours Act to the workplace

relations policy division of DAIS for evaluation and for a report to be brought to me.

Advertisements were placed in the *Advertiser* of Thursday 26 March and Saturday 28 March. Those advertisements alerted the public to the review and invited their written submissions, with a deadline of 14 April. There was discussion at the time, during the course of which the view was expressed that that was a short period of time. During the shop trading hours debate I asked a number of key figures whether, if I gave them another six months, their view was likely to change, to which they all replied 'No.' So, I believe that it was an appropriate period of time.

Submissions could be forwarded by post, fax or e-mail. We established an e-mail address and an Internet site for the purposes of the review. The terms of reference were placed on the Internet site, which is clearly an indication of the Government's attempting to provide things in the way of the future. The site also contained a paper on South Australia's legislative review obligations under the COAG competition principles, and they are also of import in this sort of matter.

The review sought the views of stakeholders by sending letters to a number of organisations with a particular interest in the review. They included employer associations, employee associations, local councils, property owners, tourism bodies, consumer representatives, the RSL—given that it had particularly written to me about Anzac Day previously—and so on. There were a number of meetings with many of those interested parties which either I, my delegate, or both of us attended, and a representative of the workplace relations policy division was present at each one of those meetings.

Approximately 700 submissions were analysed. A number of reports from recent inquiries into trading hours in other States were received and reviewed, and a report was commissioned for McGregor Marketing to conduct a survey to gauge consumer views on shop trading hours in South Australia. So, it was a particularly thorough process, and the Government is in the process of considering the various forms of input. As I indicated, there are 700 submissions, all of which have valid points to be considered. The next step for the Government, once its position is taken, as the Premier indicated, is to return the matter to Parliament for debate.

Mr CLARKE: I am interested to know the overall coverage of private sector non-union enterprise agreements in South Australia. I know that the Industrial Commission has that information. The last time I extracted that information was about a year ago and I believe that, overall, about 2 per cent of the non-union private sector work force was covered by enterprise agreements. That leads me to my point about promotional material, and various other costs that have been incurred by the State Government in trying to promote enterprise bargaining to what I regard as a great number of employers in the private sector who do not want it and who are quite happy with the award structure as it is.

It seems to me also that the department is doing a lot of work at the taxpayers' expense which the Employers' Chamber could well do, because it is paid membership fees by the private sector to conduct seminars, promote brochures, leaflets and things of this nature in promoting enterprise bargaining. My questions to the Minister are: first, what number of non-union private sector employees as at the most recent date are covered by enterprise agreements; and, secondly, what is the cost of the promotional material—which I know Mr O'Callaghan has already read out, but I just want to know whether there is any additional information, particularly relating to grants to the Employers' Chamber?

The then Minister told us, I believe in last year's Budget Estimates hearing, that there was a grant of about \$75 000 to the Employers' Chamber, and the previous year there was a \$100 000 grant that was lying around the place. In this forthcoming year's budget, are any grants to go to the Employers' Chamber? Is the United Trades and Labor Council eligible to seek any of those grants, if some are available, for promotional efforts? Was any assistance granted to the UTLC in the past two budgets with respect to promotional material for, or promotion of, enterprise agreements in South Australia?

The Hon. M.H. Armitage: We will have to provide the honourable member with coverage of the figures. We do not have them but, as the member for Ross Smith identified, that information is available and we will provide it. No matter what the figures show, even if it is a smaller number than the Government might prefer, that is, I think, yet a further argument for us to continue to promote enterprise agreements wherever we can and by whatever means we can. As I identified in a number of cases in a previous answer, enterprise agreements which are freely entered into by employers and employees are clearly of benefit to both employers and employees.

I quoted a number of examples where employees were able to work the hours that they wanted and there were profit-share arrangements, as well as a number of other benefits. We believe that to promote arrangements which lead to such clear wins for both employers and employees is, frankly, the role of the Government, particularly in circumstances where we realise that the enterprise is likely to be more productive. I reiterate: we believe that is the role of the Government. Regarding the figures for promotion, I am informed that Mr O'Callaghan read them into *Hansard* previously.

Mr CLARKE: In terms of that part of my question relating to grants or donations to the Employers' Chamber of South Australia, grants were made in the past. For example, one grant was forecast for the last financial year. How much was that grant and has any budget been set aside for this forthcoming financial year and, if so, how much? Will the United Trades and Labor Council be equally entitled to the same sum of money?

The Hon. M.H. Armitage: If the member for Ross Smith is trying to make the point that the unions do not get an equivalent amount, I am informed that they have not applied. If they were to apply for promotional material, we would certainly consider it.

Mr CLARKE: I am talking straight cash grants. Money, cash, was given to the Employers' Chamber to promote enterprise bargaining in the past two budgets. How much was finally expended in the last financial year and how much, if any, cash money—not leaflets—is planned for the Employers' Chamber in the current financial year, from 1 July?

The Hon. M.H. Armitage: I was attempting to avoid this but, for the benefit of the member for Ross Smith, away we go. As was previously identified under the Employer Consultancy Grant in the 1996-97 financial year, which is the same provided for this year, \$75 000 is made available on the following basis: salary on-costs, \$55 000; promotional costs, \$10 000; and disbursements, \$10 000. As was identified by Mr O'Callaghan previously, the total of that is \$75 000. Mr O'Callaghan identified previously that the amount is paid to the chamber as follows: at the commencement of the grant, 25 per cent is paid, which is \$18 750; after four months, another 25 per cent is paid; after eight months, another 25 per cent is paid; and, upon completion of the project, the

final 25 per cent is paid. Four lots of \$18 750 equals \$75 000. On this basis, \$37 500 has been paid to the chamber in respect of services provided since October 1997.

Mr Clarke interjecting:

The Hon. M.H. Armitage: The same amount. I have identified that.

Membership:

Mr Foley substituted for Mr Wright.

Ms Hurley substituted for Ms Key.

The CHAIRMAN: With the concurrence of the Committee, we will now move to matters pertaining to the Land Management Corporation. Does the Minister wish to make a brief statement?

The Hon. M.H. Armitage: The Government has established the Land Management Corporation under the Public Corporations Act to undertake the important task of managing the Government's property assets and projects. This follows the winding up of the MFP Development Corporation, which had been criticised for its inability to meet expectations for effective management delivery of the Government's development objectives. The LMC has assumed the land and property assets of the former MFP, which ensures that the financial and technical expertise associated with the assets is retained.

However, the Government has acted to ensure that the LMC is a focused, lean organisation with a clear charter to meet the Government's objectives to reduce debt and to support economic and urban development. Some non-performing aspects of the former MFP have been terminated. The LMC is smaller, less expensive and targeted with specific deliverables. It has a particular set of goals, has strong, commercially inclined leadership and a concrete set of projects and developments. The board has been selected with an eye to skills and experience in property disposal and management and extensive commercial know-how.

The LMC provides a clear point of contact for the private sector in its dealings with Government for property development activities. This helps to ensure a consistent strategic approach for property assets such as joint ventures, including the Mawson Lakes and Golden Grove projects; land assets, such as the Gillman site; and property developments, such as the Port Adelaide and East End redevelopments. The LMC also takes responsibility for the strategic management and disposal of the Government's extensive metropolitan fringe and other land holdings.

Additional Departmental Advisers:

Mr B. Harper, Acting Chief Executive, Land Management Corporation.

Mr D. Ryan, Group Manager, Corporate Services.

Ms K. Leicester, Acting Finance Manager.

Ms K. Aufderheide, Financial Controller.

Mr J. Cogdell, Senior Accountant, Finance.

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

Ms HURLEY: No, thank you, Sir. In the Minister's opening statement he referred to something like a concrete set of commitments and clear goals for the LMC. I reiterate my problems with his budget papers that none of those goals or commitments are actually identified there. Will the Minister briefly describe them?

The Hon. M.H. Armitage: It is important to identify that the LMC, as a recently formulated body, is to have a charter,

performance agreements and so on, all of which are being drawn up at the moment. Further, it is under the Public Corporations Act so it does not have the same, if you like, budgetary reporting requirements. However, I have identified in my opening statement that we expect the LMC to manage as effectively and efficiently as possible the Government's land holdings, to be a particular point of contact for the private sector, to continue the strategic approach with property joint ventures such as Golden Grove and so on that we are involved with, and to look at a number of other projects within a project function of the LMC related to Islington and so on. I identified those aspects in my opening statement. They are the directions for the LMC.

Ms HURLEY: In that case, perhaps I can ask about a specific example. What time lines have been established for the Mawson Lakes development, and what specific outcomes are expected from that development in the financial year 1998-99?

The Hon. M.H. Armitage: To refresh the memory of the Committee, I point out that Mawson Lakes has been designed to be a model twenty-first century community and to bring together business, education, industry and the community to incorporate world leading technologies, and to attract new investment in advanced technology businesses. It is expected that it will be a test bed for innovation and a reference for Australian companies wishing to export to Asian-Pacific markets. Lessons from Mawson Lakes will be used in other urban developments and will help to position Adelaide as a smart city in these urban developments.

There is a public and private sector joint venture. The budget provides for subdivision works, drainage, landscaping and power lines diversion associated with the project. The cost attributable to Government over nine years is calculated at \$19.5 million after excluding costs that would have been incurred by Government even if Mawson Lakes did not proceed. Financial returns will total \$30.7 million over a 12 year period, comprising the Government's proportion of land sales and a share in the joint venture profit.

The joint venture agreements between the MFP, which are now carried by the LMC, the Delfin-Lend Lease consortium and Telstra were entered into in July 1997. Excavation of the main lake and the Dry Creek diversion, the extension of Warrendi Road and subdivision works are currently under way. I have been to the area: it is a hive of activity, with some beautiful sweeping aspects surrounding the lake. A total of 52 residential allotments have been sold off the plan. I spoke with one of the representatives of Delfin who was particularly excited. They had had almost a pre-release day, had taken some people around and were overwhelmed by the sales. Further to the 52 residential allotments that have been sold, a 2.5 hectare industrial site has been sold. Settlement of the residential allotments commenced in June 1998, as was anticipated. The first 18 allotments will settle tomorrow, another is to settle on 25 June and four will settle on Friday 26 June. That is really good progress. Some 23 of the 52 residential allotments will have settled by the end of June to the value of \$1.4 million.

The project over 10 years will create 4 500 new jobs on site, and it will create a community that is characterised by internationally recognised urban design and building development. We obviously hope it will be a model for South Australian industries and educational institutions to showcase their achievements. It will be a test bed for innovations in transport, health and community services, education services, construction, water and waste water management, energy

management, information services and so on. It is very close to Technology Park, and we think that Technology Park will be an attractor of international and Australian investment in advanced technology industry research and education organisations.

The Telstra IT and T partnership will obviously be a bonus to Mawson Lakes and the IT and T focus is well known. The development will integrate the university, the high tech industry, IT advances, shopping, recreation, housing and a good community feel, mixing all that in a very positive urban environment. As I have indicated, there will be a number of benefits, which will include \$850 million in engineering and construction activities, 1 500 construction jobs, the creation of 4 500 new, permanent, full-time jobs on site, a \$200 million investment attraction and a four-fold increase in commercial space on site; and the SA Centre for Economic Studies has concluded a most likely economic benefit to South Australia of \$55 million.

As well as that, because of the energy friendly nature, there will be reductions in up to 50 per cent in the consumption of potable water, energy and embodied energy in homes and non-residential buildings at Mawson Lakes. In 1998-99, I am informed, approximately 250 residential allotments and a range of commercial allotments will also be sold. There is a very positive outcome already, with a particularly bright immediate future for Mawson Lakes.

Ms HURLEY: I understand that there were discussions between Delfin and the Housing Trust in regard to Mawson Lakes. Will the Minister comment on the progress of those discussions?

The Hon. M.H. Armitage: I am informed that discussions between the joint venture partners and the Housing Trust are still continuing.

Mr HAMILTON-SMITH: What steps are currently being undertaken by the Land Management Corporation (LMC) to create a child-care facility at Technology Park? It is an interest very close to my heart.

The Hon. M.H. Armitage: I should not be amazed, but Governments cannot win. If we try to provide child-care centres, the Leader of the Opposition laughs at us; if we do not provide them, we get criticised. We fully understand that that is the role of Government. Over a number of years tenant surveys have suggested the need for child-care facilities at Technology Park although, until now, it has not been possible for Technology Park alone to provide such a facility. With the cooperation of the University of South Australia, funding has been secured for the construction of a child-care centre at Technology Park.

The Commonwealth of Australia and the South Australian Government jointly will provide funding of \$307 700; the LMC and the University of South Australia will each provide \$50 000 towards the centre; and the LMC will provide a site for the centre on the basis of a 21 year lease at a peppercorn rental. The facility will be managed in conjunction with the Salisbury campus child-care centre, with the obvious economies of scale that come from that collaboration. The project is an excellent example of stakeholder and Government cooperation that will benefit employees at Technology Park, students and staff at the University of South Australia Levels campus and the local community.

It is a good example of answering the needs of the tenants in that area. I estimate that the need for that sort of facility will increase as the Mawson Lakes development itself increases. It is anticipated that the child-care centre will be operational by the beginning of 1999.

Mr HAMILTON-SMITH: The Golden Grove development is a benchmark project that has set new standards in residential development. Will the Minister outline the nature of the recent international acknowledgment received for the project?

The Hon. M.H. Armitage: Since its establishment in the late 1980s the Golden Grove development has been at the forefront of new standards in residential design and urban amenity. As recognition of the pre-eminence of the project, the International Real Estate Federation recently awarded Golden Grove the Prix d'Excellence as the world's best residential project. I will ask the acting CEO, Bruce Harper, to give some further detail on the award and the development itself.

Mr Harper: The award was given as a result of a rigorous assessment by a multidisciplinary panel of international judges who selected Golden Grove as the world's best address from a group of 28 finalists. The judging panel stated in its award that Golden Grove set new benchmarks as a leader of urban design, community development, landscaping and conservation. Golden Grove has been seen as an effective partnership between the State, local government and the private sector (through the Delfin property group), and its achievement has now been recognised not only locally but on the international stage. Golden Grove remains one of the largest urban developments under construction in Australia. Approximately 1 000 to 1 500 allotments remain to be sold, and the project is expected to be completed in the next two to three years.

Mr HAMILTON-SMITH: What steps is the Government taking to ensure that the Islington dump site is remediated as soon as possible?

The Hon. M.H. Armitage: It is a pity the member for Ross Smith is not here to be re-acquainted with this excellent news. For over 80 years the northern section of the Islington Railway Workshops had been used as the dumping ground for many forms of industrial waste that had been generated from extensive industrial operations that occurred on the railway workshop site. A significant amount of the material that has been dumped is actually harmless, but historical records reveal (and it has been confirmed by a number of field investigations) that some of the waste material is contaminated. That is not surprising, given the nature of the operations and waste management practices from decades ago.

Through the expertise within the LMC in remediation and urban development, a number of strategies have been put in place to ensure that the dump site is made safe and that some of the land, at least, is made available for community use. The environmental engineers investigated over 400 test pits throughout the dump site to determine the extent and nature of the problem. The LMC has established a community consultative group, which ensures that all key stakeholders are kept abreast of new developments. The community consultative group also provides a forum for two way communication between the project team and the community representatives. The Islington railway workshops now have a remediation plan that is practical and deliverable and will lead to a safe outcome.

The plan is based on site containment and, pleasingly, when it was presented to the community consultative group on 3 June 1998, was widely endorsed. The Government intends shortly to distribute a newsletter with details of that plan. The Federal Government has provided \$5.5 million towards the project, with another \$500 000 having been

announced recently. Whilst remediation projects can present surprises, the project team is confident that the remediation plan can be delivered in a cost effective manner without compromising any environmental safeguards. The final design is being prepared by the LMC, and documentation is under way. Once that has been completed, tenders will be called for the remediation work, which is scheduled to start towards the end of this year.

There is a plentiful and cheap source of clean soil from the Mawson Lakes housing development, which soil will be needed to cap and landscape the dump area, which I understand is to be on the northern end of the railway yard site. I am told that the trucks will begin to bring the soil from Mawson Lakes in July. So, this is a particularly challenging environmental project. It is on target to be completed in 1999, and it will transform what is now an unusable and unfriendly area into a safe and attractive environment for the enjoyment of the whole community.

Mr FOLEY: Minister, you may not be aware that the Labor Party supported the Mawson Lakes development; in fact, we actively encouraged the then Government in its deliberations. During today's hearings I have perused the offer by the old MFP Corporation (now the Land Management Corporation) to EDS for the location of the EDS head office at Technology Park as originally envisaged under the EDS contract. It pains me now to think that we have this quite disgraceful monolith across the road that will cost the taxpayer tens of millions when we could have had 500 more people working at Technology Park. In these terms it would have made Mawson Lakes a much more significant development, because instead of 50 blocks being signed up we might have had 150. What has been the downside of EDS not being located at Technology Park as originally envisaged by the EDS contract and, indeed, the MFP?

The Hon. M.H. Armitage: I am informed that there is still a lot of work going on with a number of hi-tech IT-focused companies with a goal still to meet the targets of the joint venture in relation to Technology Park. For argument's sake, I do not see any particular problem out there. I was out there only three or four weeks ago. In relation to the major investment that AAPT is making out there, it is very thrilled with the site. There is no negative aspect on the companies that are there already. As I have indicated, we are still looking to get other companies in there. I understand the political intent of the question. The member for Hart does not acknowledge that there are huge benefits in having a building in the city in an area of North Terrace that previously was downgraded. The answer to the question is that there are benefits in the city, and we will replace that with other opportunities in Technology Park.

Mr FOLEY: I do not want the Minister to take this the wrong way, but as the State member for the seat of Adelaide I think he has no objectivity whatsoever when it comes to what is good or bad for the CBD.

The Hon. M.H. Armitage: I strongly disagree with that. For argument's sake, that indicates that the member for Hart is completely and utterly dispassionate about discussions he and I have had about things such as Meyer Oval and that he cannot have a sensible debate about it. Clearly, that is ridiculous. The whole perspective of representative democracy indicates that one is able to fight hard for one's electorate but that one takes a bigger perspective. That is what ministerial positions are about. So, I completely reject that assertion.

Mr FOLEY: I did not intend for the Minister to be so sensitive about that. I know it is an exciting time for you,

Michael, with all the speculation about leaderships and that sort of thing, but I much prefer the controlled Minister. That was an attempt at humour. It might have been a poor attempt, but I was not getting stuck into you—

The Hon. M.H. Armitage: The only leadership speculation of which I am aware is when the member for Kaurua is going to move over the member for Hart and into the top job.

The ACTING CHAIRMAN (Mrs Maywald): Order! Is there a supplementary question from the member for Hart?

Mr FOLEY: There is. It really is a quite disappointing outcome. I am not being critical of the Minister, because he was not part of the decision making, but it was a great opportunity to have a lead employer at Technology Park at no or very little cost to the taxpayer as against the EDS building—notwithstanding the need to have a building in the city—which will probably cost the taxpayer \$30 to \$50 million. I do take the Minister's point that I do not have objectivity when it comes to my electorate: I am absolutely one-eyed when it comes to my electorate, so please feel free to take that into account. What are the Government's plans for the old Gillman core site of the MFP? It is something that will obviously be a problem. What are the Government's long-term plans for that site?

The Hon. M.H. Armitage: Issues relating to the potential future development at Gillman include: whether economical, geotechnical and servicing solutions in fact are available; the need to retain a third of the area as a ponding basin; the availability of economical land fill solutions; the implications for development of the Gillman Highway and the third river crossing; the Adelaide City Council's interest in the Dean Rifle Range and overshoot area; and the Brian pipeline which traverses the site and which acts as an impediment to the efficient development of the area. The Barker Inlet wetlands were completed in January this year and the range and Magazine wetlands will be completed in December this year. These wetlands will be transferred to the Crown and placed under the care and control of the Port Adelaide Enfield council. The Dry Creek area currently leased and occupied by Penrice Soda Products Pty Ltd for salt crystaliser ponds will continue under that land usage.

Current work on the Gillman site is limited to the completion of wetlands and ongoing property management. The Land Management Corporation is undertaking a strategic review of the core site land at Gillman, and the Department of Industry and Trade has identified Gillman as future industrial and commercial land. All the issues pertaining to the capacity to use the core site better are being progressively addressed. It is an area which has been neglected since the beginning of the century. We now have in place the opportunity to bring in a commercially realistic and properly thought through plan for the longer term, and that is what we are preparing at the moment.

Mr FOLEY: As distinct from the other plans we have had for the MFP over many years. The bottom line is that it will be a problem for many years to come. That is no criticism of this Government: it has been a problem for all Governments. I compliment the Land Management Corporation on the Harborside Quay development. It is progressing very nicely and is looking very good. In relation to the New Haven development in my electorate, which was an original pilot project for the MFP in terms of the housing that would be used at Mawson Lakes, what is its current situation? When will it be completed, and what will be the final cost of the New Haven experiment and development?

The Hon. M.H. Armitage: The Land Management Corporation's involvement is very peripheral to this project, in that we provided some seed capital only, in particular in relation to some innovations in respect of low energy use and so on. It is a project of the Housing Trust.

Mr FOLEY: The Minister previously mentioned the Meyer Oval development—and he was quite right, I am totally one-eyed about it. The Minister has made statements in this place that he is keen to assist me in the development of Meyer Oval, and I have raised expectations in my community based on what he has said to me. The young people in my electorate are keen to have access to that facility, but there seems to have been a slowing of the process, in terms of my ability to get some action from the agency. I appreciate that it has a lot on its plate. Will the Minister reaffirm his commitment to work with me and bring this great piece of land to a standard so that the local community can use it—and we can call it Armitage Park, I am not fussed. If we can get it up and running, as the Minister has promised, it will be a great initiative in a very degraded part of my electorate. I would like the Minister to reaffirm his commitment.

The Hon. M.H. Armitage: My commitment to Meyer Oval, which the member for Hart identifies (and probably remembers) was to seek the involvement of all the relevant stakeholders collectively, as has occurred in other areas of his electorate and other parts of South Australia. I will provide some background information in relation to Meyer Oval: the Pivot leasehold land, which was formally Adelaide and Wallaroo Fertilisers, and half of the Meyer Oval at Largs North are very severely contaminated because of the manufacture of fertiliser on the Pivot site and the removal of polluted soil from the Pivot area which was then dumped on the eastern side of Meyer Oval. There has been considerable community pressure from residents for some time to remediate this. Some Commonwealth building better cities funds of \$1.043 million were allocated to the MFP and were provided to the Port Adelaide council in 1992-93 to build a wetland north of the Pivot site. A further \$305 000 was provided for remediation of Meyer Oval.

The intention was that the Port Adelaide council would project manage the wetlands development and the Meyer Oval redevelopment. The MFP, Pivot and the Port Adelaide Enfield council had reached agreement in 1997 jointly to fund the remediation of the contaminated areas. Once remediated, the land was to be transferred back to the Crown and placed under the care and control of the Port Adelaide Enfield council. The council subsequently indicated it had no funds available for remediation work and that it did not want to assume responsibility for management of more open space in the area. The LMC will give a high priority to the project, and in particular to work towards developing agreements and strategies for the remediation of the land. A project manager has been appointed with specific responsibility for the project. The first stage is to reactivate discussions with Pivot Pty Ltd and the Port Adelaide Enfield council to get joint action on remediation of the Meyer Oval and adjacent Pivot site.

The Land Management Corporation has written to the Port Adelaide Enfield council requesting council to make provision in its 1998-99 budget estimates for a funding contribution for the remediation of Meyer Oval. So I am very happy to work with the member for Hart. I am sure that the honourable member would like to put pressure on the council,

given that \$305 000 was provided for remediation of Meyer Oval.

Mr Foley interjecting:

The Hon. M.H. Armitage: The amount of \$1.043 million was allocated in 1992-93 to build a wetland, and a further \$305 000 was provided.

Mr Foley interjecting:

The Hon. M.H. Armitage: Kevin, I am just giving you the information. What I would say in relation to Meyer Oval is, for all the reasons I indicated before, it is (or used to be) a lovely oval and we are happy to work towards the remediation, but I need the assistance of the member for Hart to deal with the council.

Mr FOLEY: This has stunned me, absolutely stunned me. I say from the outset that I appreciate the Minister's continued commitment, but we may have a slight issue of financial propriety in terms of where that money has gone. I am not blaming the Government, but I think the Minister said that \$1 million of better cities money was allocated to the council to build a wetland—and I assure the Minister that there is no wetland in that area—along with a further \$300 000. Has the Land Management Corporation, Government officers or the Auditor-General had any inquiries in respect of where that money was spent? Surely, we do not just pay cheques over to these people—probably we do.

The Hon. M.H. Armitage: I reiterate that the money was provided in 1992-93, and part of the project management of this project is to identify those sorts of questions and, as I said, to recommence discussions with Pivot and the council.

Mr VENNING: My questions continue on the Land Management Corporation. Being a farmer, I declare my interest in the land. Will the Minister advise of details relevant to the Walkley Heights residential development?

The Hon. M.H. Armitage: This is an important question, and I thank the member for Schubert for bringing to the attention of the Committee the Walkley Heights subdivision which is a residential land subdivision 10 kilometres north-east of the City of Adelaide and which will be developed by the Fairmont Homes Group. It will provide land for the building of another 1 100 homes in the inner northern area of Adelaide. It will involve land development costs of around \$50 million and a total investment in new housing of at least \$150 million over the next five years. So, it is a major economic boost. Importantly, as an urban infill development, it will enable the community to make better use of existing infrastructure such as transport, communications, energy and water supplies and human services.

This has been reinforced by the Fairmont Homes Group which has indicated that the Walkley Heights development will provide an attractive residential address because of its close proximity to the city, to the major employment areas of the northern suburbs and a broad range of community facilities at nearby Ingle Farm and Gilles Plains shopping centre. Settlement of the sale is due to take place in July, and with that Fairmont is progressing with its planning approvals with the intention of releasing the first stage of the subdivision by the end of this year. It is expected that the building of the first of over 1 000 homes will commence within six months. So, this is a particularly exciting opportunity for inner city development in Adelaide.

Mr VENNING: What steps have been taken to rejuvenate the Port Adelaide waterfront?

The Hon. M.H. Armitage: The South Australian Government through the Land Management Corporation and the Port Adelaide Enfield council are working together to

make Port Adelaide a more attractive place in which people can live and recreate. As the member for Hart indicated, housing is now being established on the Harbourside Quay East Bank site. After many years of investigations and planning, the site has been remediated by the Government. Kinsmen Pty Ltd has taken possession of the site and created the subdivision. It is now 70 per cent sold and it will result in some 148 medium density dwellings. In fact, it has identified strong market demand for that product at that location. A number of other things are flowing from the collaborative efforts being made in the area, and I would like Mr Harper to identify those further things to the Committee.

Mr Harper: Warehouse conversion for residential use has already commenced on the site, and it is proving quite popular in the historic precinct of Port Adelaide. The Government, through the Land Management Corporation, has sold the Koch building in Divett Street to the Neville Smith group, which has converted it into four apartments. Plans have been lodged for more buildings of a similar style in the adjoining vacant land, and other conversions are in various stages of preparation and completion.

The Lipson Wharf consortium has been contracted already to build cafes, offices, shops and some townhouses on land at McLaren Parade. Plans have been approved and construction is due to commence next month. The former police station in Port Adelaide has been restored, with further refurbishment by the Port Adelaide Enfield council to recreate the Black Diamond Centre. This facility is providing a new focus for tourism in the area and for the arts in Port Adelaide. The former courthouse has also been redeveloped as the council's meeting chamber, and a new town hall has been built behind it as part of the local council's \$12 million investment in the civic centre.

The Land Management Corporation is assisting the South Australian Maritime Museum to plan for the establishment of a waterfront display to increase its presence in the historic area and to encourage more visitor attraction. Prior to releasing the next development opportunities, the Land Management Corporation has undertaken to provide a total strategic review of that project, and it is our intention to undertake the review very quickly to ensure that the momentum and interest that is currently being developed in Port Adelaide is not lost.

We understand that the Government is giving priority to accelerating planning for a new bridge—the third river crossing—across the Port River, and the Land Management Corporation sees that as important to get rid of the heavy traffic through the Port Adelaide centre to give some further impetus to its development. If that can be combined with rail movements over the third bridge, it would certainly encourage further development of that area. The Government has acknowledged the need to maintain access to the inner harbour for sailing and recreational boating activities, hence the indicative provision for the bridge allows for those inner harbour activities to continue.

Within the Land Management Corporation, some \$1 million has been set aside for further environmental remediation on the next redevelopment site, preliminary work on the next stage of the walk promenade, and some essential maintenance works to preserve some of the many heritage and historic buildings within the city.

Mr VENNING: My third question is on the Playford Centre, which is a fantastic initiative. The creation of the Playford Centre was a joint initiative between the Govern-

ment and IT industry companies. How successful has that partnership been?

The Hon. M.H. Armitage: It has been a spectacular success. Apart from the obvious financial support that has been provided by EDS, Oracle and Microsoft—and that has been quite substantial—those companies have also assisted with the provision of hardware and software support, coaching and mentoring resources, and opportunities for some companies to enter export markets. Those companies have also provided the Government with access to their overseas partners, enabling the various policies and strategies to be developed and initiatives to be pursued that can take into account global trends.

The Government has supported the Playford Centre in a number of ways. That support includes advice, guidance and access to Government markets, as well, so the partnership is working particularly well. The Playford Centre has a very strong board which is focused on the incubation of clever businesses. There are some new board members, who add emphasis to the partnership, and that is important for clever industries of the future, given that additional members to the board come from sectors as diverse as some of the major companies that I identified before—the universities, the multimedia area, and so on. I visited the Playford Centre for a board meeting only last week, and the board identified that large numbers of small, start-up companies are beavering away, and it is a very successful partnership.

Mr VENNING: I have a supplementary question. The centre has been operating for only a short time. What have been its general achievements?

The Hon. M.H. Armitage: The Playford Centre was created in August last year and it has made progress in its role of facilitating and accelerating the development of IT in South Australia, particularly supporting and developing those small, IT start-ups. So far 60 companies have registered with the Playford Centre and are receiving some form of assistance. As I indicated before, when I attended a board meeting, I was informed of the incubator accommodation. At the moment, the Playford Centre is providing incubator accommodation for nine companies, another nine companies have been assigned mentors, and eight other companies are enrolled in the North America export program. That is a particularly important program, because in many of these areas the marketplace and the venture capital that is required to grow some of these businesses is limited in Australia, and it is important to expose the best of these new companies with good business ideas to the big wide world.

The Playford Centre has also initiated the 'Selling to Government' program. That program has been established to assist local companies to create a market for their products within government, hence the name 'Selling to Government'. The long-term benefit of the program is that very credible reference sites will be established for local products, and we hope that will be a launch pad for these companies from which they can pursue other export opportunities with a real reference within government of hardware, software and intellectual ideas which are working well and make government perform more effectively and efficiently. That will be of interest to potential purchasers overseas. Given its short history, it has made considerable progress.

Mr FOLEY: The Playford Centre is currently housed in Hindmarsh Square. The original intention was for the Playford Centre to relocate to a building that I have already described in not particularly glowing terms—the EDS building. Is it the Government's intention to relocate the

Playford Centre to the EDS building and, if so, when will that occur?

The Hon. M.H. Armitage: That is a decision which I understand the Playford Centre board has taken—to relocate to the EDS building. I imagine that it will happen in the next little while. I am not exactly sure of the detail, but that is a board decision which has been made.

Mr FOLEY: Can the Minister advise the Committee—and I do not expect him to have this information on hand now, although if there is someone present from the corporation they may have it—whether the rental that will be paid by the Playford Centre will be the full head lease rental that the Government has entered into—which is, I believe, about \$330 000? Will it be paying the full commercial rental for that building? Will the Minister advise the Committee of that figure?

The Hon. M.H. Armitage: We will have to take that question on notice.

Mr FOLEY: Can the Minister get back to us within 14 days?

The Hon. M.H. Armitage: I always do.

Mr CLARKE: I was listening with interest to the information about the development at Walkley Heights, where it is planned to commence work in six months. If my memory serves me correctly, that was precinct four under the development. Precinct one was at Oakden (or Regent Gardens) and precincts two and three were at Northfield, which is in my electorate. What is the state of play regarding the development of precincts two and three? When does the Minister expect housing development to start within those precincts—what is the time frame?

There is a need for that development to go ahead, because the Housing Trust also wants to redevelop the rest of the Housing Trust stock in Northfield, as it has done in Hillcrest, as a result of the Regent Gardens extensions, where there are a lot of old weatherboard Housing Trust homes. People there are very much looking forward to having the whole area redeveloped, the primary schools significantly upgraded and the like. Will the Minister tell the Committee when precincts two and three will get under way in Northfield, the estimated number of new residents and the time frame in which they will be there?

The Hon. M.H. Armitage: I am delighted that the member for Ross Smith has asked this question, because it enables us to indicate yet another positive story for South Australia. As the honourable member and the Committee would know, the State Government, through the Land Management Corporation, controls approximately 258 hectares of land at Northfield. The first stage of the development, known as Regent Gardens, was released as a joint venture with the Jennings group in 1991 and is due for completion in 1999.

Stage 2, comprising 180 hectares, will yield approximately 2 500 to 2 600 allotments and is expected to be developed over a 10 year period. Registrations of interest seeking developers or purchasers for the land were called on 21 November 1997 and closed on 30 January 1998. A separate, but concurrent, release is being undertaken for the commercial neighbourhood centre site on part of the Stage 2 land. This separate release is expected to yield a higher return for Government but will still leave a facility integrated with the surrounding residential development.

The ROI document to which I referred sets out the State's agreed financial position and other objectives. The document provides for a range of development options, ranging from

a joint venture agreement to the sequential sale of land parcels. Extensive consultation with industry was undertaken in the preparation of the ROI document. As I indicated, the ROI closed on 30 January 1998, and the selection of a developers short list took place in March. Briefing sessions have been held with each short-listed party to clarify the requirement for the next stage of the selection process. The short-listed developers are required to submit a business plan by 30 June, and the preferred developer will then be selected. Final contracts are expected to be completed for endorsement and approval by Cabinet early in 1999.

So, it is important to identify that a very good response was received to the registration of interest invitation, and the private sector has retained a lot of interest in the development of the land, recognising that the nearby recent sale of Walkley Heights might have mitigated against that. The fact that the private sector has continued to have such a strong interest in the development of that land is, we believe, a particularly good sign for the Adelaide housing market.

As I mentioned, there is a separate release in relation to the commercial neighbourhood centre site. Tenders for that are due on 26 July, and it is anticipated that construction will commence in the financial year 1999-2000. So, it is a really good news story: there is clearly growing confidence in the economy if people are willing to go through the processes of registering interest and drawing up business plans, and so on, to the extent that they have, given that Walkley Heights is nearby—and, as I have indicated, we believe that there will also be a number of housing developments there. So, we believe this is another example of a growth of confidence in the general market.

Mr CLARKE: I am glad that something will be finalised early in 1999. But what was the reason for Walkley Heights going ahead sooner than Stage 2 when it was originally planned as Stage 4—and given that there is a possibility, with so much land in reasonable proximity, that when it started to go on sale it would mitigate against other development, in terms of prices and interest from potential developers?

The Hon. M.H. Armitage: The Walkley Heights area had been on the market for five years. A developer came in and said that they would like to buy it—which is again a sign of the growing confidence of the general development market in Adelaide and South Australia. Clearly, there were decisions to be made as to whether the sale of the land at Walkley Heights to the developer who indicated an interest would mitigate in any way against the development that we are talking about now through the Northfield land. The decision was taken at the time that there was a good business case for the Government to sell Walkley Heights on the basis that we hoped that Northfield would provoke the sort of response we have received. In the end, that advice was absolutely correct in that we have realised the money, from the Government's perspective, on Walkley Heights. We will get \$150 million of development there from the private sector and, as I have indicated, we have very strong interest in the Northfield development also. So, it really is a positive from both perspectives.

The CHAIRMAN: I seek clarification from the Committee. According to the agreed program, we are due to examine the votes of the Department of Administrative and Information Services, Information Economy, at 5 o'clock.

Mr FOLEY: On a point of clarification, Mr Chairman, what is the ministry of information economy? What does it involve? I take it, from the budget papers, that the office commences in July. Does it involve the EDS contract?

The CHAIRMAN: I will ask the Minister to explain to the Committee.

The Hon. M.H. Armitage: I am such an enthusiast about it, unless you stop me, Sir, I might talk for an hour. I emphasise that it is not a new concept, in that I have been the Minister Assisting the Premier for Information Economy since October last year. It is an acknowledgment by the Government that information technology and clever business is the way of the future. However, it is not a focus on information technology. I am not the Minister for IT. The rationale is that, in the past 12 months, over one-third of the growth in America's GDP has been from companies that use information technology in a clever fashion, and that is a staggering figure.

The whole purpose of the Information Economy Policy Office is to devise strategies that will see the South Australian economy seize the opportunities that information technology presents to grow employment opportunities. They include a number of avenues, particularly electronic commerce and those sorts of similar initiatives. We are sponsoring a number of international collaborations, such as Commerce Net, which is a private sector not-for-profit grouping of senior executives from around the world who are desperately attempting to ensure that the economies of various countries that are interested in accepting Commerce Net do not fall off the back of the pace of change.

I draw an analogy to the industrial revolution when a large number of people refused to acknowledge that the industrial revolution was the way of the future. The industrial revolution had winners and losers. Those people who understand the way of the future of the economy realise that information economy is the way of the future. It is an information revolution which we face and, just as in the industrial revolution there were winners and losers, it is the Government's view that in the information revolution there will also be winners and losers. The task of the Information Economy Policy Office is, frankly, to ensure that there are as few losers in the South Australian economy as possible.

The CHAIRMAN: Notwithstanding the passion of the Minister in this area, and now that there has been clarification, are there any questions?

Mr FOLEY: Do not get me wrong: I think that this is a tremendous portfolio grouping. It is really good, but to allocate an hour is stretching it a tad. We thought that it might have included the administration of the EDS contract and other issues relating to information technology, but I understand that Minister Matthew will be handling that after the dinner adjournment. Perhaps we can move onto that and then either proceed to the next topic or break early for dinner, unless the Minister has a few dorothy dixers he wants to throw up.

The CHAIRMAN: Order! No dorothy dixers will be thrown up in this Committee.

Mr CLARKE: You should have ruled it out of order about six days ago.

The CHAIRMAN: Order! I call on questions from the Opposition.

The Hon. M.H. Armitage: I identify that, if we choose to ask them, we have a number of questions which will elucidate important information for the constituents of South Australia. If the member for Hart and others decide that we will break, that is fine, but we will be able to continue to ask questions.

The CHAIRMAN: It would seem to me that we will be a little flexible between now and whenever it is decided to

break for dinner. I suggest that your officers do not go too far away in case they are required.

Mr FOLEY: As I said, Minister, please do not take it the wrong way: the Opposition welcomes the Government's commitment to information economy and, like you, we agree that it reflects the changing shape of the world. I get a little wary of Governments that establish offices, because sometimes Governments' commitments to industrial development become a little skewed. We saw that in the early part of this Government with separate departments called 'information industries' and the old EDA. As you will appreciate, my having been a former adviser to the Minister for Industry for six years, I have a set view on how these things are done.

I am concerned about conflicts and overlaps between the role of the Department of Industry in terms of its role in promoting industrial development in this State and its access to the South Australian Development Fund, which is, as you know, the Government's revolving fund for industry incentives. How do you envisage your office differing from that? Are there potential overlaps or will you work together? My perfect model would be to have that function, to which you have referred, rolled into one agency, but that is a personal view. I am interested to hear the Minister's views.

The Hon. M.H. Armitage: First, it is important to identify that eight officers who were within the Department of Industry and Trade and who focused on State development in relation to information economy type issues have transferred to my portfolio and that transfer has been gazetted and has occurred. A direct attempt has been made to acknowledge that Information Economy and Industry and Trade have similar goals. It was felt that the most appropriate place for those particular officers was within the Information Economy Policy Office, particularly to avoid any apparent duplication in the eyes of the consumers.

With regard to information technology functions coming under this office, as I previously indicated quite specifically, I am not the Minister for Information Technology. That differentiation is quite deliberate to emphasise the role which Information Economy will have in the future. We do not want South Australian businesses and the South Australian people to think of the information future for South Australia as being something rather difficult—widgets, which they do not understand, etc. Information Economy is about the economy of South Australia coping with the demands that the new millennium will put on it. There was a direct separation of Information Technology from Information Economy to underscore the difference between the two.

Mr FOLEY: We are starting to get some clarity in terms of what you are doing. Are you saying that this office will give Government broad policy advice on the changing world of information, as distinct from who will run our computers and who will do all those day-to-day physical activities? Is it essentially a policy unit, or will it also have roles in terms of industry attraction and assisting Government in attracting information-based industries to the State?

The Hon. M.H. Armitage: In the first instance, the member for Hart is correct in that it will be a broadly based policy office seeking directions in the broader sense for South Australia. For argument's sake, when the full complement of staff, including the Director, is appointed, one of the first tasks will be to revisit and refresh the IT 2000 plan. That is the sort of level at which we would imagine this office primarily functioning. In other words, there are a number of broad strategies for information and the way that it is used within Government which require continual updating.

I was informed the other day that an Internet year has now decreased to the grand span of two months. So, things happen very quickly in the information arena. It is felt that we needed an over-arching body which would be able to give that sort of strategic advice to the Government.

In relation to industry attraction, clearly the eight people who have been moved to this area have skills in industry attraction. They have close links with the Department of Industry and Trade, and it is certainly the view of the Government that there will continue to be a close collaboration between those areas if a particularly appropriate information industry is identified as wishing to come to South Australia. Part of the whole strategy is to continue to be seen by Australia and, more importantly in this area, the world as leading edge, because we think that that in itself will actually enable and encourage people from around the world to even want to bring their businesses to South Australia in the first instance.

Mr FOLEY: I take it from that answer that the interface or industry department will still manage the actual horse trading and negotiations in terms of the actual enterprises one might be wanting to attract to Adelaide, but the Minister's office would obviously provide input and advice and pass on leads.

The Hon. M.H. Armitage: Yes.

Mr FOLEY: To put a bit of substance or critical mass to what the Minister is saying, what will the office involve, who will head the office, what staff appointments have been made, and what are the salary levels, budget and operational information that the Minister may have at hand or that he can provide at a later date?

The Hon. M.H. Armitage: Given that we have some particular irons in the fire in relation to that at the moment, it would be more appropriate if I were to bring back that information, which I will do soon.

Mr HAMILTON-SMITH: Could the Minister explain the benefits to the State in the four years since the origin of the IT 2000 Vision?

The Hon. M.H. Armitage: The IT 2000 Vision was devised to ensure that South Australia became an advanced information empowered community and, frankly, was internationally competitive. There are a number of instances to support what was a vision actually being progressed to becoming a reality. For example, our State is becoming well known as the State for call centre operation. There are now eight call centres operating within the State, and they employ more than 4 300 operators. We are certainly recognised throughout South-East Asia for our work on satellite-based telemedicine services for remote areas. Given the opportunities throughout the world to benefit remote communities from telemedicine, the fact that we are in the vanguard of that particular advance will lead to huge benefits for our economy.

The recent partnership agreement between the Government and Fujitsu for the development of spatial information systems also has given us worldwide recognition in the spatial industry which has huge potential. A number of internationally recognised companies, such as Motorola, Tandem and EDS, have chosen South Australia to establish centres for activities such as software development and IT educational facilities. Digital recently opened its Asia Pacific messaging centre in Adelaide.

There have been a number of obvious significant benefits to the State's public sector. The EDS contract has enabled Government to outsource the IT infrastructure. Over 600 private sector jobs have been created as a direct result of that

contract. With over 100 subjects currently available for delivery via the Internet and the worldwide web, and another 50 modules still in development, TAFE SA is now the largest provider of on-line education in the tertiary sector.

Some 14 000 students who enrolled at the University of Adelaide this year received student cards with a difference. I am sure a number of us who attended university remember our student cards. The University of Adelaide is the first in Australia, and one of only a handful in the world, to introduce smartcard technology for the benefit of students and staff. The new cards are being used to provide students with access to a number of university services such as library use, access to authorised buildings and facilities, and even identification for things like public transport concessions and other student discounts.

Another program talked about on a number of occasions in the Chamber is *DECStech 2001*. That is a five year program of the Department of Education, Training and Employment to ensure that sources of information across the world will be available to people who wish to access them. All children, students, staff, schools and services will be entitled to levels of technology provision that guarantee the access to that global information. There are a number of practical demonstrations of the IT 2000 Vision being transformed into a reality. As I indicated before, in response to the member for Hart, with the rapid pace of change in the information technology and information economy world, the IT 2000 Vision which was written in the early 1990s for the middle and late 1990s is becoming outmoded. It is time that we moved forward, and that is what the Government is intending to do.

Mr HAMILTON-SMITH: Could the Minister explain how successful the 'IT Works' media campaign conducted over the past six months has been in raising public awareness in the work the Government is doing in the area of information technology?

The Hon. M.H. Armitage: The 'IT Works' campaign was a particularly interesting one. It was designed—even with its quirky name—to actually convince South Australians that IT would actually work for them. Phase 1 of that campaign has concluded and we are in the throes now of planning phase 2. Phase 1 focused on how the use of IT has assisted areas such as travel, entertainment and the IT industry itself. All members may have heard the advertisements, but the particular one I remember was the way people from the Napa Valley were surfing the net and found examples of particular restaurants in Adelaide. They saw information about the Barossa Valley, and actually came to the east end of Rundle Street and attended one of the restaurants, having ordered their meal in California! That is the way of the future. In the area of entertainment, obviously Bass-on-Line is a very practical example of IT working for the community.

The research that has been done threw up some most interesting items in relation to recall and awareness raising. We received very positive feedback about the recognition that Government is playing a part in supporting the IT industry and the need to continue to provide leadership in an industry that is widely recognised by the community as being very important to the future of South Australia. I think that is due to many things, but certainly it is partly due to the success of the IT 2000 strategy which is why I emphasise the importance of refreshing that as we move into the year 2000 and beyond.

I think people in South Australia do recognise IT as a growth industry. However, they also see it as being quite

fragmented and still a very young industry. They look to the Government for leadership and support of the industry. That will be part of our direction for phase 2 of the campaign. Some interesting findings from the research in relation to phase 1 indicated that over 60 per cent of businesses and residential people felt that Government should have an influence on South Australia's IT industry; over 55 per cent of both sectors—businesses and residences—perceive a likelihood of jobs growth in the industry; and over 80 per cent of both sectors support the Government's giving a high priority to South Australia's IT industry.

It is partly that, of course, which is satisfied by the Information Economy Policy Office. Almost 90 per cent of both sectors support the idea of the State Government's keeping the public informed of developments in the IT industry. We believe that the community wants to be told about the opportunities that exist in the IT industry and the information economy and, as I indicated, over 55 per cent perceive the likelihood of jobs growth in the industry. Everyone to whom I speak indicates that there is a worldwide shortage of people who are able to automatically take up jobs in the IT sector, so this is a great opportunity for South Australia's youth. Pleasingly, a number of the major companies have told me that they do not have that problem as much in South Australia as they appear to have elsewhere, and that may be because South Australian youth more quickly understood the need to be IT literate.

I was informed that this year, for the first time, the entry mark into IT-based courses at the University of Adelaide exceeded that for medicine, which traditionally has been one of the highest, so it seems as if the youth of today realise the opportunity for job growth in this industry. I am confident that the member for Hart was at Footy Park recently when the scoreboard was turned on: the IT Works promotions will be used in some of the Government's spaces at that venue. Given what we have heard from the research findings, I think it will meet with a great deal of approval.

Mr HAMILTON-SMITH: What steps is the State Government taking to work at a national level to develop a national approach to the information economy?

The Hon. M.H. Armitage: This is a particularly pertinent question, because it is important for South Australia to take an active role in the development of a national approach to the information economy, which we are doing through participation in the On-Line Council, established as a key initiative of the Commonwealth Government following agreement by States, Territories and local government that there needed to be cooperation regarding what we term on-line issues so that consistency on a national level could be promoted. The On-Line Council meets twice a year with senior Ministers from State, Territory and local governments, and policy issues relating to the information economy are discussed.

The council operates within COAG protocols for the operation of ministerial councils and may consider issues referred by other groups and advisory bodies, such as the On-Line Council's Officials Committee, and can refer issues to such groups or other relevant working parties it may need to in order to get the information. It is chaired by the Commonwealth and there is a Minister from every State and Territory, as well as representation from the Local Government Association. The terms of reference are: to provide leadership to all areas of Government, industry and the community at large in promoting and facilitating electronic communications and electronic service delivery; and to

provide a forum for Commonwealth, State and Territory Government Ministers and local government to consider and reach agreement on national strategic approaches to the use of information and communication services.

I recently attended the third On-Line Council meeting, at which a number of important national matters were discussed. There was agreement that we would operate within an agreed policy framework, which will focus the work of the council. Importantly, there was support for 15 regional electronic commerce summits to be funded and facilitated by the Commonwealth. Digressing briefly from the work of the On-Line Council, these regional electronic summits will be important in reassuring a number of businesses that at the moment are perhaps a little wary of electronic commerce and, accordingly, may miss out on some of the enormous benefits that can be provided through electronic commerce.

As one example, at a conference I attended recently I was informed of four farms in Victoria that have had some really difficult times. Somehow they became involved in electronic commerce via the Internet, and these farms, which were traditionally producers of mutton and grain, I believe, became producers of vegetables (such as bok choy) for South-East Asian supermarkets. Now these four farms have their orders sent to them through the Internet every afternoon in Victoria about 3 o'clock; the orders are then picked according to what is required by the Asian purchaser; and they go to a plane that leaves Melbourne at 2 o'clock or 3 o'clock the following morning and are available for sale in the supermarkets of Hong Kong and Singapore the next morning.

The farms that have collaborated now have an income collectively four times that which they had when they were operating the properties in a traditional way. If, through these regional electronic commerce summits, we are able to bring to the attention of people the opportunities that electronic commerce provides, creative people will think around their problems and utilise electronic commerce to increase their general profit.

The On-Line Council also works to develop and standardise the National Privacy Principles released by the Federal Privacy Commissioner in February 1998. We further agreed to contribute to the current review by the Australian Communications Authority of the universal service obligations, as defined in the Telecommunications Act; to work to develop seamless access to Government services on the net by adopting common information management standards, which will facilitate easy navigation through the vast array of Government information and services; and to work closely with other ministerial councils in order to provide leadership to them on information economy issues.

So, in answer to the member for Waite, through active participation in the On-Line Council, South Australia is able to influence the development of the national approach to the information economy. Frankly, we believe that is very much to South Australia's advantage. We also are proud enough to believe that it is to Australia's advantage that we are in there pitching the good things we have done thus far and our ideas for the future.

I would like to thank members of the Committee for their questions and for their good humour. I also thank the panoply of officials who have been through the advisers' benches during the day. I personally thank them for their advice today. I also thank everyone who has been involved in the preparation of the briefing notes for me. Given the range of portfolio responsibilities, it is a mammoth task. I personally thank officers from my immediate office who have worked

incredibly long hours in the past few days in particular and the past couple of weeks in general to arrange a seamless Estimates Committee for me.

[Sitting suspended from 5.37 to 7.30 p.m.]

Membership:

Mr Condous substituted for Mr Hamilton-Smith.
Ms Rankine substituted for Mr Clarke.

Additional Departmental Advisers:

Mr G. Foreman, Chief Executive, DAIS.
Ms A. Howe, Deputy Chief Executive.
Mr B. Miller, Acting Director, Business Services.
Mr B. Griffin, Director, Real Estate Management.
Ms M. Marsland, Director, Building Management.
Mr D. Patriarca, Director, Information and Telecommunication Services.

The CHAIRMAN: I point out to the Minister that all the lines relating to Government Enterprises and Administrative and Information Services are open for examination and will be closed prior to the conclusion of this evening's session. Does the Minister have an opening statement?

The Hon. W.A. Matthew: Yes, Mr Chairman. Following the 20 October 1997 election the Department for Administrative and Information Services was created from an amalgamation of the Department for State Government Services (also known as Services SA), the Department for Information Technology Services, Industrial Affairs, Land Services, Forestry SA and various projects formerly managed within the MFP. The amalgamation and resultant major organisational structure and the functional realignment has been effected smoothly due to the cooperative and collaborative approach of everyone across the organisation. I was impressed to note that during the transition the department maintained its momentum of ongoing business operations and services to its customers while at the same time making significant progress in support of the Government's public sector restructuring initiative.

In regard to the specific achievements in 1997-98 and the targets and objectives for 1998-99, I refer the Committee to the agency's portfolio overview statement in which there are some items that are worthy of special mention. During 1997-98, through the Government Purchasing Task Force, the Government oversaw the development of its procurement reform strategy. It has been conservatively estimated that the Government can save \$72 million a year by the introduction of the range of reform initiatives outlined in the procurement strategy. A central plank in the reform program will see accreditation by the State Supply Board of agencies to contract for the purchase of goods and services to designated delegation levels commensurate with their procurement competencies and system capabilities. Several hundred Government employees will be involved in these programs over the next two years.

It is further anticipated that over one-third of the expected \$72 million savings will be achieved through electronic commerce initiatives being pursued as part of the procurement reform. The electronic commerce capability will build upon information technology initiatives already in place in some Government agencies to optimise the savings potential and establish better and smarter buying opportunities for Government and suppliers. A key development in support of

the use of electronic commerce has been the establishment of the Government tenders and contracts web site.

In April 1988 three contracts commenced with private sector companies for facilities management works and services for public sector agencies in the non-commercial sector. Each contractor has responsibility for defined works, services and assets in a region of the Adelaide CBD/metropolitan area. The three contracts are in total worth some \$30 million per annum and are for an initial period of three years, with two options of a further two years each. The Government expects that these contracts will produce savings of at least 10 per cent annually over the term of the contracts.

In recognising the importance of correct administration in the use of Government records, the State Records Bill was recently passed by Parliament. One of the significant provisions of the Act was the establishment of the State Records Council. I am pleased to report to the Committee that the nine member State Records Council was appointed by me in May 1998 and had its first meeting on 16 June. A dedicated year 2000 SA office has been established to oversee and support the progress of the year 2000 awareness and remediation efforts in the Government business and community sectors. My focus has been on the implications for Government.

A major step forward has been taken in support of South Australia's contribution to the building and construction industry reform through the development and implementation of a contractors pre-qualification system for projects over \$150 000 in value. All tenders for projects which are valued at \$150 000 or above are now to be invited only from contractors who are on the Government pre-qualification register. This system will be extended in the second half of 1998 to incorporate consultants who contract in the industry's commercial sector. The response from the building industry has been positive and supportive of the pre-qualification process. Clearly, they recognise the benefits to Government in the role it plays in setting minimum requirements and practices to improve overall industry performance.

The Government has established an export development unit with the aim of proactively advancing the export potential of construction products and services from South Australia by facilitating export opportunities for South Australian companies. To date, through this process \$2.65 million in export earnings have been achieved by South Australian companies. Another significant Government initiative for the 1998-99 budget year will be the conduct of a Government-wide accommodation review. The aim of this review will be to bring about a further reduction in the cost of Government office accommodation. Savings in office accommodation costs within five years are expected in the order of \$7 million to \$8 million per annum.

The administration and management of the Government light motor vehicle fleet is undertaken by Fleet SA. Through efficient management and the sale and lease back of the Government fleet, the Government achieved savings of \$2.4 million in 1997-98. The transition to the new department was effected smoothly, and the momentum of the ongoing business of the agency has been maintained, thereby enabling these significant achievements and a number of others. I take this opportunity to express my appreciation for the professionalism, commitment and hard work of all the staff in the Department for Administrative and Information Services.

The CHAIRMAN: Before the Deputy Leader asks her first question, I remind the Committee that we are dealing with building asset services, procurement and contracting,

Government business operations, and community and other Government services.

Ms HURLEY: On page 7.10 of the Portfolio Statements reference is made to a whole-of-Government approach to the light motor vehicle fleet. On page 86 of Volume 1 of the Estimates it is shown that there is a shortfall in receipts from the light motor vehicle fleet—\$8 million—compared with the \$35 million budgeted for 1997-98. Will the Minister explain this shortfall?

The Hon. W.A. Matthew: As I outlined to the Committee in my opening address, in the 1997-98 financial year the department saved some \$2.4 million in its fleet management. Members of the Committee would recall that that occurred through changes in the way the Government managed its vehicles, and that occurred during the first term of this Government.

By necessity, the first part of the process involves centralising the ownership of fleet management; and to achieve that, under the directive of the then Treasurer, Stephen Baker, Government agencies were requested to transfer progressively the ownership and control of their vehicles to the central fleet organisation. That exercise having been achieved, Government was then in a position to start to rationalise its vehicles. Some members of the Committee who were here at the time and others who are new to the Parliament would certainly benefit from the knowledge of understanding that there was considerable rationalisation in the size of the fleet, to the extent that some 25 per cent reduction in Government motor vehicles occurred.

That exercise having been completed, I was pleased as the then Minister for State Government Services, together with the Treasurer, to be in a position to sign documents with the Commonwealth Bank, which, effectively, purchased the motor vehicle fleet, but the management of the fleet lies within the province of Government. That system operates in a way where Government effectively buys and sells vehicles against the funds provided by the Commonwealth Bank.

That statement becomes relevant to put into context the question from the Deputy Leader of the Opposition. Essentially three players are involved in the financing of the fleet, and those players are the Commonwealth Bank, the Department of Treasury and Finance and also the Department of Administrative and Information Services. The funding provision occurs between Treasury and the Commonwealth Bank, and through Fleet SA the Department of Administrative and Information Services is managing the vehicles, while Treasury, in turn, manages the overall monetary side of the contract.

Two factors come into play. The first thing that has occurred is that with the advent of cheap imported motor vehicles on the market there has been a drop since 1995 in the return price of vehicles at auction—and, if members of Parliament have not undertaken this exercise, if they check with motor vehicle dealers in the used car industry, they will confirm that the same trend is occurring. Obviously those declining residual values have caused Government to focus fairly seriously on the way in which our vehicles are bought and sold.

Despite that, as I indicated, we still returned a good figure in this current financial year of a \$2.4 million saving. However, a progressive situation is arising where we need to draw an increasing amount of money against the overall figure that has been made available to us through the Commonwealth Bank. At the same time, the Department of Treasury and Finance is charging a slightly higher interest

rate to the Department of Administrative and Information Services than the interest rate that is being paid to the Commonwealth Bank.

Two factors are involved in relation to where that ties back into the \$8 million to which the honourable member referred: first, the interest rate that is being paid to Treasury; and, secondly, the reduced cost now being received for vehicles. That \$8 million is not necessarily a short fall to Government as a whole but rather a short fall to the agency, and it can be covered through a reduction to the agency in the interest rate charged by Treasury. In other words, it is a money moving exercise between two departments.

Ms HURLEY: Will the Minister be able to provide a breakdown by department for the past two years and the projected cost for next year for providing the light motor vehicle fleet? Will the Minister also provide the data on the number of cars for each year. I will understand if the Minister wants to take this question on notice.

The Hon. W.A. Matthew: If the honourable member would like I could make a start on it but, if she would prefer that I take it on notice to give her a complete answer, I am happy to do so.

Ms HURLEY: I refer to the Government procurement reform strategy on page 7.6. I understand that the Minister intends to save 3 per cent on total State Government purchases over three years. Will the Minister enlighten us on how much of that saving is factored into this current budget; how much does he expect to save in the next two budget years; and how will those savings be balanced against support for local industry and jobs?

The Hon. W.A. Matthew: As I indicated in my opening statement, the saving of slightly less than 3 per cent amounts to about \$72 million against the Government's total procurement spend. Those moneys have not been returned to Treasury in any of the Government's budgetary forecasts, but rather those savings will be returned back into Government agencies so that, in turn, they can be expended to buy new technologies to assist in further increasing the savings level. In my opening statement I indicated that the Government intends to introduce a wide range of electronic commerce services.

I realise that the honourable member has an intense interest in information technology and so she would appreciate that a cost is associated with development and implementation of those new services. In essence, the \$72 million is a realisable and achievable target, but we are not expecting that dividend to Treasury. I will be happy to report back to Parliament as those savings are achieved and point out the systems that have been purchased with them.

Mr CONDOUS: I refer to page 7.4 of the Portfolio Statements, Budget Paper 4, Volume 2, 'Strategic Outcomes'. It is stated that there will be major reforms in whole of Government office accommodation. What steps have been taken to reduce the cost and to improve the utilisation of Government accommodation?

Mr Foley interjecting:

The Hon. W.A. Matthew: I know that the member for Hart is dying to ask a question about a particular building, and I am sure he will have his opportunity very soon. A number of initiatives have been undertaken by Government to bring about a significant reduction in the cost of Government office accommodation. Principally, the savings will be achieved in two areas: first, through the analysis of all accommodation proposals to ensure that, from a whole of Government perspective, the most cost-effective solution

which satisfies the particular Government agency service needs is adopted; and, secondly, through the reduction of the Government's consumption of office accommodation space which presently stands at 22.3 metres per employee and which we wish to reduce to an average of 15 metres per employee over five to 10 years. Clearly that cannot occur immediately because we are also mindful of the fact that, if we were to totally restructure Government office accommodation, the savings that we would derive would immediately be lost.

The reason for it occurring over five to 10 years is simply to take advantage of lease renewal opportunities at that time and progressively to change that space allocation as office refurbishments become due. We believe that the programs which have been put in place will result in savings in accommodation costs in the order of \$7 million to \$8 million within five years. An office accommodation working party of senior Government employees has been established which has the specific aim of developing an accommodation requirements plan with a focus on achieving a 10 per cent reduction in the amount of space Government consumes and a 10 per cent reduction in the cost of office accommodation per employee. The whole of Government office accommodation plan is being prepared to provide a framework for office accommodation decision-making over the next 10 years.

Essentially the components of the plan are: first, the development of a whole of Government fit out specification to achieve savings on Government fit out costs, minimise the cost of changing Government accommodation fit outs and to assist in planning to achieve maximum space utilisation within Government of 15 square metres per full-time employee on average; and, secondly, an accommodation demand study to determine the future accommodation requirements of agencies and to assist agencies achieve a 10 per cent reduction in cost and use of office accommodation by identifying the agency's ability to improve the use of space through changed work practices and greater use of technology.

The third ingredient is assessment and forecast of future supply of office accommodation to identify ways in which the Government can better utilise the available office accommodation market to achieve savings in the cost of space. A whole of Government office accommodation database has now been established and that has enabled a complete picture of the amount, quality and cost of accommodation that Government is presently using. This should assist the development of the overall strategy and allow for improvements to be more accurately measured.

South Australia is recognised by other Governments as being fairly advanced in this area, and we are participating in a national benchmarking program to ensure that a best practice approach to management, procurement and utilisation of office accommodation is achieved. We have taken a lead role in establishing, developing and coordinating these national benchmarks. Measures are also being taken to raise the awareness within Government agencies of better ways in which they can approach the accommodation situation for their office requirements, and this approach focuses on reducing costs and improving the utilisation of space. The Government Office Accommodation Committee to which I have been referring includes both private and public sector property expertise, and it will continually and closely monitor office accommodation demands and performance and oversee the implementation of the whole plan.

Mr CONDOUS: I refer to page 7.5 of the Portfolio Statements, Budget Paper 4, Volume 2, Portfolio Outcomes and Strategies. Can the Minister advise the Committee of any initiatives to boost economic development by South Australian construction industry exports?

The Hon. W.A. Matthew: I know that the member for Colton is particularly interested in this issue because I am aware of his strong support for private sector industry in this State and I know that he has been a strong supporter of our local building industry. The Government is mindful of the fact that, in order for our building industry to continue to grow and prosper, the considerable expertise that we have within the State can and should be exported. In 1995, the Government established the Export Development Unit, and I was pleased to be Minister at the time that unit was established. It operated within the then Department for Building Management. The Export Development Unit now operates within the new Department of Administrative and Information Services. It was established to proactively advance the export potential of construction products and services from South Australia by facilitating brokering and participating in export opportunities.

The Government has developed two key objectives for entry into both interstate and overseas export markets, and that has been through the facilitation of new business development for the private sector and the promotion and sale of departmental and industry expertise, essentially in the area of heritage restoration. To date, significant benefits have been generated and, as I indicated in my opening statement, some \$2.65 million has been generated to private sector companies in South Australia from overseas business. Importantly, there has also been significant South Australian success interstate through the Olympic Games, and it is worth noting that \$16.31 million worth of sales has been generated on purchasing projects related to the Olympic Games.

In relation to overseas markets, South Australian employees have benefited through a drive that has been undertaken through the Department for Administrative and Information Services, and that drive has occurred significantly into Asian markets. It is something about which the Government and employees can be particularly pleased and proud.

Mr CONDOUS: I refer to page 7.5 of the Portfolio Statements, Budget Paper 4, Volume 2, Portfolio Outcomes and Strategies. Can the Minister advise the Committee of any Government involvement in the export of heritage conservation skills whereby the capacity of the public sector is maximised to drive industry development?

The Hon. W.A. Matthew: The heritage conservation projects are principally the ones to which I was referring and which have benefited South Australian companies to the tune of \$2.65 million. They have occurred in a professional and interesting way, in that Government has provided network contacts, marketing and project opportunities for the industry, as well as developing international, Government-to-Government relationships in regions visited.

Government has managed or is currently managing heritage restoration projects in Malaysia, Taiwan and Hong Kong, all of which involve the South Australian private sector. By way of examples, these projects include the Ohel Leah Synagogue in Hong Kong, which is currently in its building stage, and the Acheh Street precinct in Penang, Malaysia, a project for which Government has assisted the private sector to prepare a feasibility study. Similarly in the same city in Malaysia, the Government has prepared a feasibility study and plans for the restoration of the Kapital

Keling Mosque as an assistant to the private sector. The Pao-An Temple in Taiwan has also had support, as has a public art project in Taiwan.

Further opportunities have been identified in Sri Lanka, Indonesia, the Philippines, Malaysia, Taiwan and Hong Kong. All these projects involve heritage restoration and, to a lesser degree, asset maintenance and management. In addition, bidding negotiations are under way for involvement in a number of other projects including an old market building in Malaysia, the district library precinct development and mosque in Penang, the Helena May Women's Institute building in Hong Kong, and the World Bank heritage building in Bali, Indonesia.

Through the Government-established urban conservation networks in the Asia-West Pacific regions, private sector consultants have the opportunity to obtain work internationally and contribute to further development of the alliance of heritage and public art expertise in the region. I have had the privilege of talking to a number of South Australian companies which have been involved in this work, and they are pleased by their initial opportunities, which they believe would not have been possible without the introductions that have been made through Government.

To further assist the industry advertise its expertise internationally, the Government has assisted through the development of the South Australian construction industry web site, and I launched that a couple of weeks ago. That site was developed under the guidance of the Construction Industry Advisory Council and, in part, it acts as a gateway to enable local, interstate and overseas visitors to source specific information about the South Australian construction industry. That web site incorporates an industry export directory, which at this stage lists about 100 South Australian organisations participating in export markets, and we expect that list to continue to grow. The site aims to improve communication between the construction industry and its potential markets.

Ms HURLEY: I refer to the Community and Other Government Services section on page 7.10, and the goal of simplified public access to legislative material. I have been frustrated in my attempts to get access to legislative material, both on my own behalf and that of my constituents, and I ask the Minister what progress has been achieved in bringing the parliamentary system, in terms of legislation and *Hansard*, into the twentieth century before we get into the twenty-first? What time lines are in place for improving IT in the parliamentary system?

The Hon. W.A. Matthew: I know that the Deputy Leader has as strong an interest in this area as I have, and it is important to place on the record that this is one area where the Government, the Opposition and the Australian Democrats have worked together constructively to bring about a positive result in the interests of the wider community. Some may unkindly say that this project will take Parliament from the Stone Age to the modern age. I would say that, at the very least, it will prepare us for our entrance into the new millennium and will assist in providing the community and members of Parliament with quality and timely information. As the honourable member has pointed out, obtaining information about parliamentary processes and access to statutes is particularly difficult for members of Parliament—as, indeed, it is difficult to obtain the *Hansard* of parliamentary proceedings. Also, for those who are interested in reading the proceedings of the Estimates Committee today—

and there must be someone out there who is interested in reading it—the opportunity will be there for simple access.

A project has been created called the Ministerial and Parliamentary Information and Communication Services (MAPICS). The project has the responsibility for providing all members of Parliament and their staff with adequate access to computer equipment, which will be linked together and to the worldwide web so that, as a minimum, members of Parliament will have access to the Internet and the services it provides and also electronic messaging. So, the first component of the project will provide members with personal computer facilities and Internet access and messaging systems.

In terms of the provision of *Hansard*, because that is already provided in a form for print that is electronic, it will be possible to also roll out *Hansard* very quickly to members of Parliament, but this will initially only be accessible in Microsoft Word format. That will be the first part of the roll-out, and projects will be progressively implemented. The first two projects will be on-line *Hansard*, so that, after the initial roll-out, members will have a much more sophisticated access to *Hansard*, some historical data and ongoing data in a timely manner, as soon as that can be prepared. We would expect that, when the system is running at its optimum, information about the previous day's parliamentary proceedings would be available by first thing the next morning, and members will have sophisticated search facilities so they can search by topic, member's name and particular key words.

To fully answer the honourable member's question, also as part of the first roll-out will be on-line statutes, providing the information that the honourable member seeks. In addition, the parliamentary Notice Papers, questions on notice and the day's proceedings will also be available. As members would appreciate, some of those systems need to be developed, and the roll-out cannot be immediate. At this time, we are finalising the timetable for the roll-out. I would be safe in saying that the timetable will show that, in about 12 months, the more sophisticated projects of on-line *Hansard* and on-line statutes will be begun.

In terms of the roll-out for members of Parliament, I recognise there are those who are perhaps more IT literate and who wish to be able to avail themselves of those services. Later this week or early next week all members will receive correspondence from me asking them to nominate whether they wish to be part of the first roll-out, and those wishing to be part of the first roll-out will gain first access to the equipment. Those who are a little less certain of technology will be included in a later roll-out that I would expect to start in about September-October this year—those times still have to be firmed up. Those members, as with those in the first roll-out, will have the opportunity for one-to-one training, as we recognise that there is no point in providing the equipment if one does not have the training to be able to utilise it. That training opportunity will be to the member's choosing and we understand that many may prefer to have one-to-one training.

Ms RANKINE: I refer to building assets management within the context of this budget paper. Where are the workers who were deemed to be surplus to Government requirements after the signing of the facilities management contracts and who were previously accommodated at the Netley Commercial Park now accommodated? What is the annual rental for this accommodation, what was the cost of furniture and fittings and what productive work do these people now undertake?

The Hon. W.A. Matthew: As the honourable member would appreciate, a number of processes were followed through with the contracting out of these Government services. All employees were briefed well before the event as to the process that would be followed, the likely time line of that process and the options that were available to them. Essentially, those options were (as is normal with such outsourcing) to take a separation package, to seek redeployment to elsewhere in Government or, in this particular case, to apply for a job involving similar work within the same department.

The reason why that latter opportunity was available is that the contracting out of facilities management involved the separation of work into four parcels in the central business district and the metropolitan area. Three of those parcels have gone to the private sector: the fourth parcel, for the southern region, stays with the Government employees. So, the first phase was to determine which of those employees would be retained. That having occurred, some of the employees took separation packages, and work has been found within Government for others.

In total, after the process went through, some 98 employees required placement. Of those 98, seven have found permanent placements; 15 at this stage have been temporarily assigned to other Government agencies; 44 have alternative work placements within the same department (the Department for Administrative Information Services); eight presently have trial placements that we expect could become permanent, but they are obviously being assessed for their suitability, because it is different work to that which they have undertaken before; and seven are at this stage long-term absentees and fall into the category of either workers' compensation or extended sick leave or are on long-term annual leave. There are seven who are on workers' compensation but are rehabilitation cases, as distinct from the earlier group that I mentioned in relation to workers' compensation, and there is one staff member awaiting placement.

Ms RANKINE: It has been put to me that in fact office accommodation in the central business district of Adelaide at 50 Pirie Street has been rented to accommodate these people rather than have them work out of the Netley base. Will the Minister confirm or deny that?

The Hon. W.A. Matthew: When that number of employees had to be placed, obviously from day one we did not have accommodation for them so they have been placed in 50 Pirie Street, and—

Ms RANKINE: Could they not have been left at Netley?

The Hon. W.A. Matthew: No, they could not have been.

Ms RANKINE: Why was that?

The Hon. W.A. Matthew: Because the area at Netley is being progressively used for other purposes, and it simply was not feasible to leave them at that location.

Ms RANKINE: What is the cost of the rental accommodation for those people who are accommodated in Pirie Street?

The Hon. W.A. Matthew: The total rental cost of that office accommodation is \$200 000. The other reason why they need to be in that location is that they need access to a range of services to assist them in applying for other placements, and the services they need access to are far better provided from the location in which they have been placed.

Ms RANKINE: What are the projected savings of this relocation, taking into account that vacant space was available at Netley? If that space was not available, what is it now being used for, taking into account the cost of this alternative

office space at \$200 000 and the fact that these people are currently not productively employed?

The Hon. W.A. Matthew: Perhaps the honourable member, first, did not hear my opening statement in which I indicated that the combined total of the three outsourced contracts was \$30 million, and that we were anticipating savings of 10 per cent. That cost therefore justifies the exercise. Secondly, the honourable member did not listen too carefully to the answer I gave in the preceding question in which I detailed the fact that those employees are in productive work. As at the date of the brief in front of me, 19 June, one employee was not placed in productive work.

Some employees are in temporary work placement as we assist them to find permanent work. To say that temporary work placement is not productive is, frankly, a slur on some of those employees. The honourable member may come up with one or two employees who might beg to differ because they are aggrieved, but those employees, I am assured, have been placed in productive work.

Ms RANKINE: On 4 June I asked the Premier to inform the House of the total cost to taxpayers of providing accommodation and staff for the five junior Ministers. In my explanation I referred to a minute sent to the Minister for Administrative Services on 21 April from the Director of Real Estate Management Services which details the total cost of building work at \$354 000 to provide office and meeting facilities for Minister Lawson, as well as accommodation for his ministerial staff and alterations to be made to Minister Brown's existing reception area which would accommodate both Ministers' requirements.

The estimated cost was broken down into the following components: construction work, \$100 217; engineering services, \$80 500; furniture, fittings and equipment, \$89 680; on-costs, \$26 000; and additional costs of \$61 950. In response to a follow-up question by the member for Fisher, the Premier claimed a total of \$43 000 only was to be spent on Minister Lawson's office. Will the Minister advise the Committee what components of this project were scrapped to meet this budget figure?

The Hon. W.A. Matthew: The honourable member is making some assumptions and assuming that some components of the construction work had been scrapped. If the honourable member cares to table the minute to which she refers—and that invitation has been put to her before in the House of Assembly—then I can go through the figures for her in detail. The numbers to which the honourable member referred are numbers that, to my recollection, applied not only to the offices of Minister Brown and Minister Lawson but also to office accommodation provided for staff of the Department of Human Services. The latter figure to which the honourable member refers and which was provided by the Premier was the figure that she requested in relation to the office accommodation for Minister Brown and Minister Lawson.

Ms RANKINE: Is the Minister saying that he has never received the minute? Is the Minister saying that he does not know of the minute to which I refer?

The Hon. W.A. Matthew: The honourable member claims that she has a minute. If she cares to table it then we can both look at the same piece of paper.

Ms RANKINE: I am happy to provide the Minister with that minute.

The CHAIRMAN: Does the honourable member wish to table that document?

Ms RANKINE: Yes, Sir. I understand that the Minister when undertaking ministerial duties, rather than always using a Government ministerial car and chauffeur which are available to him, often uses a private chauffeur service. I am advised that the company charges \$59 call-out fee which covers the first two hours. Why is the Minister using a private company to drive him and, if he believes that it is such a good deal, why is he the only junior Minister using non-government cars and drivers? What has been the total cost to taxpayers of his use of this private company and are the costs being recorded in the same way as the costs associated with ministerial cars and chauffeurs?

The CHAIRMAN: Before the Minister answers, I remind members that it has previously been made quite clear in this Committee that the term 'junior Minister' is not applied.

The Hon. W.A. Matthew: I am delighted that this question has been asked by the Opposition. In answering the question I make an offer to every vehicle user within the Opposition—as I have within Government ranks, and I am pleased to see the Deputy Leader of the Opposition here tonight—to avail themselves of the use of private sector services rather than use the much more expensive services provided by Government vehicle drivers. I have said before publicly that it is a matter of concern to me that the cost of providing a Government driver averages approximately \$74 000.

I am happy to take the question on notice and bring back the exact amount to the honourable member, but a Government driver costs approximately \$74 000, including salary, overtime and on-costs. A considerable amount of money can be saved if members are wise in the way that they use vehicles. It is much more cost effective to use the vehicle service to which the honourable member refers, which, incidentally, has a pricing structure very similar to taxis. It is much cheaper to use that company—and I am very happy to put the company's name on the record, Smartcar; it is an excellent service—than it is to use Government drivers.

If members of the Opposition would like me to speak to them every time I spot them using Government salaried drivers in the evenings and point out to them how much they are costing the taxpayer by using that car, and how much they could save the taxpayer by using a company such as Smartcar, or by using a taxi—and Adelaide has a very good taxi service—then I am happy to do so. I use both Smartcar and Adelaide's taxi services. I am happy to take the honourable member's question on notice and provide details of the total savings I have made as a result of my choosing to use that service. I thank the honourable member for her question.

Ms RANKINE: I have been advised that in approximately April this year 9 000 Government diaries for 1998 were sent to State Print to be destroyed—approximately \$90 000 worth of diaries. Is the Minister aware of this? Who printed them? How many were ordered? How many are normally ordered, why were so many left over and who is paying the \$90 000?

The Hon. W.A. Matthew: I am not aware of this situation. As the honourable member would know from some questions she has asked in the past, I will take the question on notice, check the veracity of her claim, and bring back an appropriate answer.

The CHAIRMAN: I take it that members to my right reserve their right to ask questions.

Mr Foley interjecting:

The CHAIRMAN: We can always go home.

Mr FOLEY: That is awfully tempting. I notice that, as I drive in each morning, the EDS building is very close to

completion. The building still has that sign out the front which reads '40 per cent under lease; 20 per cent under offer; balance to be let'. Where are we at? Are we still at those ratios at this stage?

The Hon. W.A. Matthew: The Government's rental obligation to the EDS building on North Terrace commences from 15 March 1999. I am pleased to say that, while that obligation remains unchanged regardless of construction schedule, it is a credit to the South Australian building industry that the building is well ahead of schedule to the extent that, at this stage, EDS anticipates being able to commence moving into its portion of the building from December this year. The marketing of the tenancy space is about to occur officially through Jones Lang Wootton. At this stage that has not occurred. There is only pre-marketing through the sign on the building to which the honourable member refers. Despite that, there have been some 30 inquiries from IT related companies interested in further discussing the space. I look forward, as I am sure does the member for Hart, to seeing Jones Lang Wootton successfully negotiate tenancies to fill the rest of the building.

In relation to the occupancy, the figure to which the honourable member refers is EDS's definite commitment. It is an 11 storey building. It has committed itself to four floors. It has an option on two floors, and is presently determining how much of that option of two floors, if not all, it will take up. In the near future we will certainly see the start of the advertising for the building. As the honourable member would appreciate, it is very difficult for companies to gain tenants until there is something there for them to see, and they are now getting close to that stage.

Mr FOLEY: I must say from the outset that I am not critical at all of EDS taking up the accommodation on North Terrace. Good luck to them if they have been able to take advantage of this offer. As you would know my longstanding view—and I think it is the view of most objective observers—this is a terrible albatross around the neck of Government. I need to be careful about what I say about these letters for other reasons, but correspondence received by the Opposition has indicated that the rental of the head lease that the Government is paying is approximately \$330 per square metre. Can the Minister confirm that figure?

The Hon. W.A. Matthew: If the member for Hart cares to table the correspondence, that may assist me in determining the likely accuracy of it. At this stage I am not able to confirm that final figure. The reason for that is that it is essentially dependent upon the outgoings figures that are yet to be determined. I could indicate that that is likely to be the upper figure that could be paid, but I cannot yet advise the final figure.

Mr FOLEY: The letter to which I am referring is in the possession of the Government. It has been tabled in this House. It is a letter sent by former Premier Dean Brown to the Group Development Manager at Hansen Yuncken, Mr Bower. But you have already signed off on that head lease because Hansen Yuncken have a guaranteed income from Government which we know has been on-sold to a further investor. You do know what the head lease is? The figure given is approximately \$330 a square metre.

The Hon. W.A. Matthew: There is componentry that is to be determined but that would be about the upper figure.

Mr FOLEY: What is the average cost per square metre for rental space for A grade office accommodation that the Government is currently paying in other buildings around town?

The Hon. W.A. Matthew: Probably to give a comparison, I can refer to three buildings that fall into that category: 100 Pirie street (MLC Centre) is \$275 per square metre; North Terrace Riverside Building, a building with which I know the honourable member is particularly familiar, is \$260 per square metre; and 178 North Terrace (Terrace Towers) is \$280 per square metre. That is equivalent building space and cost.

Membership:

Ms Key substituted for Ms Hurley.

Mr Wright substituted for Ms Rankine.

Mr FOLEY: Yes, I am very familiar with the Riverside Building. That is why I was equally stunned with precedents—that Governments would yet again stumble into buildings paid for by the taxpayer—but I suppose that every Government has to make its own mistakes at the end of the day.

The Hon. W.A. Matthew: I am not claiming that the Government has made a mistake. That has not been established. If the honourable member is trying to build a case, I suggest that he build the case rather than make statements before he has done so.

Mr FOLEY: I do not think there is any doubt that the case has been built. You may not want to acknowledge it. As the Minister would recall, what we believe were leaked Cabinet documents at the time of negotiation of this contract indicated that potential losses for the taxpayer were upwards of \$30 million. If we do not have tenants by 15 March 1999, will the Government move Government agencies into that building, will it be left vacant or what is the situation envisaged?

The Hon. W.A. Matthew: The member for Hart is making a lot of anecdotal statements. He is claiming that he either has or has not a Cabinet document. He is not absolutely sure. He said they have been claiming they are. If he wants the veracity of that checked, he should feel free to table it and I would be happy to confirm if I am able through direct knowledge, or have confirmed, whether or not he has actually been provided with Cabinet documents. I can advise the honourable member that I have no recollection either of any Cabinet document that indicated losses for the EDS building or certainly losses of that size.

As to whether or not we would fill the building with Government employees at this time, as I indicated, we have provided Jones Lang Wootton with the task of tenancing the building. It is our first aim to have that building tenanted. Some 30 companies from the IT sector have expressed an interest in the building. That is pre-market, so that is an interesting indication of the level of interest that could occur once the building is formally marketed. That is the emphasis that is being placed at this stage. We are certainly not at a stage where we need to be moving Government organisations into the building. I remind the honourable member that Government does not start paying any rental on that building until 15 March 1999. Today is 23 June 1998. We still have a fair bit of time to get tenants for that building which will not be completed until December this year.

Mr FOLEY: Again I refer to that purported Cabinet document which the Minister would recall has been tabled in Parliament previously. With respect to the EDS building, the Government negotiated its head lease with Hansen Yuncken to include an escalated rate of rent at 4 per cent per annum. That 4 per cent per annum was also to apply to fit-outs. What

sort of rent escalator are we paying with these other buildings you have mentioned? Do we pay a 4 per cent year on year rent escalator?

The Hon. W.A. Matthew: Those rates vary; some of them are CPI dependent while others are three year examination dependent. I am advised that the figure of 4 per cent is a reflection of what occurs across the market, but I am quite happy to take the honourable member's question on notice and bring him back detail in relation to those and other buildings to give him a comparison.

Mr FOLEY: Given that at least seven or, more likely, five floors of this building could be vacant, although I accept that that might not be the case come March, and given that this is one of the largest blocks of office accommodation we have in any one building in Adelaide, I assume this went through the normal process of the Government's Office Accommodation Committee. Was that fully reviewed by the Office Accommodation Committee?

The Hon. W.A. Matthew: No, the building did not go through the Government Office Accommodation Committee process because it is not intended that it be used for Government office accommodation. The Government Office Accommodation Committee was established to examine proposals for accommodation for Government employees and to ensure that those standards of fit out and space per employee that I detailed in an earlier answer are satisfied. Because the EDS building is being built for private sector occupancy it had no need to go before that committee; nor, frankly, did I expect it to.

Mr FOLEY: I must say that I am stunned by that response. Given that there is a real possibility that vacancies will occur in that building as of March next year, whether or not we have public servants sitting in that building, we are paying the bill. For the Minister responsible for Government office accommodation to say to this Committee that he did not think it appropriate that such a long-term liability to the taxpayer be vetted, advice sought and approval given by the Government's own committee charged with this responsibility, I find staggering. It is just not a plausible response, Minister.

The Hon. W.A. Matthew: Is the honourable member asking a supplementary question or making a statement?

Mr FOLEY: Making a statement, actually.

The Hon. W.A. Matthew: If it is a statement, nevertheless it is one that needs to be responded to. Perhaps the honourable member did not listen too carefully to my answer to a previous question. If he cares to go back through *Hansard* he will see it in detail, but essentially the role of the Government Office Accommodation Committee is to assess Government agency requests for accommodation to ensure that the accommodation selection they wish to avail themselves of is appropriate for their business, in terms of cost and nature, and is also appropriate to be met by the taxpayer. It has the responsibility for ensuring standards of fit out, costs against that and square metrage per employee.

The committee's charter does not extend to buildings occupied by the private sector. As the honourable member notes, this building is not a typical case of Government expenditure. It has been entered into for a particular purpose. The construction oversight has been occurring through the Department of Industry and Trade and officers responsible for that oversight report to the Department of Premier and Cabinet. It is not one of the buildings that is normally managed by the Government agency for which I have responsibility.

The responsibility of my agency, however, is occurring in relation to the tenancy, and the tenancy drive is one for private sector occupancy, which was stated as being the desired outcome at the time of the announcement of the building. The honourable member has on record my answer, now repeated a number of times, that James Lang Wootton has been given the role of ensuring that the building is occupied; that the Government's rental responsibility starts from 15 March 1999; and that the building will be completed around December of this year. Some 30 private sector organisations related to the information technology industry have to date, pre-market, expressed interest in tenancy of the building.

I would have thought that the member for Hart would applaud the fact that 30 companies have come forward so far, and applaud the fact that a desolate site that was sitting empty through virtually the entirety of his Government's time in office is now occupied with a building on it and, for that matter, the site next door is also occupied with a building on it: a hotel that is now open for business and generating jobs in the South Australian community. I would have thought the member for Hart would applaud those as sound initiatives.

Mr FOLEY: I will make a comment on that but, before I do, if it is a private sector building and the Minister is relying on the private sector to come swarming to it like bees around the honey pot, if I am to believe what he is saying, why did we take out a 15 year head lease? Why is the taxpayer underwriting such a venture if it is such a significant private sector option?

The Hon. W.A. Matthew: The member for Hart has asked a similar question today of the Minister for Government Enterprises; and similar questions have been asked of the former Premier, now Minister Brown. Their answers to that question are on the record, and I suggest that he refer back to those.

Mr FOLEY: The Minister said before that I should applaud the decision to fix up a desolate site on North Terrace with this building. I think the construction of that building was one of the sneakiest, sleaziest, dirtiest examples of Government contracting to private sector companies that I have seen in this State for many years. It is sleazy and sneaky and, indeed, grubby.

The Hon. W.A. Matthew: That is one of the most disgusting things I have heard put in this Chamber. I would encourage the member for Hart to think very carefully about those words.

The CHAIRMAN: Order! I suggest that we provide the opportunity for the member for Hart to complete his statement, or question, and then the Minister will respond.

Mr FOLEY: As I say, I consider the decision of former Premier Dean Brown to sign off with Hansen Yuncken in the way that he did as a sleazy, grubby deal.

The Hon. W.A. Matthew: Who are you calling sleazy: Hansen Yuncken or Dean Brown?

Mr FOLEY: I am calling the whole deal a sleazy and grubby deal.

The Hon. W.A. Matthew: Who specifically are you calling sleazy? Put it on the record and then say it outside as well.

Mr FOLEY: We can play those games. I will say this: this deal has exposed the taxpayer of this State to potential liability in the tens of millions of dollars.

The Hon. W.A. Matthew: That is absolute rubbish.

Mr FOLEY: It is not rubbish, because the Minister himself has said to date that at this stage at least five floors

of that building remain untenanted. Let us go into the sleazy aspect of this deal—and I expect the Auditor-General to comment on this in his current audit process. Is it correct that no other builder in this city or this country was offered an expression of interest on this proposal? Is it correct that Hansen Yuncken was the only building company that negotiated this with former Premier Brown and the Government?

The Hon. W.A. Matthew: That is a question that the honourable member should refer to the Minister who had responsibility at the time, and he would not expect me to be in a position where I could answer it. It is also worth pointing out that the member for Hart is making a number of allegations here that reflect on the credibility of individuals who serve both within this Parliament (in the case of Minister Brown) and outside it (in the case of people from Hansen Yuncken). It is appalling that he should use cowards castle to slur the reputation of a building company that has contributed significantly to this State. The honourable member might like to reflect on the words that he has used; I will ensure that Hansen Yuncken is provided with the text of what he said here tonight, and he might like to explain to it why he has referred to that company in such a disparaging way without provocation.

If the member for Hart wants to talk about building details, we talked about the Riverside building before but we can also talk about the Myer Remm Centre, in which his Labor Government at the end of the day lost some \$900 million of taxpayers' money. That would have to go down as the greatest building disaster in this State's history and one for which South Australians will be paying not for five years, 10 years or 15 years but for well into the future—unless, of course, his Party decides to back the Electricity Bill to help us repay some of the debt on that building and some of the other areas of mismanagement.

This Government is well aware, from the lessons provided by Labor, of the dilemmas in Governments getting involved in building projects that are not thought out. As much as the member for Hart desires, this project cannot be put into that category. The honourable member tries to point the finger at a Liberal Government and tries to draw a parallel between a Liberal Government project and the disasters of Labor in an effort to say, 'See, they cannot manage it any better than we the Labor Party'. That is not the case. The member for Hart can try that as much as he likes, but that will not be the result he gets at the end of the day.

Mr FOLEY: We have established the fact that Hansen Yuncken was the only company invited to submit an expression of interest on this building. I understand that the price was negotiated between the Government and Hansen Yuncken. I accept that you were not the Minister at the time, so do not take this personally. No other builder in Adelaide, be it Baulderstone or anybody else, was given an opportunity to submit an expression of interest. As I said before, the Government negotiated a head lease for an 11-storey building over 15 years at about \$330 per square metre, well above the going rate of most if not all A-grade office accommodation in Adelaide. The Minister confirmed that in part to me before. It has a 4 per cent cost escalator year on year for 15 years, when inflation in this State has been running at zero. It has a no-abatement clause, which means that the building could fall down tomorrow from an earthquake and the taxpayer of this State would still be paying for it. There are fit-out costs and a whole series of other costs that are, as I have been advised by a number of developers and builders in town,

extremely generous to the people who built it. A stamp duty exemption applies to the building, along with land tax exemption for five years.

With the EDS building, the Government created a financial instrument that it was then able to sell into the financial markets. This building has already been sold by Hansen Yuncken. Not only did it get the contract to construct the building without any other builder being given an opportunity to tender but it had the opportunity to sell the building into the financial markets and make a yield of somewhere between 7 and 8 per cent. I do not know who the owner is now. I assume that it is some financial institution or superannuation fund. If that is not a questionable deal, I do not know what is. If you think that I will cop the lectures I have copped from you and your colleagues over the past four or five years about financial management, much of which we have taken on the chin and for which we accept responsibility, and then not jump on an issue in terms of a basic analysis of proper process of Government, you have another think coming. I will call it a grubby and sleazy deal, because as far as I am concerned that is what it is.

At the end of the day, as we were shown through leaked Cabinet documents, the taxpayer exposure is upwards of \$30 million—and quite possibly a lot more. What happens in seven years if you are re-elected and a Labor Government does not re-sign a contract with EDS or does something else with its IT outsourcing? There is another eight years of the contract to run. It is a terrible display of bad Government policy making. I would have thought that because of Remm, Riverside and other projects which perhaps should have been done better, you as a Government would have learnt something. Clearly, you have not learnt anything.

The Hon. W.A. Matthew: It is interesting that the honourable member himself uses the analogy of Remm. I point out that that building would have to be demolished by earthquake at least 15 times before those losses would come anywhere near the losses that the Labor Party incurred on the Remm building. For the honourable member even to try to draw a parallel between those two is absolutely ludicrous. In relation to his diatribe in terms of what he believes took place, as I pointed out to him before—and as he acknowledges—the agreement for that building was not one for which I was personally responsible as Minister at the time. I am not privy to the detail which he seeks. If he wishes, I can take that diatribe as a question on notice and bring back a response for him via the appropriate Minister.

Mr FOLEY: To whom did Hansen Yuncken sell this building?

The Hon. W.A. Matthew: I understand that it has been bought by Legal and General Insurance. Perhaps the honourable member might like to clarify for the Committee whether he was also referring to them as being dirty and grubby.

Mr FOLEY: I will not dignify that with a response; that is nonsense. Given that we also have an Economic and Finance Committee inquiry into this project, I will pursue the matter further in that forum. I refer to the Government radio network contract. The Government is in the process of awarding that contract. Is Motorola the designated supplier of radio equipment for this contract? If so, of what value is the contract?

The Hon. W.A. Matthew: I am pleased that at least through his first question the member for Hart indicates that he is a little more on top of this issue than the rather hapless member for Elder has demonstrated himself to be in the past couple of days. The member for Elder has made some quite

silly statements outside which could have been avoided by simply asking for a briefing. I repeat the statement I have often found necessary to make in the Parliament either via questioning or in the budget estimates process: that is, if members of the Opposition want briefings on projects, they only need to ask me. The member for Hart in particular—because he has had the opportunity before—knows that I am only too happy to ensure that briefings are provided, because I think that is in the interest of good governance. If the honourable member wants a more complete briefing in relation to this project or any other, he only needs to ask and that briefing will be provided.

Motorola is not a tenderer for the Government radio network contract: it is the designated supplier for the voice component of the contract. Essentially, there are three main services that will be provided through the eventual contract: voice, paging and mobile data.

Mr FOLEY: What is the expected value of that component of the contract?

The Hon. W.A. Matthew: At this stage we are not in a position to advise an absolute value of the contract for two prime reasons: first, the contract tenderers themselves are undergoing final stages of evaluation. Until the successful contractor is selected, we will not know the absolute value because, obviously, there is a possibility of variation in prices through the contract. The other issue is whether the Government finally owns or leases the infrastructure. As the honourable member would appreciate, varying cost options are available through that. Until that work is completed, I am not in a position where I can advise the Parliament of the cost of the contract. Obviously, when the contract is finalised I can provide more detail for the honourable member.

Mr FOLEY: Given the significant size of this contract and the technology that was needed, I assume that full and appropriate tendering occurred and that Motorola won this contract in a full competitive environment?

The Hon. W.A. Matthew: The member for Hart knows the answer to that question because it is a matter of public record: it has been detailed in the Parliament and also through public statements. Motorola was given the opportunity to be considered as a designated supplier subject to normal commercial criteria and the establishment of a software centre in Adelaide, and that was announced at the time.

Mr FOLEY: They were given a sleazy deal as well?

The Hon. W.A. Matthew: Obviously, the honourable member has spent too much time within the Labor Party. The Labor Party may be 'the Party of sleazy deals', but I suggest to the honourable member that he not judge people by the standards applying to the Labor Party. There is no secret at all concerning why or how Motorola was chosen for the provision of this infrastructure. There is no secret at all: it is a matter of public record.

Mr FOLEY: Is it right that a company should be given a deal that does not go to a full and open tendering process? Does the Minister really think that is right?

The Hon. W.A. Matthew: The honourable member needs to appreciate the extent of availability of this sort of equipment worldwide. It is not as if there is an extensive list of suppliers available and, if Government has an opportunity to attract economic development to the State, create jobs and assist in the development of information technology industry focus, which, in turn, attracts further peripheral jobs, Government has an obligation, I suggest, on balance, to put forward what is the best option for the State. I believe that the Ministers at the time—indeed, the lead Minister at the time

was the now Premier—undertook a proper process in ensuring that a good opportunity was seized for the State. I would encourage the honourable member to go to the Motorola software centre and examine exactly what occurs there.

Mr FOLEY: I am quoting from an ex-colleague of the Minister's, noted writer Alex Kennedy, who in the *BRW* a couple of years ago noted that Nokia, Tate, Simoco, Ericsson also made the same type of product. The point I make—and when I am talking about a deal it is in my view or in my humble opinion, and I would not profess to be an expert in this area—is that doing deals with companies many years out from a contract, such as was done with Motorola to attract its investment in Adelaide, as good as that investment is, I do not think is good public policy, particularly given telecommunications and the rapidly changing technology in the world. To have made that deal with Motorola some four years ago was bad public policy. The Minister might have a different view, but that is my opinion.

The Hon. W.A. Matthew: Just to clarify for the honourable member, the Government used a precedent of a similar contractual arrangement in New South Wales involving that State's Government for the supply of mixed analog and digital mobile radio equipment in achieving the commercial terms for our agreement, and being able to gain the benefit of its experience ensured a streamlining of our selection process. The member for Hart should be aware that that—

Ms Hurley interjecting:

The Hon. W.A. Matthew: I suggest that the Deputy Leader of the Opposition listen instead of interjecting. That selection process also involved officers from the State Supply Board. The member for Hart is saying it was a sleazy deal, so let us broaden his net fully and look at who he is calling sleazy. He is calling the current Premier, the officers of the New South Wales Government and the officers of the State Supply Board sleazy simply because he is judging people by the standards within the Labor Party. We have all seen the sleazy deals that went on in the Labor Party. I say again to the member for Hart that he should not judge people by the standards of probity operating in the Labor Party.

Mr FOLEY: Exactly; the water contract is another sleazy deal—in fact, that is too kind a word for that contract. The point I was making about a sleazy deal was simply this: I think it is bad public policy when a Government, keen as it may be to get investment, sacrifices appropriate process as the Opposition and I believe it did with the Motorola contract. It has been put to me that the prices into which we are locked now with Motorola are not necessarily the most competitive prices on the market. Has the Minister tested what the current market prices are compared with what Motorola is operating its units at?

The Hon. W.A. Matthew: The maximum price—and there is a ceiling—that we will pay for the provision of infrastructure from Motorola is the price of the New South Wales Government contract.

Mr FOLEY: Is not that contract six years old? Was not that contract quite a few years ago?

The Hon. W.A. Matthew: That is the maximum price that will be paid.

Mr FOLEY: Let me get this right. We have done a deal with a company that it can have the contract provided we do not pay any more than another Government paid six years ago. Is that right? Is that what the Minister is saying?

The Hon. W.A. Matthew: The maximum price that we paid is the price by the New South Wales Government—

Mr FOLEY: This sounds awfully commercially competent. How do we know it did not pay more than it should have?

The Hon. W.A. Matthew: If the honourable member would let me finish, that contract has a price review clause every 12 months.

Mr FOLEY: How do we know that it is getting a fair deal or do we just assume it is?

The Hon. W.A. Matthew: Is the New South Wales Labor Government sleazy as well?

Mr FOLEY: No, I am making the point that I have no idea what price it is paying.

The Hon. W.A. Matthew: I would like to hear the honourable member's opinion.

Mr FOLEY: Minister, when we talk sleaze in politics, let us just back off a tad. At the end of day, I would hope we have a more appropriate structure of assessing the competitiveness of this scheme other than simply relying on what another State may be paying for it.

The Hon. W.A. Matthew: In assessing this contract, naturally we have assessed the other market opportunities that are available. In any price competitive market you always check the veracity of your contract against that which other people have to offer and that is the sole reason that Governments often change contracts into which they enter. In this case, the State, through its office of the State Supply Board, has well satisfied itself of the veracity of the process that was undertaken in New South Wales. It is not an uncommon process for States to share resources in undertaking work towards contracting out.

Mr FOLEY: Is the Minister confident that we have the best possible price available without doubt, without question and without qualification for this type of equipment?

The Hon. W.A. Matthew: I am confident that we have a good price. No-one who understands the movement in technology would ever claim that, other than at a moment in time, they have the best price available because of technological changes.

Mr Foley interjecting:

The Hon. W.A. Matthew: At this moment in time, I am satisfied that we have a good price and an opportunity to put in place infrastructure for emergency services that will take them forward.

Mr FOLEY: What is the likely all up cost of the entire emergency services radio network? What is the ballpark number at which we are looking?

The Hon. W.A. Matthew: I go back to my previous answer that, at this stage, we are involved in the sensitive and close to final negotiations with the short list of suppliers and I am not in a position to give that total cost of contract with any certainty, nor at this commercially sensitive time would it be appropriate that I publicly do so.

Mr FOLEY: I have been advised—and I have not been able to check the advice—that the technology on offer by Motorola could be as much as 10 years old. Is that correct?

The Hon. W.A. Matthew: The honourable member has been advised incorrectly. Indeed, in relation to some of that equipment, if the honourable member reads other articles, there was concern that it was so new it had not been tested. Therefore, it could hardly be so new that it had not been tested and 10 years old. A variety of quite curious public statements have been made in relation to this technology. It is state of the art and, indeed, components of it are very new and we have been closely monitoring the success of the technology in a first installation site in the United States.

Mr FOLEY: Is the Minister confident that this is the best technology available at the best price at this moment in time?

The Hon. W.A. Matthew: At this moment in time is always the intent of any contract.

Mr FOLEY: I know it is the intent, but is the Minister confident—and I accept that you were not the Minister involved in putting us into this position, but you are the one who is now having to carry it—that we have the best price, the best technology and the best system at this moment in time?

The Hon. W.A. Matthew: As the prices are not locked in concrete yet, it is hard for me to say that they are the best prices available, but I am confident that is the direction toward which we are working.

Mr FOLEY: You have qualified your answer a tad, Minister. Am I picking up in what the Minister is saying that there are some aspects of the contract that he is not totally satisfied with?

The Hon. W.A. Matthew: I am satisfied with the process of the contract as it is occurring under my ministerial guidance and I look forward to its being implemented.

Mr FOLEY: If the Minister were doing this all over again, would he have preferred to negotiate this contract free of any encumbrance in terms of having to deal with one supplier and one supplier only?

The Hon. W.A. Matthew: That is almost an attempted slur on Motorola. I have great respect for that company, and I am looking forward to the Government dealing with that company.

Mr FOLEY: Is the Minister happy about being locked in with one supplier?

The Hon. W.A. Matthew: I am very happy dealing with Motorola.

Mr FOLEY: Is the Minister happy to be locked in with one supplier and not to have a good, competitive framework to deal with?

The Hon. W.A. Matthew: I am very happy dealing with Motorola. I took up this portfolio in December last year, and those decisions had already been made. I have picked up the task from there and continued with it.

Ms KEY: I have a question in relation to land management and, as discussed this morning, the Opposition would like to put on the record two omnibus questions. The two questions that I direct to the Minister relate to page 7.13 of the Budget Statement, where it is pointed out that the operating surplus in information services is related to recoveries from the Land Titles Office. What are the returns from the LOTS system this year and what are the anticipated returns for 1998-99?

The Hon. W.A. Matthew: I am happy to take that question on notice.

Ms KEY: I will explain the second question. When looking back over the LOTS project, it can be seen that the capital budget for DENR in 1995-96 included \$30.2 million for an IT upgrade. In 1996-97, the capital budget for the project disappeared but was replaced by a project called the LOTS redevelopment Stage 1 at a cost of \$7.3 million, with \$5.56 million to be spent in 1996-97. In the 1997-98 budget, it was stated that LOTS was due to be completed by June 1998 at an estimated total cost of \$6.675 million, with expenditure of \$2.3 million in 1997-98.

This year, mention is made of the TATS conversion revised approach at an estimated total cost of \$3.35 million and expenditure in 1998-99 of \$690 000. Can the Minister tell the Committee how much has been spent since 1995-96 on

the LOTS system? What role, if any, has EDS had in the development of the LOTS system and how much has been paid? I assume that the Minister will take that question on notice.

The Hon. W.A. Matthew: Yes, because it goes back so far, I will take it on notice. However, part of it needs to be responded to in order to clarify misconceptions that may involve EDS. EDS has a contract with Government to provide what I would call the boxes that do the work, in other words, the mainframe, mid range, local area network and some wide area network services. The honourable member is talking about a series of computer programs that run on the equipment and, unless by special arrangement through an agency, EDS does not have responsibilities for those. The answer is unlikely to include EDS involvement, but I will bring back the full detail for the honourable member.

Ms KEY: I should now like to put on notice the omnibus questions. The first question relates to all the departments and agencies for which Minister Matthew and Minister Armitage have responsibility. The questions are as follows:

1. List all the consultancies let during 1997-98 indicating whether 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 costs of processing data, installation and/or maintenance of equipment, including the cost of any new equipment either purchased or leased through EDS, and all other payments related to the Government's contract to outsource information technology to EDS?

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

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

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

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

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

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

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

The last omnibus question relates to national competition policy. First, what activities within Minister Matthew's portfolio responsibilities and those of Minister Armitage are subject to review under national competition policy? Secondly, if action is not taken in response to this policy, which projects would put at risk the \$1 billion in Commonwealth incentive payments?

The CHAIRMAN: There being no further questions, I declare the examination of the votes completed. I lay on the table a draft report of Committee A.

Mr CONDOUS: I move:

That the draft report be the report of this Committee.

Motion carried.

The CHAIRMAN: I take this opportunity to thank members for the cooperation they have shown through the proceedings today and for the majority of the proceedings through the entire Estimates Committee proceedings for which I have had responsibility as Chair. The Committee stands adjourned *sine die*.

At 9.11 p.m. the Committee concluded.