

HOUSE OF ASSEMBLY**Thursday 24 June 1999****ESTIMATES COMMITTEE A****Chairman:**

The Hon. D.C. Wotton

Members:

Ms V. Ciccarello
 Mr S.G. Condous
 Mr P.F. Conlon
 Mr E.J. Meier
 Mr M.R. Williams
 Mr M.J. Wright

The Committee met at 11 a.m.

Minister for Local Government—Other Items,
 \$51 911 000

Witness:

The Hon. M.K. Brindal, Minister for Local Government.

Departmental Adviser:

Ms C. Procter, Executive Director, Office of Local Government, Department of Industry and Trade.

The CHAIRMAN: As you would be aware, the Estimates Committees are relatively informal. You would understand that 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 presume that the Ministers and the Opposition have agreed on a timetable for today's proceedings, and I will ask the Ministers to advise the Committee on the agreed timetable at the conclusion of my remarks.

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 Ministers undertake to supply information at a later date, it must be in a form suitable for insertion in *Hansard* and two copies submitted to the Clerk of the House of Assembly no later than Friday 9 July.

I propose to allow the Ministers and the lead speaker for the Opposition to make an opening statement, if they desire, of about 10 minutes' duration but 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 remind Committee members again that any supplementary questions will be the exception rather than the rule.

Subject to the convenience of the Committee, a member who is outside the Committee and who desires to ask a question will be permitted to do so once the line of questioning on an item has been exhausted by the Committee. An indication to the Chair in advance from the member outside the Committee wishing to ask a question is necessary.

Questions must be based on lines of expenditure as revealed in the Estimates Statement. Reference may also be made to other documents, including the Portfolio Statements, but it would be helpful if members were to 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 Ministers that there is no formal facility for the tabling of documents before the Committee. However, documents can be supplied to the Chair for distribution to the Committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the House of Assembly; that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the Ministers. The Ministers may then, if they wish, refer questions to advisers for a response.

I also advise that for the purposes of the Committee some freedom will be allowed for television coverage by allowing a short period of filming from the northern gallery. I now invite the Minister for Local Government to detail any agreed program, introduce his advisers and make a brief opening statement if he wishes.

The Hon. M.K. Brindal: I remind members, first, that the Local Government Boundary Reform Board wound down completely on 30 September 1998, as provided for in the legislation and on time. The Boundary Adjustment Facilitation Panel is the new interim statutory vehicle for voluntary boundary changes sought by councils and remains in place until the new Local Government Act becomes operational. I acknowledge the cooperation of the Opposition in facilitating that transition. In the past 12 months a number of significant achievements have been made between the State and local government, including:

- New legislation for the City of Adelaide, introduced into Parliament in July. The Act passed in August and the election was held in November. The new Act provides a framework for revitalisation of our city, which includes improved strategic decision making capacity and is, I believe, being seen as a model in other States of Australia as a way to forge a cooperative relationship between State and local government in a capital city context.
- In November a new agreement for the State Government and Local Government Association was signed on the control of European wasps. This continues to be a collaborative approach to tackle this pest and involves public education, nest destruction and research. The three year program has State and local government funding contributions. It is significant that the wasp, this year at least, seems to be currently in retreat, probably because we are getting together on the issue.
- The Local Government Grants Commission, an independent statutory authority which makes recommendations to me on the distribution of untied Commonwealth financial assistance grants to local governing authorities, has undertaken a methodology review. Some \$88.7 million was allocated to South Australian local governing authorities for 1998-99, an increase of approximately 2.43 per cent on 1997-98.
- The Outback Areas Community Development Trust was established in 1978 with its own Act and has the role of assisting communities in remote unincorporated areas of South Australia. The trust is a local governing authority for the purposes of the South Australian Local Government Grants Commission Act and has received \$575 000

for 1998-99. After 20 years of operation a comprehensive review of the trust has just been completed. The review panel, chaired by the Hon. Peter Dunn, provided its report to me on 8 June, and I have circulated the report to all members of the House and to other people for comment.

The Government reform program for local government has moved into its second phase with three Bills introduced into Parliament during the Autumn sitting to replace the outdated Local Government Act 1934. The legislative review, which has involved an extensive process of community consultation, remains a major project for 1999 and enables a new framework to be in place in time for the May 2000 council elections.

On the passage of the Local Government Bills, the principal remaining provisions of the Local Government Act 1934 will be those governing the establishment and operation of cemeteries. Planning has commenced for the development of new legislation to replace these provisions, and we hope it is not too long before it is introduced into the Parliament.

With progress made in structural and legislative reform, the third phase of the Government's reform program for local government, that of functional and related financial reform, is gaining in prominence. The emerging area of reform will provide opportunities for the classification of functional and funding arrangements between State and local governments and the establishment of new and more effective working relationships.

In addition to these achievements and areas of program development, ongoing programs continue on specific matters, including responding to inquiries from the public, looking into complaints about council activities and conflict of interest allegations, and, of course, the consideration of ministerial approvals, as required under the Local Government Act. With those few remarks, I welcome any questions on matters pertaining to local government.

The CHAIRMAN: Does the Opposition spokesman intend to make a statement?

Mr CONLON: Mr Chairman, with your forbearance, in lieu of an opening statement I will simply read the list of omnibus questions, as has been the practice before—except to say this: I am sorry to hear that you sound less than well, Minister. Do look after yourself because we would surely hate to lose you.

The CHAIRMAN: I hope we continue on with that cooperative approach. Is it intended that the same list be read for both Ministers?

Mr CONLON: I was about to suggest that these should be taken across the entire portfolios of both Ministers.

The CHAIRMAN: I suggest that the opportunity will be provided for Ministers to respond to any of these questions if they wish to do so today, as well as taking them on notice if required.

Mr CONLON: Will the Minister list all consultancies let during 1998-99, indicating to whom the consultancy was awarded and say whether tenders or expressions of interest were called for each consultancy and, if not, will he say why not and give the terms of reference and cost of each consultancy? Which consultants submitted reports during 1998-99, what was the date on which each report was received by the Government and was the report made public? What was the cost for the financial year 1998-99 of all services provided by EDS including the costs of processing of data, installation and/or maintenance of equipment, including the cost of any new equipment either purchased or leased through EDS, and

all other payments related to the Government's contract to outsource information technology to EDS?

During 1998-99 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? Which of your agencies are buying new desktop computers prior to year 2000 and, if so, how many, at what cost and what is the manufacturer of the product and what models are being purchased? What is the hardware and software that has been replaced or identified for replacement due to achieve Y2K compliance and at what cost? Did or will these replacement purchases go to tender?

How much did agencies within the Minister's portfolio spend in contracting the services of Internet providers during 1998-99, and which Internet providers were involved? Detail how many FTEs are employed by agency in 1998-99 for information technology services and detail the figures for 1995-96, 1996-97 and 1997-98. What are the names and titles of all executives with salary and benefit packages exceeding an annual value of \$100 000, which executives have contracts which entitle them to bonus payments and what are details of all bonuses paid in 1998-99?

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 1998-99? 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? What was the total number and cost of separation packages finalised in 1998-99? What is the target number of staff separations in the 1999-2000 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 1999-2000? How many vehicles by classification were hired in 1998-99 and what was the cost of vehicle hire and maintenance in that year? List all employees with use of privately plated cars in 1998-99 and outline what conditions are attached to the use of the car by the employee. Did any of the Minister's agencies rent vacant and unused office space during 1998-99 and, if so, what was the cost of rent or lease of this unused office space to the taxpayer?

Are there any Government-owned premises within the Minister's portfolios that are not currently occupied? What is the cost of holding these properties and where are they located? Will the Minister detail all executive and staff development exercises undertaken by the Minister's agencies during 1998-99? Will the Minister list all occasions during 1998-99 on which executive staff of the agencies under his portfolio entertained guests at taxpayer expense, all those present on the occasion, the purpose of the occasion and the cost to the taxpayer? How many staff originally from within the Minister's portfolios were on the redeployment list in 1998-99, for how long have they been on redeployment and what are their classifications?

How many public help lines did the Minister's agencies operate during 1998-99 which were located in South Australia and which were operated from interstate; information about what issue(s) each help line was intended to provide; and what was the cost to the taxpayer of operating each help line? What are the names of the public servants in your portfolio and which, if any, of your ministerial staff currently

serve as Government representatives on boards of management of other bodies? What is the category of the board in question, what is the remuneration paid to these individuals for service on each board and at what level of classification are these employees?

Detail all interstate and overseas travel undertaken during 1998-99 by members of Government boards, their destination, purpose, cost and all individuals who travelled. Detail all advertising and promotional activities and campaigns undertaken by all agencies within your portfolio for 1998-99. What issue(s) were the concerns of these activities, of what did these activities consist, how much did they cost and what activities are planned for 1999-2000? Detail all local, interstate and overseas conferences attended during 1999-2000 by the Minister, his or her staff and by public servants within the Minister's portfolio, including the cost, location and purpose of the conference.

Will the Minister provide the names of any former member of State or Federal Parliament within the Minister's portfolio currently serving as a board member, a member of the Minister's staff or as a public servant, and detail their duties and remuneration? Have any agencies with the Minister's portfolio rebadged or otherwise made presentational changes during 1998-99 through changes in letterheads or other stationery, signage etc.? What was the reason for the change and what was its cost?

Has there been any refurbishment of the Minister's ministerial office or those of any of his CEOs during 1998-99? What was the reason for the refurbishment and what was the cost? Since the 1997 State election have any of the Minister's ministerial staff taken up permanent employment in the SA public sector? Will the Minister name the individuals concerned and indicate the vacancy for which they applied? Were these positions advertised and, if so, when and where?

Will the Minister name all his ministerial staff, their classification and remuneration? Will he name all staff attached to junior Ministers, their classification and remuneration, and advise whether they have ministerial cars with drivers, cars without drivers, or access to ministerial cars or drivers and on what basis?

Finally, during 1998-99 what Government land or other real estate has been disposed of? Where were those properties located? Did the sale involve a tender process? For how much was each property sold? Who purchased the property and who acted as agent and/or legal adviser to the sale?

The CHAIRMAN: I will ask the Minister for Industry and Trade the same question when I open his line, but does the Minister for Local Government wish to answer any of those questions now?

The Hon. M.K. Brindal: The shadow Minister went through the questions very quickly. I believe that these questions have been asked of all Ministers, and we will use our very best endeavours to reply within the time frame indicated, although some of the questions are a bit complex and may take a bit longer. But I respectfully suggest to the shadow Minister that he reword the question on junior Ministers, because I know of no junior Ministers in this Government. It is not a title in this Government and he might not get an answer if he talks about junior Ministers.

Mr CONLON: What would you like?

The Hon. M.K. Brindal: Just 'Minister', thank you.

Mr CONLON: It is no secret that the Minister and fellow members of the Government have been locked in what appear to be less than friendly discussions with the Local Govern-

ment Association regarding an attempt by the Government to claw back what were considered to be savings to local government as a result of the introduction of the emergency services levy. Can the Minister confirm that part of those discussions was an attempt by the Government to claw back a sum of money from local government for the purpose of funding concessions to be given under the emergency services levy?

The Hon. M.K. Brindal: No, I cannot confirm that. In fact, some of the suppositions are wrong. The first supposition is wrong, that the negotiations were less than cordial, amicable or professional. The shadow Minister smiles, because he has been intimately involved in the same sorts of negotiations. One might not quite describe them as friendly, because there are generally two points of view when you are in negotiation. But they were courteous, amicable and friendly to the point that this State Government's relationship with local government has not deteriorated from the fact that we were in a negotiation process.

What I sought and what was subsequently sought by other Ministers was to negotiate a deal over the money that will now be collected by local government in respect of the emergency services levy. First, we sought transparency, and Mayor Craddock, in a joint statement with the Premier, has guaranteed that transparency will be the hallmark of local government in either returning that money to ratepayers or in seeing that it is transparently applied in a benefit, which might include not escalating the rate because they are already collecting the money. Transparency has been promised by the President of the LGA in a joint statement with the Premier. That was always one of the mainstays of our negotiations: to see that that money was applied for the benefit of ratepayers. I do not like the word 'clawback' but it has been used.

We were talking about leaving some of that money on the table to negotiate functional reform. That is what local government does and what we do, and we might do it better. It was never suggested that any of that money that was laid on the table would be in the form of remissions. The money that was subject to negotiation would be there to advance functional reform. At the end of the negotiations a decision was made that, while we want to advance functional reform and while local government remained committed to advancing functional reform, local government believed that the issue of that money was a separate one. Therefore, it has decided, and the Government has agreed, that that money will be passed back to ratepayers and it will not form part of any further functional or reform arrangements.

Mr CONLON: Do I understand the Minister to be saying that in this process it was never suggested to local government that it should pay any sum of money over to the Government into consolidated revenue? Are you saying that that proposal was never put to it?

The Hon. M.K. Brindal: Local Government made it clear that it never wanted the money tagged.

Mr CONLON: I do not want to know what local government did. Are you denying that you proposed to local government that it pay over a sum of money to the Government?

The Hon. M.K. Brindal: A proposal was the subject of negotiation in which there could be some money on the table to facilitate functional reform. This clawback thing has gone around but it is a myth because it never got to the stage where we decided how we were going to facilitate this. A decision was never made about whether money would actually be paid over, where the money would be held, how it was going to

be held or what was to happen. I acknowledge now, as I have acknowledged in the past, that there were negotiations. It is almost hypothetical. Where was the money going to reside? Were we going to get it in Treasury? Would it go to local government? We did not get to that stage, so it is not a question that I could answer.

Mr CONLON: You could answer it. You could simply confirm that that was the case. I have asked you: are you denying whether you asked them to pay over a sum of money to the Government? You are refusing to answer that, so I can assume only that a request was made for them to pay a sum of money over to the Government.

The Hon. M.K. Brindal: I am sorry, but I am not refusing to answer it. I am saying that there were negotiations over a sum of money—that a sum of money should be left on the table. We were not just going to leave the money sitting on the table. It had to go somewhere: it had either to remain with local government so that we could then derive a mutual benefit from it, or go to the State Government, and then it would have flown on to Treasury. I am merely saying that there was a sum of money on the table. Exactly how that sum of money was going to be treated never arose, because we first had to negotiate that there would be a sum of money. The sum of money did not eventuate, so how it was treated was not a matter that then was considered. That is all I am trying to say. I am not denying that we were talking about a sum of money. I am just saying how it was to be treated was never finally resolved.

Mr CONLON: I find your answer extraordinary. It seems to me that you are saying that you went and asked local government to put some money on a table and you were all going to decide what to do with it later. I find that bordering on incredible.

The Hon. M.K. Brindal: Look, there were a range suggestions about what could or could not be done. However, none of them is relevant, because the negotiations were concluded. We did not get to the stage of hard negotiation on whether Treasury should physically collect it or whether they should keep it in one of the local government accounts. A range of suggestions were made and a number of things were canvassed. However, it really did not get to the stage where the negotiations proceeded to the point that you could say there was anything hard and fast.

The shadow Minister has been involved in more of these things than I have over the years, and he knows that negotiations move almost on a daily basis. You might get one thing today and tomorrow it might be a different thing. After all this has been gone through, it is difficult to say, 'Yes, that was written in concrete.' Nothing was written in concrete. It was a matter of 'Maybe this; if this, then perhaps that.' And that is all that I am trying to convey.

Mr CONLON: Given the spectre of the money sitting on the table with people standing around staring at it and wondering what to do with it next, is it the case that it was raised with local government during the process of these friendly negotiations so that, if they were not able to come to an agreement with you about the claw back of some money, there may have been threats to other Government grants made to local government?

The Hon. M.K. Brindal: That would be a very unkind interpretation of any discussions.

Mr Conlon interjecting:

The Hon. M.K. Brindal: No, I will not, because I do not believe in misleading the Committee. As Minister I have had a range of discussions with local government over the past

12 months. The emergency services levy is one matter. You heard me say in my opening statement that the Government and local government are very keen to pursue functional reform. There are a number of mechanisms whereby the State Government passes to local government benefits and thereby derives services and vice versa. We are in functional reform to look at all of those mechanisms and renegotiate a number of different funds and different ways of applying money. To turn round and say, 'If you do not give us this, we might get that' is not fair. To say, 'All these things are on the table and are all subject to negotiation' would be equally unfair. Further, because there has been a resolution about ESL, it would be unfair to say, 'We cannot do anything about any other area that needs reform simply because we reached this conclusion over ESL.' I will not say that. We will proceed to negotiate case by case with councils and the LGA on functional reform. If we can make savings for the Government and local government and drive the money, which is the same taxpayers' money in both cases, better and further, then whether we save the money or they save the money is less relevant than our having a more efficient Government at the end.

Mr MEIER: I refer to the Portfolio Statements at page 10.28. I draw the Minister's attention to a recent announcement by the Commonwealth Minister for Local Government, Senator Ian MacDonald, following the recent Federal budget, of an estimated \$1.269 billion to be allocated nationally for local government financial assistance grants for the coming financial year. Can the Minister provide details on the amount of funding available for councils in South Australia and whether rural councils will be better or worse off than they are under the present funding arrangements?

The Hon. M.K. Brindal: As to the \$1.269 billion available for local governing authorities in Australia, it is estimated that South Australia will receive \$90.9 million, which represents 7.2 per cent of the national pool. The pool is divided into two components: a general purpose grant pool and an identified road funding pool. The estimated general purpose grant is \$69.5 million, which represents 7.91 per cent of the total pool. This pool is distributed between States and Territories on a per capita basis and South Australia's share has been reducing as its population declines as a proportion of the Australian population. The Premier has vigorously argued this point, as has the President of the LGA, so far without effect. They give us a per capita grant and expect South Australia to apply it in a way that helps councils which are disadvantaged by their size. It is fine to get us to do that but we believe, and the Premier has argued this as has the LGA President, that they should first distribute the grant in a way that represents principles of horizontal fiscal equalisation. So far, the pleas of South Australia and the smaller States, perhaps because of the influence of the eastern seaboard, have fallen on deaf ears.

South Australia's share of the identified road grant is \$21.4 million and represents 5.5 per cent of the total pool. I know that the member for Goyder, the member for Mackillop and others would argue that, in a State as large and sparsely populated as South Australia, the needs of our roads are arguably considerably higher than those in States such as Victoria or Tasmania. The identified road component is based on principles existing prior to 1991-92 and South Australia receives less than its per capita share.

While the total estimated financial assistance grant for South Australian local governing authorities—councils—is \$90.9 million, we will receive less than this amount for

1999-2000 because CPI was overestimated in the previous financial year and, in accordance with the Commonwealth Financial Assistance Act under which payments are made, the resulting overpayment of \$407 063 has to be recouped from the 1999-2000 grants. After this reduction, the total cash payment to South Australia for 1999-2000 is \$90.5 million compared with a total cash payment of \$88.4 million for the 1998-99 year. That is an increase in cash of 2.39 per cent.

Mr MEIER: It is a pity that we do not have a Senator Colston or an Independent Senator for South Australia. My second question relates to page 10.10 of the Portfolio Statement. I understand that the Boundary Adjustment Facilitation Panel replaces the former Local Government Boundary Reform Board. Can the Minister outline what work is currently being undertaken by the panel?

The Hon. M.K. Brindal: As members would be aware, the panel has no power to formulate its own proposals or to deal with proposals lodged by electors and will operate until the new provisions under the Local Government Act are in place. With regard to the honourable member's specific question, I am able to provide the following information. The District Council of Ceduna submitted a structural reform proposal to the former Local Government Boundary Reform Board to alter the boundaries of the council north as far as the transcontinental railway line and west to the Western Australian border, taking into the council area part of the unincorporated areas of the State and the Yalata Aboriginal community.

The Boundary Reform Board, at its final meeting on 29 September 1998, endorsed the proposed approach for further investigation of the proposal and determined to refer the matter to the panel. The board emphasised the importance of undertaking further consultation with all relevant stakeholders. The panel believes that a considerable amount of detailed work still needs to be done to resolve a range of issues raised by and with the former Boundary Reform Board on this proposal.

I am advised that the Boundary Adjustment Facilitation Panel, at its meeting on 11 May 1999, heard a presentation from the District Council of Ceduna and the Outback Areas Community Development Trust, with both parties briefing the panel on matters concerning the council's proposal. The panel will hear from the Local Government Grants Commission and the Local Government Association at its next meeting in July before making any recommendations concerning the proposal. Recently I spoke to one of the district officers from Ceduna, and the council is not now as sure as it was that it is to the financial advantage of the council to try to incorporate such an extensive area into what is, after all, a small council rate base.

The last matter that is being considered is the Skye Auldana boundary adjustment. The panel received and considered a structural reform proposal from the Adelaide Hills Council and the City of Burnside for a boundary alteration which includes the suburbs of Skye and Auldana within the City of Burnside effective from 1 July 1999. This might be of interest to you, Sir: I am pleased to advise that the proclamation giving effect to the boundary alteration was gazetted on Thursday 27 May 1999.

Mr MEIER: I note that, on page 10.45 of the Portfolio Statements, under 'Statement of cash flows, grants and subsidies', it states:

\$360 000 from the Local Government Disaster Fund to facilitate research and development associated with the control of the European wasp.

Can the Minister advise on the current status of the European wasp control program?

An honourable member interjecting:

The Hon. M.K. Brindal: I thank the honourable member for his question on this important issue. The shadow Minister interjects that he has not heard of the wasps for a while, and we are all grateful, especially people who live in the Chairman's electorate in the Adelaide Hills, because—

An honourable member interjecting:

The Hon. M.K. Brindal: Yes, for some reason we escaped this season with much less of an incidence of wasps. Preliminary figures from councils suggest that the number of wasps is about one-third of what it was in the previous year. I do not choose to believe that the wasps have gone interstate, as was the interjection. I rather choose to believe that the wasps have been covered by the intervention of the State Government and local government working in concert.

The State Government and local government undertook control programs from 1984 to 1988 and from 1994 to the present time, with the aim of containing wasp numbers to a tolerable level, and this has involved public education, subsidised nest destruction and research. In November 1998, the State Government and the Local Government Association signed a statement of intent, outlining their agreement to share responsibility and cooperatively resource development and implement a program for the control of European wasps in South Australia. This agreement included a collaborative \$500 000 per annum control program over the next three years, and covers funding and responsibility for continuing the subsidisation of nest destruction, research and public education. The funding of this program is provided by the Local Government Disaster Fund (\$360 000 a year), the local government sector (\$70 000 a year) and my colleague in the Department of Industry and Trade (\$70 000 a year).

All councils are believed to be offering free nest destruction services to ratepayers, and 26 councils have contributed to the State-Local Government Equalisation Fund, which entitles them to a rebate for the nests destroyed—and I interpose that not every council has the problem of wasps; they seem to be concentrated in areas where there is some level of water supply. So, they are not yet a great problem in, for example, the Flinders Ranges or some of the drier areas of the State. I believe that last year they were getting into the South-East: I am not quite sure what happened this year. To assist councils with the destruction of nests, order-making powers for councils in relation to European wasps' nests were passed by this Parliament and came into operation in December 1998.

In regard to the research program, Luminis has been selected to undertake research on European wasp control and ecology for the next four years, and the value of this research project is \$600 000. The research program includes baiting research, studies on ecology and wasp population modelling, and biological control and research. The Local Government Association has also run a public education program involving fliers, posters and radio announcements. As a result of the public education program, a public survey undertaken on behalf of the LGA found that 85 per cent of people are able to identify a European wasp and 83 per cent of people stated that they would contact their council to destroy a nest. I believe that that is a fairly good result in terms of public awareness.

South Australia is also represented on the ANZECC European Wasp Task Force looking at European wasp research and public education across Australia and New

Zealand. It is certainly true that European wasp numbers have decreased this season (I doubt whether it is true that they have signed for the member for Elder's pre-selection college!) due to the increased effort in destroying nests over the past couple of seasons. However, the war on European wasps is certainly not yet over.

Mr CONLON: Reluctant as I am to leave the fascinating subject of these interesting little invertebrates, I must return to something a little more mundane. I am not quite sure that I understood one of the Minister's earlier answers, so I will give him the benefit of making it clear for us, because I know that he is one of the few Government Ministers who does not run away from his or her responsibilities.

As I understand the negotiations with the Local Government Association about a clawback of savings from the emergency services tax, the parameters were that the Minister and the Government had no legal entitlement to take any of those savings from local government. In order to have a negotiating position, it therefore threatened local government that, if it could not come to an arrangement in regard to the savings from the EST, other grants to local government would be cut.

First, I challenge the Minister to deny that that was the case; and, secondly, I challenge the Minister to give me an assurance here today, clearly and succinctly, that local government will not lose any grant moneys as a result of its failure to come to an agreement with the Government on a clawback.

The Hon. M.K. Brindal: Again, I do not like the word 'threat': it is not the way in which I try to operate. It is true that—

Mr Conlon interjecting:

The Hon. M.K. Brindal: Negotiation is not necessarily threat. It is true that the Government had no legal right to require local government to pay moneys to which the Government was not entitled. The Government and local government knew that from day one. The negotiations centred, I believe, more on the principles of good governance and what we could do—what should be done—with what was, effectively, a saving. I believe (and I said this in my answer to the last question) that there are a number of areas where we have to renegotiate with local government better use of public moneys. However, I can absolutely assure the shadow Minister that we will now be approaching such of those functional reforms as we can get to in the next few months (because some of them are quite detailed processes) in an open spirit. This matter, I believe for me, for the Premier and for the Government, is now concluded. We will approach every other matter with local government in a spirit of fairness and cooperation, seeking to get the best use of public moneys, and without keeping in the back of our mind some notion that we lost A and that, therefore, we have to win B and C. I can give the honourable member an assurance that every negotiation undertaken with local government in the future will be on a fair basis in order to achieve a good outcome for both parties.

Mr CONLON: I must say that, if I were in local government, I would not be comforted by those assurances. I think that the Minister could have been far more clear in defending the grants that will go, or should go, to local government.

I am afraid that I probably know the answer to my second question, but I will let the Minister answer it, anyway. Given the Government's keenness not to have local government make what it sees as a windfall out of emergency services tax savings, and a keenness to have it put on some sort of

metaphorical table to go to some good purposes so that it does not simply enjoy the benefits of a windfall, how much of the savings to the State Government—the very considerable savings to consolidated revenue—as a result of the emergency services tax were to go on the same table as the Government's contribution so as not to make a windfall out of the introduction of the tax?

The Hon. M.K. Brindal: My sole involvement with ESL was to negotiate with local government on a matter that concerned it. All other matters with respect to the emergency services levy are matters for the Minister for Emergency Services or for the Treasurer.

Mr CONLON: So, no Government savings are going on that table—only local government savings? I ask my third question in this bracket on behalf of one of the other members of the ALP. The Opposition has been contacted by a person concerned with possible irregularities in the way that the Barossa Council dealt with the matter of deciding to sell unmade public road reserves. It appears that a member of the council—and out of an abundance of caution I would prefer to give the Minister the name of the person privately, rather than read it into *Hansard*, as I think that is the proper way to exercise the privilege we have—as the adjoining landowner is also the prospective purchaser and participated fully in the council meeting on 4 May 1999 at which the decision was made. A member of the Opposition has examined the Barossa Council minutes for 4 May, which record that the council member in question was present but give no indication that that council member withdrew his chair and declared his interest in the matter, as is required under Part IV, Division VIII of the Local Government Act. Will the Minister investigate this matter and ensure that, if these allegations are correct, appropriate action is taken, and report back to the Parliament? In due course I will provide the Minister with a name.

The Hon. M.K. Brindal: I have no knowledge at all of the matter raised by the shadow Minister. I thank him for being prudent in this matter. I am sure that he and all members of the House know that one of the functions that a Local Government Minister must exercise on behalf of this Parliament is scrupulous adherence to the Local Government Act. What the shadow Minister points out to me, *prima facie*, certainly I will have my officer investigate. I hope, and I am sure he hopes, that there is no substance or there is a reasonable explanation, because it does not sound like the sort of thing any of us would wish to happen. But if he gives us the details we will investigate it. We will have it thoroughly investigated and, if necessary, take such action as required, and we will certainly report back to him, on a confidential basis, unless it is a matter which must become public knowledge because some action needs to be taken.

Mr WILLIAMS: I am mindful of the fact that the member for Elder has already asked quite a few questions in relation to the so-called claw-back and the negotiations between the Minister and the local government sector, in light of what has happened with the emergency services levy. I was very interested in a couple of statements that the Minister made here this morning. First he said that the money was to be used for functional reform, which is fair enough, and then he went on to say that the Government and local government are both very keen to pursue functional reform. That was very interesting in light of the statement that I heard him make on ABC Radio in the South-East on Tuesday, when he said that the negotiations had fallen down with local government and the Government was no longer pursuing this \$4 million from

the local government sector because local government was not interested in functional reform. I sincerely hope that the Minister was erroneous in his statement on ABC Radio and therefore I ask the Minister the following question: how does he see the Government moving forward in relation to functional reform between the local government and State Government sectors in the ensuing period?

The Hon. M.K. Brindal: First, the member for MacKillop has raised this and I apologise that I do not have the transcript. As I explained to the member when he raised it, I am a bit nonplussed. I do not remember saying that it had fallen down because they were not interested in pursuing functional reform. I am not challenging his honesty in his saying that he thinks that is what I said; I am saying that I do not remember saying it. If I did say that then I should not have said it because that is wrong. I will find out whether I said it and will try to correct it, because it was certainly not the impression that I meant to convey at all.

Local government is committed to functional reform, and has been for a number of years, as the member knows. He has been a member of council. It is a staged process in which we always talked about structural reform of the councils, legislative reform to be followed by functional reform. It has been the commitment of this Government for the last six years, and the local government sector probably for even longer. The local government reform program has had those three phases, and now with the major boundary reform and with the broad ranging set of new Local Government Bills now introduced into the Parliament, a strategic approach to functional and financial reform has been developed for consideration by Government and discussions with local government. It is expected that this will include:

1. Reform of State Government/local government financial relationships in key areas, including the State Local Government Reform Fund and the Local Government Disaster Fund.
2. A strategic focus on regions where some common interest has emerged as a result of structural change, e.g. the Adelaide Hills, the Central Region of Councils, Kangaroo Island, and one of the best examples is SELGA, which is a group of councils that is increasingly, as the honourable member knows, because he represents part of the area, working in concert and seeing many of their issues as having commonality through the whole of the South-East.
3. Initiatives based on functions taking up reviews which are already happening and driven by State or Commonwealth, e.g. environmental protection, water resourcing or planning.
4. Council generated proposals which tap into areas of council priority and use the existing capacity of councils; e.g. the new City of Onkaparinga has developed an economic development focus and the City of Salisbury has developed a job challenge focus, and there may be opportunities for an interrelationship between not only State and local governments but perhaps even Commonwealth, State and local government on those types of projects, without us getting in there and reinventing the wheel. There is also the maintenance of existing functional arrangements, e.g. public libraries.

So, functional reform is really seen as joint action by State and local governments to create and take up opportunities for changes in the activities carried out by either or both spheres of Government where such changes have the potential to

provide financial savings, increased employment opportunities or improved service provision to the South Australian community. I am sorry, I would like to actually have a chat to the member at much greater length about this. He might think that that answer is a little bit woolly. In essence it is, because functional reform is a concept. We all know, and I think all councils can recognise immediately, some of the areas it might be good for their council to pursue as creating a better synergy between the levels of government.

Functional reform appears to be one of those things that, if we sat down in this Chamber and tried to define it for a law, would be very difficult to do, but the minute you sit down with a council and talk about practical things it is very easy to see. It is one of those things that I think will, for our dialogue and for our discussions, actually grow and develop. But what functional reform is to SELGA might not be the same direction that functional reform might take in the Eyre Peninsula Region of Councils. There may be some things that involve functional reform across the whole of the local government sector, in which case the LGA would have a primacy. There might be, for example, a specific reform that the District Council of Onkaparinga might seek to initiate with the State Government.

Therefore, in some instances, functional reform might involve single councils, in others regions of councils, and in others the LGA. What we would be keen to do is, in forwarding this agenda, consult not only local government and the stakeholders, the ratepayers, but also consult people, such as the honourable member, who have some experience in the field. What functional reform is about, what it is solely about, is actually how can this State Government better serve its electors, and in this instance those electors are also ratepayers. How can we provide better services out there where they are really needed? I do not need to remind the member for MacKillop that Mount Gambier and the South-East is a long way from Adelaide. That is why we are already, through many of our agencies here, working through regional development boards, through a variety of agencies, such as the Regional Development Task Force and the Regional Development Office, to try to do this better and in a way that more effectively delivers local services in accordance with local needs at a local level.

Mr WILLIAMS: As the Minister described his own answer as 'woolly', I will try to aid him somewhat to shear the sheep he has presented to us. I wish that he had a mechanised handpiece because I think he is trying to do the job with a pair of scissors. I take up a couple of issues raised by the Minister. The Minister said that one issue might involve the area of environmental protection or some of the roles of the EPA. I am not sure whether the Minister mentioned the EPA but I will relate to him a small story that emanated from one of my councils. The council was complaining to DEHAA in Adelaide that the EPA was not providing a timely service to the council.

The issue involved not just that council but the matter had been discussed with some neighbouring councils that were experiencing problems getting a timely service delivery. The response to the council was that the Local Government Authority could, under the Act, authorise some of its officers to become officers of the EPA and to perform some of the functions that were normally performed by the EPA in the local area. This situation is the antithesis of what I see as functional reform because it is actually transferring service delivery away from the State and onto local councils.

I will tie this example in with another comment the Minister made about improving the delivery of service. Looking from some perspectives this may improve the delivery of service but what it does is shift the cost onto local councils. At the end of the day this situation has (and this has been happening ever since I have been aware of local government issues, which is going back a fair while) put considerable cost pressures on local government, which has meant that, even though they have been able effectively to deliver some of these services, councils have had to cut back on the delivery of their traditional services.

Certainly rural councils I talk to complain that their traditional services (the old three Rs of local government) are experiencing great strains and cost pressures as a result of all the other functions that have been transferred across to local government, often in the guise of improvement of delivery of service but I would argue in the guise of transferring costs.

The Hon. M.K. Brindal: The honourable member highlights some very important issues and that is why we need a more strategic approach. I think the days of the Commonwealth's introducing a program, then cutting back the funding and saying that it is now a State responsibility are over. I think that we have woken up to that little trick. I think that, in so far as we might ever have been accused of doing the same thing to local government (and the member for MacKillop rightly points this out), those days are over. They can smell a transference of money from a mile away. That does not mean that we should not have functional reform or that it cannot benefit both parties.

I will give the honourable member a very quick example along the same lines—EPA. I do not quite know where it is up to yet but the principle is still there. The Council of Lower Yorke Peninsula was concerned about matters such as fishery inspectors. I believe the council was negotiating with the EPA that there were not enough fisheries inspections all around the Yorke Peninsula. When we located the one or two inspectors there they had to be provided with a house, a car and all sorts of things because that was their job and they were put there by the State.

It was suggested that a better way to do it was to train all of the outside work force of that council so that employees could also perform, when they were looking at boat ramps, jetties and all sorts of things, the dual function of fishery inspector on behalf of the State. And that if that happened, the sort of negotiation that might take place could be that, in return for all of the council's outside staff devoting, say, 20 per cent of their time to a fisheries inspection role (an EPA type role), the State Government might provide a full-time equivalent salary there.

So that would mean that the council's outside work force would grow from five to six; that each of those six people would then have, as a component of their workload, a legitimate function performed on behalf of the State Government but a function that was a lot cheaper for everyone to perform because the guy was down at the jetty or at the boat ramp anyhow doing something for the council. I am not saying to the member for Goyder, in whose electorate this area is located, that I know where it has got to; I am just espousing a concept whereby there is benefit to local government: it has an additional outside worker.

There is a benefit to State Government. The cost to State Government is having a much better coverage and that its legislation is put in place and observed at a much cheaper price. That is the element of functional reform. The member for MacKillop is correct: we are past the days of flicking

responsibility, pointing fingers and saying, 'Well, don't blame us; it's their fault.' Our electors, whether they are ratepayers or State or Commonwealth electors, are looking for value for their money, and I think what they are expecting us to do in this process is to turn around and stop the games, stop the duck shoving and to say, 'Hey, how can we do some of these things better? How can we save you money as local government and how can we save the Government money?'

Ultimately we are not saving local government a cent; we are not saving State Government a cent. What we are actually saving is ratepayers' money, electors' money. It is their money. We argue about whether it is local government money or State Government money. What we forget is that same money just comes out of the farm gate, perhaps by different cheques, but it is all the people's money; and what the two levels of Government must do is spend that money a little more cleverly and little better.

Mr WILLIAMS: I would also like the Minister to give me the benefit of his thoughts on what may or may not happen to both the Local Government Reform Fund and the Local Government Disaster Fund because, in answer to earlier questions, he has mentioned both of those funds. Certainly, the Local Government Reform Fund may be a euphemism for what actually happens with that money, but I certainly know that there are some very worthwhile causes to which that money is put, not the least of which is funding the South-East Water Catchment and Drainage Board.

Will the Minister give the Committee the benefit of his thoughts with regard to any proposed reforms of that fund? Particularly, I would like to know whether there is any proposed changes to the funding of the South-East Water Catchment and Drainage Board.

The Hon. M.K. Brindal: In the early 1990s, the then Labor Government decided to increase the rates of duty payable on petroleum with a revenue being made available for the State Government expenditure on local government type reforms. The State Local Government Reform Fund was established directly to receive the receipts from that levy. For some years there has been a great deal of misunderstanding about the operation of that State Local Government Reform Fund, the primary purpose of which was to support constructive changes in the relative roles and responsibilities of State and local government.

The fund's future, in a technical sense, was affected by a High Court decision that State levied fuel taxes were unconstitutional, and the subsequent review of the fund initially delayed by higher priority work on structural and legislative reforms affecting local government was overtaken by the wider taxation reform proposals of the Commonwealth Government. These included a desire on the part of the Commonwealth to reduce greatly the number of specific taxes imposed in Australia and means that, after 1 July 2000, the State will not readily be able to arrange a dedicated source of revenue for the reform fund, and that is important.

Essentially, the fund has been a bookkeeping mechanism to provide a focus for functional reform and, given past misunderstandings about its operation, its continued existence can be seen as an impediment to getting on with the job of reforms. In public statements, I have indicated that the Government would not wish future negotiations about functional reform to be constrained by the history of the fund, its current size and scope or by specific programs now financed by the fund. I think that the member for MacKillop in his last illustrative example actually pointed to that. The fund in some ways limits our thinking. We should put that

aside and start thinking with a blank pad. The simplest approach may be to revert to the traditional arrangements of providing funding for local government programs by direct-type appropriations from the consolidated account. This would have the advantage of removing the ambiguity from which the State Local Government Reform Fund transactions have suffered.

With regard to the disaster fund, it is generally agreed that arrangements jointly initiated by the LGA and the Government in 1990 to establish the Local Government Disaster Fund have been successful. The fund has now extinguished the very large financial obligations of the former District Council of Stirling (for which purpose it was primarily initiated), taken over by the State following the settlement of the 1980 Ash Wednesday bushfire claim. The Local Government Disaster Fund has been funded by a specified proportion of revenue from the State's financial institutions duty. As part of the national reform program, it is planned that the financial institutions duty will be abolished on 1 July 2001. Assuming that councils would wish the fund to continue, the Government believes that now may be an opportune time for the local government sector itself to establish an ongoing funding mechanism.

I recently wrote to the LGA putting forward an option for discussion. Both these matters form part of the negotiations on functional and financial reform now being undertaken with the local government sector. I am more than willing to have a long talk to the member for MacKillop about this matter more privately than in a Chamber where *Hansard* records every word that we say, because, since it will be a matter of negotiation, I would appreciate his advice on the matter. I do not want to say more to actually predicate our negotiating position with local government, except to say that the President of the LGA recently wrote in relation to what the shadow Minister very unkindly described as a claw-back.

She said that she does not believe as a matter of principle that local government should be collecting revenues on behalf of the State. As I said to her at a recent public meeting at Wudinna, I actually believe that the same principle applies. If local government is going to be an autonomous level of Government in its own right—and it is; if it is going to have credibility as a level of Government in its own right—and it does, then some of these functions are functions which, as a mature sector of Government, it should be looking to undertake for itself. That is the absolute philosophic position from which I am coming and which I believe is a legitimate one by this Government.

The rest of the matters, as with every other proposal, are on the table, and I look for the member for MacKillop's help and guidance to actually help us through a process which, I hope, results in a better solution for local government and also for us.

Membership:

Mr Hill substituted for Mr Wright.

Mr HILL: I refer to a letter from the City of Onkaparinga Council (Andrew Stewart, General Manager) to Ms Jane Gascoigne, the Executive Officer of the South Australian Local Government Grants Commission on 14 April 1999. The letter in part says:

For the most recent grant allocation (1997-98), City of Onkaparinga received a 5.18 per cent general reduction amounting to over \$300 000. Council has been very concerned with this outcome, especially as it was in contrast to preliminary information which

indicated that Council was to receive a small increase of about \$100 000. . . Within the parameters of current methodology we request that the 'Other Needs Assessment' expenditure function be re-evaluated. Council strongly submits that, due to the special regional composition of the city, it has higher average and marginal costs associated with the supply of services.

City of Onkaparinga's population of approximately 147 000 is relatively uniformly spread throughout the 518 square kilometres of its region. There is evidence to suggest that costs associated with rubbish, recycling, stormwater, roads and human care services are estimated to be at least 15 per cent higher than in an urban-rural fringe area with a higher population density.

The letter goes on to give a table showing that Onkaparinga Council has 2.42 persons per hectare compared to, say, the Port Adelaide Enfield Council area, which has 10.8. Another table shows that the total budget dollar per square kilometre are \$115 000 for Onkaparinga compared to \$903 000 for the Port Adelaide Enfield area. The letter continues:

We also refer to a press release dated 6 August 1998 by the Minister of Local Government's office, which emphasised that regional councils were 'big winners' receiving 'increases in their general purpose grant of 20 per cent.' The press release also states, 'This is consistent with Government's determination to work with local government to drive economic development tourism and jobs, particularly in rural areas.' In other words, these councils now have 20 per cent more in untied grants funds that they can use to meet their local priorities.

Would the Minister agree that the current system of allocating grants is unfair to councils such as Onkaparinga, which is on the fringe of the urban area, and will he ensure that a review is conducted so that it is treated more fairly in future?

The Hon. M.K. Brindal: The simple answer to the last part of the honourable member's question is 'No.' The Grants Commission is a statutory authority with powers to allocate moneys laid down by the Commonwealth. It is, very importantly, a mechanism for horizontal fiscal equalisation and it is, very importantly, a mechanism that allows the commission to apply money for councils which are sparsely populated and which may, as well as being sparsely populated, have small population growths. In line with that thinking, the commission as an independent statutory body looked at its methodology last year, and there has been considerable reworking of that methodology.

I interpose here for the honourable member's benefit that there is in the Financial Assistance Grants a per capita component, which I believe is insisted on by the Commonwealth but which I personally believe flies in the face of its own philosophy, anyhow. Its philosophy is, 'Let's apply this money in a way that is fairer to smaller rural councils but, as you pass go, you will give every person in the council X dollars simply because they are there.'

The City of Adelaide is a good example. We are forced to give the minimum grant to the City of Adelaide, and I think that all people would agree that, despite whatever financial pressures are on every council—and there are some on all—if a council like the City of Adelaide is not a viable financial entity, then there is something wrong with the way we give it powers to rate and to do various other things. So, I do not like the *per capita* component. I know that the honourable member is passionate in his dedication to representing the interests of his electors, but I have to say in fairness that the City of Onkaparinga is now the largest of all the metropolitan councils. It has a diverse rate base and some unique opportunities, not the least of which is in viticulture.

As the honourable member knows, a problem that is perplexing the council is this rampant escalation in property values because of their potential use as viticulture land. So, it has some potential there. Under the new Local Government

Act it has a raft. We have got rid of the concept that rating should be a wheel and wrecker ball type, that one approach fits all; there are suites of more elegant tools, chisels and hammers, in there for the council to approach rating of its 150 000-odd people in an equitable and socially just manner. It may well be that, because of the Commonwealth's rules, because of the Grants Commission methodology, it will get less money in future years as it got less money last year.

If that is the case, so be it: I stick by my press release. The honourable member knows from a previous life about Commonwealth moneys applied for social justice purposes. This is a social justice issue and, quite frankly, while I would do all that I can in any way to assist Onkaparinga and its ratepayers—it has a tremendous council, a very competent CEO and much respected Mayor—while I would do anything I can to help it or any other council, this is a matter of social justice and I think it important that the funds be applied in a socially equitable way. If the funds are meant for places such as Ceduna or the councils within MacKillop, those funds should go there. They should not be subverted to allow big suburban councils the luxury of not having to look at their rating factors as they might otherwise have to do. It is not money for jam; it is money for a purpose, and we will apply it for the purpose.

I informed the Committee that the financial institutions duty will be abolished on 1 July 2001. All members will be aware that the Commonwealth's arrangements involving new taxation measures are a bit of a moving feast, and it now appears that that financial institutions duty may now be abolished a little more slowly than was otherwise intended. I wish to correct that for the Committee.

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

Department of Industry and Trade, \$124 052 000
Administered Items for Department of Industry
and Trade, \$6 385 000

Witness:

The Hon. I.F. Evans, Minister for Industry and Trade,
Minister for Recreation, Sport and Racing.

Departmental Advisers:

Mr J. Hallion, Acting Chief Executive, Department of
Industry and Trade.
Mr D. Swincer, Executive Director, The Business Centre.
Mr M. Nagel, Executive Director, SA Centre for Manu-
facturing.
Mr A. Scott, Director, Project Coordination.
Mr G. Marlow, Director, Corporate Services.
Mr M. Krasowski, Manager, Business and Financial
Services.
Mr D. Mitchell, Acting Executive Director, Industry
Investment.
Mr T. Cooke, Chief of Staff, Minister for Local
Government.
Mr J. Frogley, Executive Director, International, Office
of State Development, Department of Premier and
Cabinet/Department of Industry and Trade.

Membership:

The Hon. M.D. Rann substituted for Mr Conlon.
Mr Wright substituted for Mr Hill.
Mr DeLaine substituted for Ms Ciccarello.

The CHAIRMAN: I call on the Minister to make an opening statement if he so wishes.

The Hon. I.F. Evans: In introducing the 1999-2000 budget estimates for the portfolio of Industry and Trade, I wish to make some opening remarks concerning the Government's economic and community development strategies and the role that the portfolio of Industry and Trade plays in implementing these strategies. Sustainable economic growth and community development requires a multifaceted and flexible approach to assist the attainment of Government objectives. The portfolio is primarily focused on acting as a catalyst for sustainable growth and the development of an economy that is both nationally and internationally competitive.

In line with the Government's stated priorities, the portfolio works in partnership with industries and businesses to accelerate their development in order to create a more productive, creative and competitive economy. Maintaining South Australia's outstanding quality of life plays an integral role in the achievement of Government objectives to develop the community. Through working partnerships with sporting and recreational groups and local governments, a more cohesive, proud and sustainable community will be created and maintained.

Government objectives

The portfolio of industry and trade contributes to the Government's economic objectives of increasing jobs and incomes. To achieve these objectives will involve increasingly the quantity and quality of jobs, as well as their flexibility to meet a changing lifestyle and family needs and the security that people feel about their lifetime employability. It is important to grow incomes to support improved living standards and contribute to quality public sector services, infrastructure, and support for all community groups. To ensure that these economic goals are achieved, we require State and regional economies that are competitive, export oriented, innovative and resilient.

The State economy must be nationally and internationally competitive as expansion of the global economy has prompted the need for the local economy to become a genuine competitor. Becoming competitive internationally requires an export focused industry that is productive. This fosters the ability for the domestic economy to tap into growing market opportunities world-wide and not be constrained to small scale production. Innovation is one vehicle that integrates South Australia's economy with the world. Encouraging innovation and initiative, enterprise and excellence at a State and regional level will assist South Australia in becoming an export oriented economy that is globally competitive.

The State economy must be resilient and capable of absorbing the stresses and pressures of change through an ability to maintain flexibility. Adapting to global or domestic changes and seizing the opportunities created by them ensures economic growth and the maintenance of South Australia's high quality of life. To maintain an enviable quality of life, the Government also has a commitment to the community, to which the portfolio's contribution is developing sustainable communities. These are communities with an enhanced sense of identity and integration that promotes a stronger social fabric and community cohesion across the State. To ensure

that these goals are achieved, we need State and regional communities that work collaboratively and engage in recreation and sporting activities.

Engagement in recreation and sporting activities benefits the health and wellbeing of participants. Increasing the levels of participation in recreation, sport and community affairs will increase the health benefits and self-esteem of the community as a whole. This State's international and national sporting achievements resulting from the success of elite athletes and teams also impacts positively on the pride and self-confidence of the South Australian community. I will make further comment later regarding sport and recreation when these lines are open.

The portfolio of Industry and Trade has a commitment to its customers and stakeholders. Being a customer focused portfolio ensures that these groups are serviced efficiently and professionally in order to maintain an environment that has the potential to sustain economic growth and community development. Included in the portfolio's key customer groups are the manufacturing sectors and particularly the defence, automotive, tooling and foundry, water, electronics, and food processing sectors.

Key customer groups also include the traded services sectors of back office and call centres, racing, sport and recreation industries. Other important customer groups include small businesses, exporters and investors, industry associations, local government associations and authorities, recreation and sport administrators, participants and high performance athletes and coaches.

Key strategies

To achieve the Government's objectives, the portfolio has identified nine areas of strategic focus:

1. To create a competitive business operating environment.

The Government supports the creation of a competitive business operating environment by having a significant impact on the efficiency of the South Australian economy through taxation, regulation and the provision of essential infrastructure and services (for example, education, electricity, water and roads). Getting the economic fundamentals right is the critical first step toward sustainable economic development. Specific areas of focus for the portfolio include:

- ensuring that tax reform does not disadvantage South Australia;
- improving the availability of industrial land;
- enhancing key transport systems;
- streamlining planning and environmental systems;
- upgrading telecommunications; and
- encouraging local government structural, legislative and functional reform.

2. Promote investment in appropriate physical capital.

The Government supports investment in physical capital that strengthens existing industry clusters and exposes South Australian industry to new ideas and new markets. The portfolio is focused on:

- investment and reinvestment facilitation of targeted industry sectors; and
- regional development through regionally focused investment attraction and through effective use of rail reform transition funds.

3. Promote the development of appropriate human and intellectual capital.

The promotion and development of human and intellectual capital is important to the Government, and it is recognised that innovation, entrepreneurship and lifelong learning are

fundamental drivers of a sustainable economic growth. In 1999-2000 the portfolio will focus on

- work force planning, including skills audits and the development of industry training plans; and
- development of innovation policies and Business Vision 2010 projects.

4. Integrate South Australia into the global economy.

Globalisation is providing a wealth of new markets, new investment, new skills and new ideas. The Government is investing in programs and projects that will accelerate the State's integration with the global economy. The specific initiatives of the portfolio to support global integration include:

- an import replacement program focussing on major project procurement and South Australian Government procurement; and
- supporting companies to access Olympic and market opportunities and conducting trade missions.

5. Create a culture of collaboration and cooperation.

The Government plans to create a culture of collaboration and cooperation through the development of industry clusters and networks among businesses. When industrial clusters and networks emerge in regions characterised by a strong sense of community engagement, pride and self-confidence, the scope for information sharing and cooperation is unlimited, and so, too, are the benefits. The portfolio encourages increased cooperation and collaboration by:

- developing partnerships with industry associations, key South Australia corporates, local government and business vision 2010; and
- supporting the establishment of networks, clusters and incubators.

6. Encourage the development of productive, creative and competitive enterprises.

The encouragement and development of productive, creative and competitive enterprises is critical to an increasingly competitive global marketplace. The portfolio assists hundreds of businesses to embrace best practice in all aspects of their operation through a raft of programs aimed at strengthening the competitiveness of individual firms in trade exposed sectors of the economy. The specific enterprise improvement initiatives of the portfolio include:

- manufacturing services such as silicon works and product commercialisation;
- sectorial enterprise development, including business development, manufacturing, engineering and water industry best practice program; and
- small business enterprise improvement and information and training services.

7. Promote a shared strategic direction and effective working relationships between State and local government.

The promotion of a shared strategic direction and effective working relationship between State and local government is a focus of the portfolio. Fewer and larger councils in South Australia and new legislation will assist local government to deliver improved services to the community and enable better collaboration between levels of government, and Minister Brindal has always made comments down that line.

8. Encourage participation by the community in recreation, sport and racing activities.

The Government encourages participation by the community in recreation and sporting activities as participation in sport and recreation acts as a confidence booster to communities, provides an opportunity for individual self expression, self development and quality of life. It also

provides a positive factor in improved health, fitness and can lead to a more satisfying lifestyle. There will be more comments when those lines are open.

9. Develop high performance athletes and coaches.

The Government supports the development of high performance athletes and coaches as the community takes pride in its local sporting champions. They make an important contribution to a community's self belief about its economic and social well being and its future prospects. As ambassadors they can help engender a 'can do' attitude for individuals as well as community groups.

In conclusion, the portfolio of Industry and Trade will continue to build upon its excellent level of achievement in previous years and continue as the principal agency in the Government's plans to foster economic growth and community development in this State. The portfolio looks forward to building a prosperous economic future and maintaining this State's excellent quality of life. The portfolio of Industry and Trade is committed to achieving the South Australian Government's economic and social goals, through the implementation of specific and strategic initiatives mentioned earlier.

Furthermore, I can assure the Committee that the appropriations for the 1999-2000 year are consistent with the aim of overall fiscal management while remaining committed to developing the community and nurturing economic growth. The portfolio is committed to making South Australia one of the best places in the world in which to live, work and do business. It shares with its partners a confidence in this State's future. With that introduction, I am happy to assist the Committee with its examination of the estimate for the portfolio of Industry and Trade.

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

The Hon. M.D. RANN: I wish to make a brief statement in relation to the first set of questions. I will be putting some omnibus questions, as agreed to on the first day, after lunch.

The CHAIRMAN: They have been put on for both portfolios already.

The Hon. M.D. RANN: It covers this portfolio?

The CHAIRMAN: As I understand it, yes.

The Hon. M.D. RANN: First, I welcome the Minister and his officers: thank you for your attendance. The wine industry is one of the State's most important industries. Its importance is recognised by all political Parties in this State and I stress that right from the start. The industry has been encouraged in South Australia by Parties and Governments of both persuasions. This has often seen the South Australian Labor Party and the South Australian Liberal Party standing up to their Federal counterparts. I remember in 1993 when the Keating Government considered increasing the wine tax after various industry reports and both the then South Australian Lynn Arnold Government and the Opposition went vigorously against that proposed increase in taxation. Indeed, it formed an alliance with the industry in order to defeat that tax. I remember handing over a cheque for more than \$1 million to the industry for its overseas marketing campaign at the same time as the Premier's office also provided funds and resources to ensure that that proposed wine tax was defeated.

Now I think all of us would agree that we have a massive threat to our key wine industry through the wine equalisation tax, or what has become known as the WET tax. Ironically, under the Howard Government's plan the industry faces the same tax rate that it and we opposed so vigorously six years

ago. This time it appears that the opposition of both the Federal and State Labor Parties may not be enough to save the industry from a higher tax rate. The Howard Government is proposing a 29 per cent WET tax rate on top of the GST. Labor is proposing a rate of 24.5 per cent. It appears that the Democrats, including the two South Australian Senators, who just happen to be their Leader and Deputy Leader, are prepared to support the higher 29 per cent tax rate, which will severely damage this State's wine industry.

I have just been handed a letter to Senator Meg Lees from John Howard dated the day before yesterday in which, after a series of serious commitments in terms of their agreements with each other, between the Prime Minister, the Federal Government and the Democrats, it is stated:

As a consequence of these commitments the Government and the Australia Democrats are agreed that the WET legislation will be passed by 30 June 1999.

In my view here we have the Democrats dudding our State in terms of a tax about which both Meg Lees and Natasha Stott Despoja have made zero effort to receive input from the local industry. It was revealed to the media yesterday that Meg Lees had cut this deal, a deal that will cost the South Australian Government money. Not only will it dud the industry but it will dud the South Australian taxpayer and the South Australian Government. She appears to have agreed to a deal that will see the South Australian Government rebate the tax for the first \$300 000 of cellar door and mail order sales. According to the Treasurer, Rob Lucas, yesterday, she did this without consulting him at all. Rob Lucas, the State Treasurer, says that the Federal Treasurer, Mr Costello, did not consult him before doing this deal and, as of 4 p.m. yesterday, the South Australian Government had not agreed to this at all.

We saw the statements last night when Mr Costello said that the South Australian Government had agreed to this deal that Meg Lees has apparently signed off on. I want to say to the Committee today that the behaviour of Meg Lees has been extraordinary during this process. Senator Harradine has done deals but he has also done deals that have seen millions of dollars, tens of millions of dollars and hundreds of millions of dollars spent on his home State Tasmania. Meg Lees has done a deal that will not only cost South Australian families dearly through the GST but which will also particularly cost the State of South Australia money. If she cops this 29 per cent wine tax, which John Howard has reached agreement with her for passing by 30 June, she will be agreeing to a deal that costs us jobs in this State as well.

Here we have others who are prepared to use their position in the Senate, as representatives of the State, to do deals for their State in order to achieve the passage of legislation where there is a *quid pro quo*, but that does not appear to be the case in South Australia where the Australian Democrats' representatives in Canberra seem to put their Party and their leadership aspirations ahead of the State they serve. As a State, both the State Government and the Opposition, the community and the industry, we all have to put pressure on Meg Lees and Natasha Stott Despoja to oppose the WET tax. If they do not, they will have once again sold South Australia out so that they can have just another smiling photo with John Howard and pretend that they are relevant and part of the government process.

This will be another test for Meg Lees and for Natasha Stott Despoja. We have seen Natasha Stott Despoja giving her different story every day in terms of her position on the GST, whether she is going to vote it out, vote for it in bits,

support bits of it, support her Leader and whether she is going to exempt books. Here is a chance for them to do something for South Australia and here is a chance for us to join together in putting pressure on Senator Stott Despoja and Meg Lees to use their numbers and position of power in the Senate to achieve an outcome for South Australia. My question to the Minister for Industry and Trade is this: was the Federal Treasurer, Peter Costello, telling the truth yesterday when he said in Federal Parliament that South Australia had already indicated to him that the State Government would pay the wine tax rebate and was the Minister's office or were his officers involved in any discussions along these lines?

The Hon. I.F. Evans: The argument about the wine industry and the tax rate has been taken up by the Government with bipartisan support at the highest levels, indeed, at all levels. The Premier has taken the matter up with the Prime Minister on a number of occasions and other Ministers have taken it up with their counterparts on the appropriate occasion. I have organised it so that Government backbenchers have been briefed by the wine industry so that, around the corridors of power in Canberra, they can apply pressure at the appropriate point. There is no doubt that the State Government has left no stone unturned in its support of the wine industry and the argument that has been put to the Federal Government.

I spoke to the Treasurer again this morning, given his comments in *Hansard* yesterday that he was unaware of the detail of the proposal. As of this morning, he was still unaware of that detail. We are trying to source the detail of the supposed deal, but the Treasurer's advice to me this morning was that he was unaware of it. I can add nothing more.

The Hon. M.D. RANN: As far as the Minister and the Treasurer are aware, there have been no discussions with the Federal Government about South Australia picking up the tab for the rebate. Is it the case then that not only has there been no agreement but no discussions have been had that may have misled Mr Costello or his officers to believe that it was a done deal?

The Hon. I.F. Evans: I am advised by Mr Hallion that in my portfolio there have been no discussions. The Leader would have to take this issue up with other Ministers as to their portfolios.

The Hon. M.D. RANN: Does the Government intend speaking to Meg Lees and Natasha Stott Despoja prior to the vote next Wednesday night, which is the end of this Senate session, to see if we can collectively talk them out of these actions? Just as the State Government has spoken to backbenchers, we have briefed Kim Beazley and the Labor Opposition federally of the need to meet with the industry, which has occurred, and to oppose this WET tax of 29 per cent. It would be useful if both the State Government and the State Opposition contacted Meg Lees and Natasha Stott Despoja to remind them of their responsibilities as Senators for this State. I would be happy to be part of that process in a bipartisan way.

The Hon. I.F. Evans: I noted that, on radio this morning, Mr Sutton said that he was not clear of the detail. Once the detail becomes clear, and if there is an opportunity to put pressure on, we will look at that. As the Leader rightly pointed out, it is an important long-term decision for the South Australian wine industry, and we are happy to look at that once we get the details of the position clarified. It also depends on how far the Democrats have committed them-

selves to the deal. They may have already signed off on it and they may not be prepared to revisit the issue for other political reasons. We are happy to look at that option once we get the details from the Federal Government.

The Hon. M.D. RANN: The details are out now. The Prime Minister's media centre has released the Prime Minister's letter of 22 June 1999 to Senator Lees, which includes the comment, 'As a consequence of these commitments, the Government and the Australian Democrats are agreed that the WET legislation will be passed by 30 June 1999.' All our experiences of dealing with the Democrats on legislation suggest that it is a bit like diving into blancmange. This might be a chance for us to dive in. I find it extraordinary that, in a situation where all of us are trying to get an extra \$200 million out of the Federal Government to secure a go-ahead for the Alice Springs to Darwin railway, that apparently was not thought about by the Democrats in their negotiations. I cannot see one single advantage that they have tried to lever for South Australia in terms of using their numbers in the Senate. All they have done is dud the taxpayer as well as dud the industry.

The CHAIRMAN: Does the Leader have a further question?

The Hon. M.D. RANN: Yes, I do, Sir. Given that Mr Costello has told the Federal Parliament that the South Australian Government and the Federal Government have done a deal to agree to this, it is very important that that is corrected. It is important for the industry and it is important for the State to make sure that that is corrected in the Federal Parliament today. In terms of the work done by the Minister's department, the Minister said that the State Liberal Government has been involved in lobbying on behalf of the wine industry with the Federal Liberal Government to stop the 29 per cent tax. There are four South Australian Liberal Cabinet Ministers in the Federal Government. Have they been part of the briefings? Has any quantitative and qualitative work been undertaken by the Minister's department in conjunction with Deputy Premier Kerin's department about the likely impact of the WET tax at this rate on the wine industry?

The Hon. I.F. Evans: Some work has been done by the department, and I will ask Mr Hallion to comment further.

Mr Hallion: Some work has been done by the department in a very broad sense on the introduction of a GST and its impact, including wine equalisation, on the wine industry. We used the Centre for Economic Studies to do that work for us and it formed the basis of the representations to the Federal Government that the Minister mentioned earlier in his comments.

The Hon. M.D. RANN: Did that include briefings for the four Federal Ministers from South Australia—Downer, Vanstone, Hill and Minchin?

The Hon. I.F. Evans: I will have to check that point. I have not spoken to all four Ministers and I will have to check whether other Ministers have done so. The process is that, when a Minister meets with his or her equivalent, we take the opportunity to raise a number of matters. Whether that has been done formally at Minister to Minister level or informally at a Party function or some other mechanism, I do not know and I will need to check. The Government has taken every opportunity that I am aware of to promote the cause of the wine industry in this issue.

The Hon. M.D. RANN: It might be useful for Senator Nick Minchin, with his industry responsibilities, to convene a meeting that involves the wine industry, to see whether

there can be some input through his senior portfolio into Cabinet about the impact on our State.

Mr CONDOUS: I refer to Budget Paper 4, Volume 2, Industry and Trade. Can the Minister explain in general terms how the Industry Investment Attraction Fund has been utilised in the last financial year? What achievements have resulted by way of new investment in South Australia?

The Hon. I.F. Evans: Incentives and assistance provided through the Industry Investment Attraction Fund are primarily managed by the Industry Investment Division of the Department of Industry and Trade, although the Business Centre from time to time utilises some of these funds in relation to support for regional industry and to assist smaller enterprise in certain circumstances. In relation to activities of the Industry Investment Division only, I advise that from 1 July 1998 to 31 May 1999 that division reached agreement with some 55 companies that will lead to an estimated \$184 million worth of new investment in the State. These companies will proceed with projects which will create and retain over time some 4 600 jobs.

A further 5 140 indirect jobs are estimated to be created by these projects, making a total employment impact over time of 9 740 jobs, approximately. These projects will lead to additional gross State product estimated in present value terms of some \$2 764 million and additional State taxation revenue estimated in net present value terms of \$165.8 million. While the details of incentives to companies are commercially in confidence and in some cases no public announcements are made regarding certain projects because the companies want to keep them confidential for their own commercial reasons, I am able to provide some examples of some very real benefits to South Australia that will flow from excellent work being undertaken by the department to generate new jobs.

Since July 1998 some of the more significant new investment projects attracted by the Industry Investment Division include the Australian bus manufacturing company, A.B.M Coachlines. Assistance provided there led to the business being acquired from receivers, saving immediately 120 jobs, with a further 130 direct jobs and an additional 350 indirect jobs being created.

With respect to Email, assistance provided by the Government will see some 307 new direct jobs created and 411 direct jobs saved or retained as a result of the rationalisation of production facilities following Email's acquisition of Southcorp's appliance manufacturing activities. Stellar Call Centres is another example. This is a joint venture company formed by Telstra and Excell Global Services to provide call centre solutions in Australia and the Asia Pacific region. With the intervention of the department, Adelaide was promoted as an ideal call centre location, whereby Excell successfully secured a 150 seat call centre.

Through the intervention of the department, Finemores was able to establish a major transportation centre to support the bulk transportation of vehicles from GMH—and, of course, the automotive industry is an important sector to the State. Boral Energy will base its new customer service centre in Adelaide. The new centre will provide a one stop shop for all customer inquiries. DIT provided assistance that will result in an investment of \$3 million locally and the creation and retention of some 131 jobs. Optus Communications will establish its major growth call centre in the former Galaxy Building at Technology Park. DIT has facilitated this process, resulting in the creation of approximately 800 jobs. With respect to Kistler Aerospace, DIT has facilitated this project,

which should see Kistler commence testing these new vehicles at Woomera in the year 2000, provided that it is able to secure the balance of project funding required. This will result in approximately \$40 million capital expenditure at the site and the creation of 140 jobs.

In addition to the foregoing, the Industry Investment Division has been involved in securing projects in South Australia such as Camtech, Mayne Nickless, Motorola, Gropep, Hill Equipment, Berri, Caroma, Optus, Thomson Marconi, Sonar, Air-Ride and San Remo, to name just a few.

Mr CONDOUS: Again, with respect to Paper 4, Volume 2, will the Minister explain what role his department played in securing the ultimate survival and future growth of the bus manufacturing operation at Royal Park following its closure in November 1998?

The Hon. I.F. Evans: The former Austral Pacific Group Limited bus manufacturing operation, which was a fully owned subsidiary of Clifford Corporation, was placed into voluntary administration in late November 1998. At that time, the facility was closed and the 250 strong work force was sacked. The Department of Industry and Trade was immediately charged with the responsibility of pursuing all commercially sensible and appropriate avenues in order to promote the recommencement and sale of the business as a going concern to a new and commercially viable party. Should the facility have remained closed over the Christmas-new year holiday period, it was quite possible that there would have been both a major skills loss, as key employees sought to secure alternate employment, and also a substantial loss of future customer orders. Obviously, this scenario substantially increased the possibility that the business would never have recommenced, with the company's assets being liquidated.

DIT worked closely with Ernst and Young, in its capacity as receiver and manager of the Austral Pacific Group, to ensure that the business was reopened and then to ensure that an orderly and commercially stable sales program could be pursued by Ernst and Young. Throughout this period, the Department of Industry and Trade also coordinated the Government's own commercial due diligence in relation to liaising and negotiating with all potential acquirers of the business. This due diligence was to provide the Government with confidence that the successful acquirer of the business would have the sufficient financial capacity and bus design and manufacturing capability to make a success of this important local business. The Government's financial and commercial arrangements with the successful buyer were developed at the time when a short list of potential acquirers remained in negotiation with the receiver. This package was of a generic nature and was developed to form the basis of all negotiations with the ultimately successful short-listed candidate.

On 22 April 1999, the Australian Bus Manufacturing Company was announced as the successful buyer of the business. This Adelaide headquartered business is jointly owned and run by investment banker Dr John Hewson, Chairman of Australia's largest private bus operator (Westbus and the National Bus Company), Mr Jim Bosnjak OAM, and Australia's largest bus body builder, Custom Coaches. The re-establishment and ultimate sale of this business has secured the employment of approximately 120 people, with total employment expected to increase to 250 within three years. This local manufacturing business is now estimated to create an additional economic impact of about \$6 million, growing to about \$20 million over three years, in annual economic activity for the State.

Mr CONDOUS: My last question again relates to Budget Paper 4, Volume 2. Will the Minister advise how much assistance is provided to local companies as opposed to interstate and overseas companies?

The Hon. I.F. Evans: This is a good question, as certainly the majority flows to local companies. I would first like to explain this question from the perspective of all financial assistance and then deal specifically with industry assistance. During the period 1 July 1998 to 31 May 1999, the Department of Industry and Trade assisted some 739 firms and provided financial assistance to industry of around \$38 million from all programs. Of the firms assisted, 729 had existing operations within South Australia. The remaining 10 were initially based outside South Australia, and have subsequently established a presence within the State. The Department of Industry and Trade has secured investment of approximately \$211 million, which has resulted in commitments to create and retain around 6 350 jobs. I believe that these points were also made on Tuesday during questioning of the Premier in his Estimates Committee.

For the purposes of collecting the statistics, a local company is defined as one with its primary operations in South Australia, and a company with local operations as one with some pre-existing operations within the State. Interstate and overseas companies are those which had no pre-existing operations in the State prior to the provision of assistance. If one looks at the details with respect to existing local operations, one sees that something like about 98.6 per cent of companies that were assisted were existing local companies, and about 1.4 per cent were interstate or overseas companies. I know that from time to time the media or people run the line that all the assistance goes to overseas or interstate companies. In fact, when one looks at the record, one sees that it reveals that the majority of companies (about 98 per cent) are, indeed, local companies.

The Hon. M.D. RANN: I want to follow up a number of issues concerning the ship breaking project and Pelican Point. I will be pursuing this issue after lunch, but I say this by way of preamble, because we are running out of time before the break. This issue was raised with the Premier earlier this week in Estimates and is of great importance to South Australia. The Opposition has raised this issue in the Parliament on a number of occasions, as well as outside the Parliament.

It is clear to members of the Opposition, from letters written by the Premier and by the Minister's department (the Department of Industry and Trade), that the department has been involved in negotiations with the Australian Steel Corporation to bring this industry into South Australia. In a letter written by the Premier in July 1997, he indicated that Dr Andrew Scott would 'continue to be directly available to you in his role as General Manager, Agency Coordination'. He said that the EDA (as the department was then known) would provide assistance that the Australian Steel Corporation would require in obtaining relevant approvals. So, obviously, the involvement of the Minister's own department is fairly clear.

It continues to intrigue the Opposition that the Premier has been personally involved in encouraging the ship breaking industry into South Australia, especially given the private views, we are told, of some of his Cabinet colleagues and, of course, the very public views of his former Chief of Staff, who said that she represented the Government in her appearance before the Public Works Committee—representing the Treasurer—in saying that the ship breaking project

would directly conflict with the new power station on Pelican Point and that it is a ridiculous idea that should not go ahead.

Despite the Premier's personal interventions in terms of the correspondence between him and the ship breakers, strangely enough, he was seen on television the other night saying that he neither supported nor opposed the ship breaking industry. So, we have him on television the other night, when he is caught out saying that he neither supported nor opposed the ship breaking industry, but this is the same Premier who wrote to the ship breakers and said that he remained 'strongly supportive of the project'. I know that he tends to be somewhat economic with the truth, but he puts in writing—signs along the dotted line—that he is strongly supportive of the project, yet tells the media that he neither supports nor opposes it.

One wonders whether these subsequent letters that he has written in recent times are about covering his backside in terms of legal liabilities. But, interestingly, the Premier is now also trying to distance himself from his own letters to the ship breakers in granting two lots of 90 day extensions on land at Pelican Point this year to enable the ship breakers the time to secure financing for a feasibility study, which I understand will cost in excess of \$10 million. On Tuesday in Parliamentary Estimates the Premier said it was a matter that Cabinet considered, not him personally, yet in his own letter of 14 May this year he wrote to the ship breakers saying that he had, and I quote, 'notified my Cabinet colleagues of my intention'. So he neither supports it or does not support it, then he strongly supports it, then it is not his idea but Cabinet's, and then it is his intention, of which he has notified his Cabinet colleagues.

Last night in this place the Chairman of the Public Works Committee, and member for Hammond, read into *Hansard* a copy of a letter from the Deutsche Bank, Germany, to the Premier in which they said that the Australian Steel Corporation had 'more than sufficient resources now available to it to commence this feasibility process'. It was this financing that was one of the major hurdles that the ship breakers had to overcome to secure the land on Pelican Point. Now it appears, according to Deutsche Bank, which is obviously a prestigious international bank, that they do have the money. So my questions to you, Minister, are: what are the implications of the Deutsche Bank letter, written by the Bank's Director of Structured Finance, and, if the Australian Steel Corporation manages to meet with all of the Government's requirements, will it still gain access to the land on Pelican Point?

The Hon. I.F. Evans: We are not the lead agency for this. I am happy to take the question on notice and seek the answer from the lead agency.

The Hon. M.D. RANN: But shouldn't you know? This is a big issue in the media; it has been a big issue in terms of the Pelican Point process, National Power and the Submarine Corporation. You are the Minister, shouldn't you know this, without having to put it on notice? I know that there have been training sessions about how to deal with difficult questions; but shouldn't you or that fleet of officers behind you actually know about what the implications are, if they do have the finances? Does this Cabinet, do you, support the ship breaking project for Pelican Point? Are you strongly supportive, like the Premier was in his letter, or are you ambivalent about it?

The Hon. I.F. Evans: As I have said previously in answers to questions on this issue, I am happy for any group to come and talk to the Government about projects. Why

would we not initially talk to a group about possible job creation? That is always the first step. My understanding is that my agency is not the lead agency for this project. I am happy to source the information on what the implications are of the finance. The way I understood the honourable member's very long preamble—and I would need to check the *Hansard*—was that they had gained money to do a feasibility study.

The Hon. M.D. RANN: The question is whether or not they have the dollars, and that is now to be the subject of the 90 day extension, and what we are told is that the Government privately hopes, because it has got itself into a legal as well as political jam, that they do not have the dollars. But now we have a letter from the Deutsche Bank saying that they do have the financial wherewithal. What I am trying to establish is whether the Cabinet and whether you want this project to go ahead or not.

The Hon. I.F. Evans: I will seek clarification from the lead agency in this matter of what the ramifications are of their obtaining finance.

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

The Hon. M.D. RANN: Prior to the luncheon adjournment, the Committee dealt again with the Pelican Point issue and particularly the ship breaking yard. I am trying to clear up some confusion about where the Government stands on this project. We have the Premier writing a letter in 1997; he is strongly supportive of the process. We have his repeating assurances to the company as recently as last month. We have the Premier of the State, on television a couple of days ago, saying that he neither supports nor opposes a ship breaking project at Pelican Point, but we also have a letter from the Premier saying that he is strongly supportive of the Pelican Point proposal.

I am trying to work out where the Government stands. We saw evidence given to the Public Works Standing Committee by Alex Kennedy who, of course, said she was representing the Treasurer of the State who is saying that there is no money in it, no finances, that it should not go ahead and that it is a ludicrous project. We have the Premier giving extensions. We then have Alex Kennedy saying, 'Well, it is a ludicrous project that should not go ahead. It conflicts with the Pelican Point Power Station.' The Deutsche Bank of Germany is saying that there are more than sufficient resources now available to the Australian Steel Corporation to commence the feasibility process.

Prior to the luncheon adjournment I asked the Minister about the implications of the Deutsche Bank letter and whether, if the finances are in place, the Steel Corporation will gain access to the land at Pelican Point. The Minister has taken that question on notice. The other issue is that the Minister has also revealed that his department is not the lead agency with this project. Given that the Premier handballed the issue to the Minister—he told me to refer the questions to the Minister, which is what I am doing—who is the lead agency? The Minister does not know?

The Hon. I.F. Evans: I am trying to get a copy of *Hansard* to see whether the Premier did refer the question to me.

The Hon. M.D. RANN: He certainly did; and I would have thought that there are enough officers surrounding the Minister to ensure that that happened. My other question is: why was there no community consultation over the siting of the ship breaking industry on Pelican Point when the Premier

signed off on this in July 1997? It is very interesting that lots of other things were announced, such as Teletech, which had huge coverage in the media at the time and, of course, it was not then revealed until Estimates that that project was not going ahead. But why was the ship breaking project/proposal and the Premier's undertakings not made public either to local residents or to the Parliament at the time?

The Hon. I.F. Evans: I ask Mr Scott to comment on that.

Mr Scott: Obviously, the people behind the project did approach what was then the EDA/DIT at the time they first had the proposal. They had little more than an idea. Clearly, at that stage, the first priority is to put some more flesh on those bones to see whether the idea has some substance. Once one has decided that perhaps the project has some legs one would then go out and do the consultation. So, the consultation really occurs at a later stage. If the feasibility demonstrates that the project simply is not viable you would not need to proceed to that stage, and if you go out to consultation without knowing the details of the proposal, what is actually feasible and what will happen at the end of the day, you have nothing to consult on, really.

The Hon. M.D. RANN: Okay, we have nothing on which to consult. We saw Teletech announced. Who is the lead agency? If your department is not the lead agency, which is?

The Hon. I.F. Evans: I am advised that it was the Department of Premier and Cabinet.

The Hon. M.D. RANN: For how long and to what extent has the Economic Development Authority (now DIT) been involved prior to the Premier's signing the letter to the Australian Steel Corporation in July 1997?

The Hon. I.F. Evans: I am advised that we do not know today the exact date the department was first contacted, but I am happy to determine the date of first contact and then compare that to the date on which the Premier wrote the letter and advise the Leader of the time period.

The Hon. M.D. RANN: I ask the Minister representing the Department of Industry and Trade: does he support a ship breaking industry on Pelican Point and why at that particular location?

The Hon. I.F. Evans: I have always made the comment in relation to those questions (and I have been asked similar questions in the House previously) that, as an initial step, the department would naturally sit down and talk to a proponent of a project, and that is exactly what the Government is doing through the Department of Premier and Cabinet. At the end of the day that whole project, if it proceeds, would be subject to further discussions. At this stage, simply, my understanding of the project is that discussions are occurring with the Government about the possibility. Now, by the sounds of it, some feasibility work is being done.

The Hon. M.D. RANN: The Premier said in his letter that he was very supportive of the project. Is it or is it not a good project? Does the Minister and his department support the project? It is not a hard question, surely.

The Hon. I.F. Evans: I really have nothing to add to what I previously said. First, the project is not my responsibility, so I am not quite sure why I am being questioned on it. Secondly,—

The Hon. M.D. RANN: It concerns this State; you are supposed to know.

The Hon. I.F. Evans: —the project is being handled by the Department of Premier and Cabinet. I really have nothing further to add.

Mr MEIER: Page 10.12 of the Portfolio Statements refers to the Small Business Enterprise Development Program and

the fact that it is a primary vehicle for the Government's delivery of services to small business. What is the relationship between the Small Business Centre and regional development boards and would the Minister outline details of the Small Business Enterprise Development and Business Networks Program delivered by the Business Centre?

The Hon. I.F. Evans: A good example of the Business Centre's support for small business is the Small Business Enterprise Development Program to which the honourable member refers in his question. The aim of this program is to encourage small businesses continuously to improve their products and services which may lead to more competitive enterprises. That then may result in increased domestic and out of State sales, a higher level of innovation, research and development and increased productivity and employment. The Small Business Enterprise Development Program is an integrated enterprise improvement program that offers a range of assistance to small businesses in South Australia.

The three former programs have been collapsed so that a broader approach to economic development and business growth and development can be offered to smaller enterprises. Enterprises that are able to satisfy the eligibility criteria for the program may receive a grant to assist in meeting the costs of engaging a registered business consultant who would provide specialist assistance focusing on the development of the enterprise, improved performance and productivity and enhancing business management skills. There are no constraints on the type of enterprise improvement activity for which a grant may be approved subject to the business meeting assessment criteria and having the support of the industry sector client manager.

The scope of the program will also allow for specialist training and mentoring assistance for eligible businesses. It is the intention of the program that the assistance will make a positive impact on the business and lead to an improvement in the operation and performance of the business and, in some instances, the management capability. The Small Business Enterprise Development Program has essentially two elements: enterprise improvement and special grant assistance. Eligible small businesses will generally have fewer than 20 full-time employees and an annual turnover of less than \$1 million. Further, the business will have legal ownership in South Australia of the goods or services being produced, marketed and exported.

Small businesses will be encouraged to apply for assistance under the Small Business Enterprise Development Program if they can demonstrate that they are committed to: involvement from senior management or the owner of the business; sound leadership; sound financial position with good general management; value adding in South Australia; and improved sales and growth. Further, the business must demonstrate a desire to undergo enterprise improvement and be export-focused, whether that be interstate or overseas, and have an involvement with the Business Centre through Client Managers. Businesses assisted through the Small Business Enterprise Development Program are encouraged to involve their customers, suppliers and network partners in the enterprise improvement process.

Special initiatives will be developed to involve key suppliers and customers that would be offered to appropriate businesses. Further, specialist training and mentoring will be available under this program for eligible small businesses. 'Supported activities' involves the strategic development of the business and could include things such as enterprise reviews; strategic business planning; export market develop-

ment; quality, safety and accreditation; marketing; feasibility evaluation; financial management; product development and others. Further, special grant assistance may be available to assist businesses in research and development and investing in physical capital, in particular only manufacturing enterprises that are upgrading or replacing plant.

Small businesses assisted under the Enterprise Development Program will be required to participate in evaluation processes on the completion of a 12 month period or on an as-required basis to track tangible benefits that have been derived from the support. Something around \$420 000 has been approved in subsidies and a total of 224 businesses have utilised the scheme and all satisfied the criteria for assistance.

In 1998 the Government initiated the South Australian Business Networks Program, which is delivered by the Business Centre through the department. This program is designed to fast track business growth and diversification and to reduce the risks associated with inter-company collaboration. The program targets and encourages proactive companies that are successful in their own right. However, these companies require assistance to realise a business opportunity that is too large or complex for any of the individual companies. Typically, companies with common goals and objectives come together to share their opportunities, resources, risks and rewards and to gain leverage from each other's knowledge, capability and capacity.

Professional business advice and direction is provided to ensure that the business networking concept is a viable proposition and that the financial, administrative and operational needs can be achieved prior to implementation. Assistance is provided for joint market research, feasibility, marketing and business plans, product or service development, promotional material and market testing initiatives. The program helps industry: to achieve critical mass to cater for the needs of the larger markets; to respond quickly to market forces through the development of innovative value added products and services; and, hopefully, to be more competitive.

With respect to the section of the question about regional development boards and how they fit into the structure, all regional development boards have a business adviser and have access to the programs that I have just outlined in my response.

Mr MEIER: What training initiatives are provided to enhance business skills for people who are current small business owners and also for people looking to commence a new business?

The Hon. I.F. Evans: The Business Centre provides access to low cost workshops and training activities that are designed to improve basic business knowledge, enhance management skills and develop greater confidence in dealing with new business situations. The main focus of the program has been the Business Starter Workshops. These are held in eight metropolitan locations, six in partnership with Business Enterprise Centres. The delivery of these workshops in rural areas will be expanded during 1999 to include the Yorke Peninsula (which will be of interest to the local member) and the Iron Triangle. The program has also been adapted to meet the specific needs of industry groups such as the Bed and Breakfast Association.

A program of short business improvement workshops has been developed for 1999. These have addressed the needs of business owners as assessed by the industry associations and from the requests received by the staff of the Business Centre and Business Enterprise Centres. Topics presented include:

basic marketing; business planning; basic financial management; costing, quoting and contracting; debtor control; and minimising the chance of unfair dismissal. Training programs have been developed to address specific issues. These programs include: the introduction of hazard analysis and critical control points; maximising the value of participation in trade shows and doing business effectively within the Chinese cultural settings; ISA9001; costing and project monitoring.

In addition, sector teams have also been offered specific programs focusing on topics such as marketing, managing growth, business planning and quality assurance. The success factor is providing for growing businesses on a sectorial basis. In 1999-2000 training to support industry sectors will be expanded. A total of 86 workshops have been conducted, 57 for new 'intenders' and 29 for business development. The total number of participants is about 1 060, 670 of which are new 'intenders' and 390 for business development.

Mr MEIER: I note on page 10.13 of the Portfolio Statements reference to the Business Enterprise Centres initiative. Will the Minister describe the Business Enterprise Centres initiative and how it supports small business?

The Hon. I.F. Evans: The aim of the initiative is to improve access to business services for micro and small businesses, principally offered through the Business Centre by contracting with a private organisation, Business Enterprise Centres SA Inc. to deliver services from centres located across the metropolitan area. Six centres now deliver these services, located at Norwood, Port Adelaide, Hindmarsh, Tea Tree Gully, Salisbury and Morphett Vale. Key services available through these centres include information licensing, referrals, networking functions, training and general business management.

This network of service centres has enhanced business services and availability to small businesses in South Australia, which now covers the central business district, regional areas and metropolitan locations. A telephone hotline service ensures that callers contacting 131891 will reach the nearest Business Enterprise Centre. Two evaluations have been conducted on the performance of this initiative, and the result rates the services and support received in the very good to excellent category. Some 3 237 businesses have contacted the Business Enterprise Centres incorporating the 1300 telephone service that I mentioned earlier.

The Hon. M.D. RANN: On Tuesday of this week I asked questions of the Premier about Teletech, because there was a huge announcement made two days before the last State election when it was billed as the Government's key jobs announcement of 1 000 jobs in the southern suburbs in health related industries, in terms of a call centre. That announcement was followed up by a series of announcements in and out of Parliament about this project. I have just been going through the *Hansard*. We can go back to February 1998 following the election. There were different references in February, May 1998, July, June 1998, and even up to October 1998 Teletech was still on its way. It took questions in the Estimates Committee rather than a frank public announcement to elicit from the Premier that it was now unlikely to occur.

This question was handballed to the Minister by the Premier, who indicated that the company was unlikely to establish operations here in South Australia. Can the Minister confirm this, and what is the status of the current negotiations with the company?

The Hon. I.F. Evans: My understanding of the current negotiations is that Teletech still has an interest in coming to South Australia. That interest, essentially, relies on its winning work from third parties.

The Hon. M.D. RANN: Of course, we were told at the time of the October State election that the Government had been involved in a vigorous bidding war, had beaten Melbourne, Perth, the ACT and finally, just two days before the election in this bidding war, had beaten the State Government of New South Wales in securing that project. The company now employs people in Sydney, Melbourne and Perth but apparently not in Adelaide. Given that it was presented to the media and the public prior to the election as a done deal, what undertakings did the Premier have from the company when he released the press statement announcing the deal? Did he have any undertakings whatsoever? Did he have any commitments, contractually or by way of letter, from the company? Also, what was offered to the company in exchange?

The Hon. I.F. Evans: The Leader seeks details of what information the Premier had. I am happy to seek that to see what information the Premier had. My understanding prior to the election is that it was a joint announcement. That is the advice given to me: that it was it was a joint announcement.

The Hon. M.D. RANN: The Premier advised me to ask you today.

The Hon. I.F. Evans: I understand that the Premier referred some topics in relation to this matter to me. It may not be the specific topic to which you relate.

The Hon. M.D. RANN: Do you want me to find it for you?

The Hon. I.F. Evans: You couldn't find the ship breaking one. You talked about letters and contracts; I am happy to seek that information. All I am saying to you is that, as far as Teletech is concerned, my understanding is that there is still an interest from the company. Negotiations are ongoing, and I have nothing more to add.

The Hon. M.D. RANN: Given that the Premier did handball these questions to you (and you can take them on notice if you wish, because I am aware that, under the procedures of Estimates Committees, the answers to all these questions must be provided to the Parliament within 14 days), could the Minister ascertain whether there were undertakings? What was the nature of those undertakings? Were there letters from the company? What meetings occurred between Ministers and officers of the Government with Teletech representatives or any contractual undertakings whatsoever made between Teletech and the Government? Will the Minister table the documentation from the Government to Teletech and from Teletech to the Government, outline what incentives were provided and whether, if there were contractual obligations, because we were told that it was a done deal, the Government is taking legal action against Teletech? This was a huge, biggest jobs announcement, according to the Premier; it was a done deal. We want to know whether or not it was a done deal, because the question of the truth of this Government is constantly raised, as it is over the ship breaking contract. Can the Minister either provide the Committee with those details, given that the Premier referred the questions to him, or bring them back within the requisite fortnight?

The Hon. I.F. Evans: As I have already advised the Committee, my understanding is that negotiations are still open, so I do not intend to prejudice those negotiations by tabling information that may put them at risk.

The Hon. M.D. RANN: I now wish to move on to another area and that concerns senior personnel within the Department of Industry and Trade. By way of introduction, will the Minister provide a chart of all the executive positions within DIT and describe what these executives do, including the salary package for the acting CEO? What were the circumstances surrounding the departure of Ian Dixon as CEO of DIT, and does the Minister have any concerns about those circumstances?

The Hon. I.F. Evans: No, I have no concerns. My advice is that Mr Dickson wanted to take on a different field of employment and resigned.

The Hon. M.D. RANN: By way of supplementary question, the Opposition has been informed that the Minister has been made aware of concerns by various DIT senior employees that Mr Dixon was undermined by other senior executives within his portfolio area and, indeed, that this is a recurrent problem in DIT in terms of too much time being spent on turf wars. Has the Minister heard of these criticisms and circumstances surrounding Mr Dixon's departure? It is interesting to see a few anxious looks from some of your advisers; perhaps they have won in the turf battle.

The CHAIRMAN: Order!

The Hon. I.F. Evans: I have no comment on that. Mr Rann can run that line if he wants, but I will not fuel it or give it any credibility. Mr Dixon left of his own accord.

Mr CONDOUS: I refer to Budget Paper 4, volume 2. What contribution does manufacturing make to the South Australian economy?

The Hon. I.F. Evans: Manufacturing is easily one of the largest single sectors of the South Australian economy. It contributes something like 17 per cent of our gross State product, and this contribution has remained relatively stable in South Australia over the past five years, notwithstanding a decline in some other States. The share of output is represented by manufacturing companies with 6 per cent for agriculture and 2.5 per cent for mining. This should not be read to suppose that mining and agriculture are not important; they are, of course, of vital importance. Yet, despite this, they do not seem to make the same contribution to the aggregate output as does manufacturing.

Further, it is important to emphasise that the contribution of manufacturing to the State economy is even higher after allowance is made for business services used directly by the manufacturing sector. Today when we look at manufacturing, we increasingly have to consider these important value added services which are now becoming essential to differentiate our manufactured products in global markets. It is value added services such as design, marketing, and so on, that will give our manufacturers a winning edge in world markets.

There have also been massive increases in labour productivity in the manufacturing sector in South Australia. The productivity growth of our manufacturers has been greater than it has for our counterparts in other States. This productivity growth will stand the manufacturers in excellent stead in the future to continue to compete successfully in global markets. Manufactured exports have grown significantly in recent years, from 5.2 per cent of the total GSP in 1987-88 to 9 per cent in 1997-98.

For some time now the emphasis has been on the need to increase exports as an important source of sustained economic growth in South Australia. It is pleasing to note that exports as a share of manufacturing turnover is higher for our South Australian manufacturers than it is for our counterparts in other States. Further, the share of manufacturing exports

of total merchandise exports in South Australia has progressively risen over the past 10 years and in 1997-98 reached some 68 per cent. Within this share the importance of a more sophisticated type of manufacturing products, known as elaborately transformed manufacturers, has increased from 17 per cent in 1988-89 to 28 per cent in 1997-98.

Mr CONDOUS: I refer to Budget Paper 4, volume 2. Given the importance of manufacturing just outlined, what is the South Australian Centre for Manufacturing doing to help local companies improve their productivity?

The Hon. I.F. Evans: A good example of SACM support to improve productivity is the machine changeover competition and the manufacturing engineering program. The South Australian Centre for Manufacturing organises a machine changeover competition, which is known as the Factory Floor Olympics—an eight month long competition in which speed and efficiency is critical, and the South Australian companies save \$1 million as a result. The 1998 annual machine changeover competition attracted some 30 of South Australia's leading manufacturers, with the top prize going to B&R Enclosures. The competition has resulted in some remarkable cost savings and increases in productivity for South Australian industry. B&R Enclosures, which manufactures enclosures electrical goods, managed to slash its machine changeover time from of 67 minutes to just three minutes 18 seconds.

The other category winners were: metal stamping division, B&R Enclosures; plastic moulding division, pipe products producer Philmac; miscellaneous division, automotive industry supplier Clyde-Apac; and regional division, Boral Window Systems of Angaston. All 30 entrants achieved impressive results which have been costed out at more than \$5 million in increased productivity and reduced waste. Plant machines are retooled for new product lines and, the longer the changeover takes, the less time there is for production. The competition is a great opportunity for management and machine operators to work together on ways of making their plants more efficient. Improvements are made during the duration of the eight month competition through a combination of improved systems and better technology.

The manufactured engineering program involves the training of manufacturing engineers through hands-on experience with real projects within companies under the mentorship of senior SACFM engineers as a means of redressing what is a serious and deteriorating skill shortage. The manufacturing engineering program is designed simultaneously to meet four different objectives:

- training up the next generation of manufacturing engineers;
- making manufacturing engineers' expertise available to companies who are increasingly finding the availability of in-house technical resources constrained;
- assisting companies to achieve operational economies, thereby enhancing their respective competitive positions; and
- providing technical support for other initiatives within the agency such as investment attraction and the Water Industry Best Practice Program.

Projects undertaken include four arising out of the Government's water outsourcing and best practice programs. One such project brought about the establishment of a volume copper-based casting capacity for water meter bodies, which the State has previously lacked. Another produced operational savings of \$1.4 million per annum for one of the State's leading water companies, while creating additional capacity which is being fuelled by export orders.

The manufacturing engineering group also managed the engineering associated with the relocation of an automotive component producer out of Victoria for consolidation into an existing South Australian company. This move was the result of investment attraction activities with the Business Investment Division of DIT and other such projects currently in work. The program was launched in recognition of the dearth of practical manufacturing engineering skills not only in South Australia but Australia-wide. The very fact that these skills are in critical short supply creates extreme difficulty in recruiting suitable manager/mentor engineers and, more importantly, retaining them, because the role makes them both marketable and marketed, as they work in a number of companies.

Several large projects are currently in work but the whole development program has slowed considerably over the past six months due to just such a retention/recruitment crisis. While the immediate problem has now been resolved, there remains a need to address the difficulties associated with attempting to recruit and retain those uniquely skilled people within the constraints of the public sector. The program currently has four young engineers in training and further recruitment is planned.

Mr CONDOUS: What is the South Australian Centre for Manufacturing doing to support the local tooling industry?

The Hon. I.F. Evans: The South Australian Centre for Manufacturing (SACFM) has a number of programs in relation to the toolmaking industry. The Toolmaker of the Year Awards were established jointly by the South Australian Centre for Manufacturing and the South Australian Engineering Employers Association to recognise and reward the toolmaking industry and the individual toolmaking companies, which are relatively small. The industry plays a major foundation role in the manufacturing sector because, as I have been advised, toolmakers make the things that make the things.

The 1998 Toolmaker of the Year Awards attracted 25 entrants compared with 15 in its first year. Judging of the award is based on two criteria: how companies rank relative to their fellow toolmakers; and how the companies perform relative to the requirements of their customers. Performance for the first set of criteria is largely taken from the companies' financial accounts and is measured by indicators such as operating ratios, cost structure, sales growth, and debt and stock management, to which are added measures relating to back orders, on time delivery and the incidence of machine breakdown.

The second set of criteria consists of measures relating to management, procedures, organisation, facilities, human resources and service. Feedback from the assessment is given to the company relative to other entrants and customers' assessment as well as information relating to critical areas of improvement.

There are three categories for Toolmaker of the Year. In the million dollar category, the winner was D&D Tooling; in the cavity tool category, the winner was Trident Tooling; and in the press tool category, the winner was Trammel Tooling. An overall winner is selected from the cavity tool and press tool categories, and in 1998 the winner was Trident Tooling. The Toolmaker of the Year is a component of the Tooling Industry Improvement Program, which is administered by SACFM. The South Australian Government has applied in excess of \$2.5 million in assisting tooling companies since its inception five years ago.

The launch and conduct of the program has been a cooperative initiative between SACFM and the EEA Tooling Council. The joint Government-industry approach is an important factor in the program's success. The Tooling Industry Improvement Program was established in 1994. The 1997 figures show that sales in the South Australian tooling industry have doubled and employment increased by 17 per cent. This is against national figures of 30 per cent and 5 per cent respectively.

Mr CONDOUS: What benefits do manufacturers get from entering the South Australian Centre for Manufacturing's Manufacturer of the Year Awards?

The Hon. I.F. Evans: 1999 will mark the twelfth year of the South Australian Centre for Manufacturing annual Manufacturer of the Year Awards. These are the premier awards for the manufacturing industry in this State. The 1998 Manufacturer of the Year Awards attracted over 40 of South Australia's leading manufacturers. The awards process provides a framework for business improvement and long-term success applicable to all organisations and is designed to assess current performance levels and develop a road map for an organisation's future improvement.

There are three categories, based on annual turnover levels. The 1998 winners of each of the awards were: \$1.5 million to \$7.5 million, CAMMS Automation and Electrical Services; \$7.5 million to \$25 million, Consolidated Apparel Industries; and \$25 million plus, Britax Rainsfords. Winners were announced at a presentation dinner at the Adelaide Convention Centre on 7 October. One of the major benefits of entering the awards is the individual written feedback provided by the evaluators on the performance of individual companies. This feedback gives organisations a list of strengths and areas for improvement that will act as a blueprint for their ongoing improvement activity.

Entry is by way of an application form where the company's financial information is submitted. This information accounts for some 30 per cent of the total assessment. The second stage of the judging process, accounting for the remaining 70 per cent of the assessment, involves a site visit where members of the SACFM assessment team visit the company to conduct a more detailed analysis. This assessment team is trained in the Australian Quality Council's Australian Business Excellence Awards assessment process.

At the site visit, there are seven criteria against which the companies are judged:

- Leadership: at the senior executive level as well as throughout the company with emphasis on shared visions and values.
- Strategy and planning: the development of a strategy and planning process within the corporation.
- Information and analysis: with particular emphasis on the collection, analysis, use and display of relevant data and information as well as the use of appropriate financial and management accounting systems.
- People: the planning aspects, involvement of the people and the communication of performance against expectations. In addition, training (including multiskilling of the work force), the degree of teamwork and the overall employee wellbeing will be highlighted.
- Customer focus: encompassing knowledge of the needs and expectations in terms of the design of products, developing service performance standards, customer relationships and overall customer satisfaction.
- Quality of processes, products and services: starting with design and innovation and the involvement of custom-

ers, through to process flow efficiency, the improvement of processes and the overall quality of products and services.

Organisational performance: reviews and measures that are used and the information communicated to the relevant stakeholders.

In each of these areas companies were assessed against the following factors. First is their approach, which identifies the company's plans, strategies, processes and infrastructure, which are designed to achieve that intent. The next is deployment, which identifies the activities actually occurring. Results are used to demonstrate how measures or achievement associated with the approach is monitored, and the final factor is improvement, which shows how the process of review and improvement of the approach and its employment is used. Feedback from the companies involved show they consider last year's awards to be a big improvement on previous years and many intend to enter again.

The Hon. M.D. RANN: I would just like to make a point in clarification of who has responsibility for what. When I asked a question about Teletek of Premier Olsen in Estimates Committee A on 29 June (page 29), the Premier's reply was:

I cannot specifically answer your question but I suggest that Minister Evans might more accurately respond to that.

When I followed on about the Premier's responsibilities, the Premier said:

At the time of the election I had responsibility in effect for the area and today, as we move into the new financial year, I do not.

I have put that on the record just in case the Minister is wondering about which portfolio this comes under. Referring back to Mr Dixon, was the Minister satisfied with his performance as CEO of DIT, and can the Minister inform the Committee of the size of Mr Dixon's separation payout?

The Hon. I.F. Evans: As far as Mr Dixon's separation package is concerned, the Leader will need to address that question to the Commissioner for Public Employment.

The Hon. M.D. RANN: The Minister does not know what the separation package is of his CEO. And was the Minister satisfied with his performance: yes or no?

The Hon. I.F. Evans: With respect to Mr Dixon's payout, as Minister, I do not become involved in those issues. That is an issue more appropriately dealt with by the Commissioner for Public Employment: it was in this case.

The Hon. M.D. RANN: Joan Hall certainly knew about the payout of Miss Hancock—although she was later proved to be wrong.

The CHAIRMAN: Order!

The Hon. M.D. RANN: Were you satisfied with his performance as CEO of the department prior to his voluntary resignation?

The Hon. I.F. Evans: Yes, I think that Ian and I had a very good working relationship. Mr Dixon and I had weekly meetings after Cabinet—in fact, we quite often met two or three times a week on various issues. I think it would be fair to say (and I think Mr Dixon would probably agree) that we had a very good working relationship.

The Hon. M.D. RANN: The Opposition understands that there were problems relating to Mr Dixon in terms of his highly critical Cabinet briefing paper of Dr Armitage's proposed IR reforms when it was leaked to the media. We were told on Tuesday that the Premier confirmed that another senior executive, Mr John Cambridge, is on a lengthy period of long service leave, but we could not get any straight answers from the Premier about the current operations of the Office of Asian Business. Is that office currently operating

from within DIT, and who is operating it in Mr Cambridge's absence?

The Hon. I.F. Evans: The advice to me is that the Office of Asian Business does not exist: it is the Office of State Development. The Office of State Development is with the Premier until the end of trading on 30 June and, as from 1 July, it is with DIT.

The Hon. M.D. RANN: Apparently the Premier thinks that the Office of Asian Business is still operating. But never mind; there seems to be some confusion.

The CHAIRMAN: Order! This is the Leader of the Opposition's third question.

The Hon. M.D. RANN: Was Mr Cambridge requested to take this leave by anyone in the Government, and was he disciplined for any reason prior to his taking that leave?

The Hon. I.F. Evans: Mr Cambridge is not within my area of responsibility.

The Hon. M.D. RANN: So, you do not know, either. The Premier said that it was no longer in his area. What is going on here?

The Hon. I.F. Evans: I have already answered with respect to the dates. Mr Cambridge is not in my area.

Mr MEIER: I refer to the Portfolio Statements, Volume 2, pages 10.6, 10.7 and 10.8, and I note there that Industry and Trade has key sectors upon which it focuses. Can the Minister outline the intended impact and strategy that Industry and Trade has as its objectives for these sectors?

The Hon. I.F. Evans: There are eight sectors upon which we concentrate as being the key to the future performance of the State's economy and which we believe the State has some influence over. DIT conducts some of this work in partnership with other agencies of Government. I will go through some of the sectors and the respective impacts and strategies. I might not necessarily go through all eight—otherwise we might be here all night.

I will begin with the defence industry. The intended impact on the defence industry is for South Australia to be a significant and innovative centre for the Australian defence industry, with acknowledged capability in command control, communications, computers, intelligence, surveillance, reconnaissance, systems integration and testing evaluation. The strategies that were undertaken to achieve this impact are: that South Australia be established as the national centre of the C4ISR, with an international profile (for the benefit of Committee members, C4ISR is command, control, communications, computers, intelligence, surveillance and reconnaissance—so, we can understand why that has been shortened to C4ISR); that existing prime systems integrators be maintained and the level of involvement of primes in South Australia be increased; that South Australia be established as a key centre for software and systems engineering; that South Australia be established as a major centre for testing evaluation, including simulation and modelling; that the benefits from the presence of the DSTO, the RAAF at Edinburgh and other defence activity in South Australia are maximised; and that a robust and sustainable base of second tier and small to medium enterprises capable of participating in a significant role in major Australian and overseas defence procurement projects, therefore, can be created.

The intended impact on the electronics industry includes: employment to grow by more than 10 000 persons by the year 2003; sales to grow by some \$3 billion by that same year; and export sales to grow over \$1.5 billion by 2003. The strategies that have been put in place to help achieve this impact are that silicon systems engineering capability including design and

manufacturing is established in South Australia; medium value and medium volume commercial electronics capability is attracted and linked to local industry; the availability and utilisation of higher level circuit design, modelling and simulation tools and techniques is facilitated; world standard research and capability is developed in collaboration with industry and academia; emerging electronics companies need to be supported; an adequate supply of appropriate skill and innovative personnel is available; reinvestment in local electronic companies is encouraged; and management, marketing and exporting skills matched to the target market places are promoted.

I will touch on one last industry, that being the back office strategy. The intended impact on the back office strategy call centres sector is that the South Australian back office and call centre sector will have a proportionately larger share of the Australian market in terms of employee numbers than other Australian States on a *per capita* basis. The strategies to achieve this impact are that targeted interstate and international investment attraction programs is continued in priority subsectors; after care program aimed at customer satisfaction and reinvestment is continually enhanced; training and recruitment infrastructure is continually strengthened to ensure an appropriate supply of back office professionals to support industry growth; key supporting physical infrastructure is strengthened to support industry growth; and the capability and capacity of the local industry technology and service providers is improved, increased and promoted.

Mr MEIER: I note that the Minister particularly touched on the defence and electronics industries in that answer. Can the Minister explain what DIT is doing to help the growth and development of those industries and could he also touch on what DIT is doing for the automotive industry?

The Hon. I.F. Evans: The defence sector in South Australia comprises defence establishments and companies providing products and services to the Department of Defence. It accounts for approximately 2.3 per cent of GSP and provides around 16 000 direct and indirect jobs. So, to that extent, it is certainly a significant industry within South Australia. A recent study conducted by the Centre for Economic Studies shows that there has been a growth of approximately 19 per cent in employment and 13 per cent in GSP contribution by the sector. Companies also predicted a further 10 per cent growth in activity and employment, notwithstanding expected reductions in employment associated with the approaching completion of the submarine building work.

The defence industry in South Australia is a mature sector based on over 50 years' development and support of the Department of Defence's high technology requirements in electronics, surveillance and information technology. It is one of South Australia's real industry clusters and, as such, provides a supportive environment for both existing participants and new entrants.

In terms of progress, the department has attracted Tenix Defence Systems to establish a presence in South Australia, including the relocation of its Land Systems and Support Division head office. Tenix subsequently purchased Rossair as part of a national commercial and aircraft maintenance business that it is establishing. It is negotiating with other major international defence companies to establish in South Australia as well.

The Government has continued to support the Defence Teaming Centre, which provides a vehicle for collaboration by the South Australian defence cluster, including SMEs to

win business. A team formed by the Defence Teaming Centre was recently awarded a significant contract by the Department of Defence to undertake Independent Verification and Validation of the RAAF Airborne Early Warning and Control contract. It has also facilitated the winning of contracts by its members, worth some \$70 million.

We have also been involved in preparing a South Australian Government submission to the Collins Class Submarine Review, which is being coordinated by the Chief Executive of the CSIRO and the former Department of Defence senior officer, Dr Malcolm McIntosh, and the former head of BHP, Mr John Prescott.

In conjunction with the Department of Defence and Industry, it has promoted the use of the Woomera Range as a site for air to air combat training; remote area and ground testing of long-range weapons systems; rocket testing; space vehicle launching and recovery; EMI/EMC testing; parachute drops; and Hot and Dry equipment trials. The department was represented at the Paris Airshow in June 1999 seeking to attract European interest in using the range.

It has also gone through and commissioned a Skills Audit of the local defence firms to identify whether a shortage of qualified, trained and/or experienced software engineers and systems integrators exist. The findings of the audit will be available shortly and will be shared with the industry and used by the department to develop appropriate strategies and proposals to address any shortcomings in the skills base that might be identified.

We have also prepared a case which assisted in the decision by the Department of Defence to retain the RAAF Base Edinburgh as an operational front-line base. The Maritime Patrol Group flying PC-3 Orion aircraft, the Aircraft Research and Development Unit (ARDU) and the Electronic Warfare System Squadron all operate out of Edinburgh. The department is also developing a new investment strategy to attract additional Defence Force activity to South Australia.

In regard to electronics, there are currently 450 companies involved in the South Australian electronics sector. They employ directly 6 300 employees and turn over some \$1.4 billion per annum. Over the last three years the industry has achieved a revenue growth of some 20 per cent per annum, which is encouraging, and the latest research from the Australian Bureau of Statistics indicates employment growth of about 20 per cent per annum in that industry.

Export growth is expected to be in excess of 25 per cent in 1999, and over the next five years the industry is expected to continue this rapid growth, especially in exports, where the export market is expected to exceed 50 per cent of revenue. The Department of Industry and Trade through the Business Centre, the South Australian Centre for Manufacturing, Industry Investment and Marketing divisions, is assisting the electronics industry through a number of strategies. One is trying to retain and expand the industry. They are doing that by providing assistance programs, such as enterprise improvement, strategic business, marketing, export, and quality and financial planning. The promotion of the use of networks to assist many small operators to achieve critical mass by teaming them together is a key part of this assistance.

They also support emerging companies through the collaboration with the Electronics Industry Association, DEETYA and the City Council to work towards the establishment of an electronics incubator in the city south area. Through the Small Business Services group they provide

advisory service in licensing, provision of training courses to develop business skills and competencies and general business start up and advisory services.

In relation to automotive, the Department of Industry and Trade has a multi-faceted strategy to assist the automotive industry. Some of the areas we assist relate to employment and investment growth. DIT facilitated, through its investment attraction efforts, the creation of some 845 jobs and a \$65 million investment in the industry. During 1998-99, a total of some 330 jobs and \$4.46 million in investment was secured.

In the area of exports and market development, the Department of Industry and Trade, in conjunction with the Federal Government, has sponsored a study to look into the prospects after the ASEAN Free Trade Area regime comes into effect in 2003. This study will provide the auto industry companies with the vital information on how best to gain access to future trade opportunities in that region.

In addition, the Department of Industry and Trade has provided assistance to companies such as ROH which is embarking on an export mission to convince overseas companies to use its Adelaide manufactured aluminium alloy wheels in its vehicles. If successful this will give them a foothold into other markets, such as the European market, where some 18 million vehicles are sold every year.

In the area of quality improvement and supplier reliability, a second-tier supplier improvement program was developed at Britax Rainsfords and Mitsubishi by the Australian Quality Council. Success with this program has encouraged the Department of Industry and Trade to deliver the same program to non automotive companies this year.

Mr MEIER: Thank you very much, Minister. Can the Minister explain what the Department of Industry and Trade is doing to help the growth and development of the information technology, back office, health and food sectors in this State?

The Hon. I.F. Evans: In relation to information technology, the Business Centre business unit of the department offers a number of programs to local IT companies focused principally on the achievement of international competitiveness. These include:

- direct financial export for export promotion activity;
- export readiness programs, including 'Success Factor' and 'Investor Ready' programs;
- business and export planning assistance; and
- advice and guidance on growth of their enterprise.

The department also provides support for local company participation, in inwards and outwards trade missions and international trade shows. Examples include the Adelaide Shines inwards mission and support for participation at trade shows. The department assists the development of local companies through a number of areas; for instance, facilitating export clusters, which may be medical software export cluster, an IT services export cluster, or IT education export clusters.

There are the Channels to Asia-Pacific (CHAP) missions—supported by the Department of Industry and Trade and hosted by Electronic Data Services—into Asia to promote export sales to this region. CHAP is an EDS partner program with the South Australian Government, which has been extended to place greater emphasis on IT service companies. New members of the CHAP program include Torson and Maxamine. There has been significant progress for both Pulse Logistics and Empower in developing export opportunities

in the Philippines, a market that has been less affected by the Asian economic crisis than some other areas of that region.

The department actively promotes the capabilities of local IT companies to EDS Australia, encouraging that company to purchase locally developed products and services where possible. The department is very active in pursuing activities for investment in the sector. It has a strategic focus on the US as a source of investment, and is targeting some high growth small to medium enterprise companies that are looking to establish a presence in the Asia-Pacific region.

The new strategic marketing materials launched by the department in June 1999 include things such as an IT Investment Web site; the Case for IT in South Australia business case; the Case for IT in South Australia brochure; and the Case for IT in South Australia video. Also, a capability directory has been developed which contains and collects profiles of notable IT companies operating in South Australia. It includes major multinationals and local companies and is updated on a regular basis.

The Government has had quite a few successes in this area. Key successes in attracting and facilitating IT investment in the State include: Motorola, 400 jobs; DMR, 300 jobs by 2001; EDS, 760 jobs as at June 1990; Compaq Centre, 108 jobs as at June 1999; and Aspect Computing, 28 jobs. They have also assisted other companies as well.

In relation to back office operations, my department has given particular priority to the growth of back office, help desk, shared services, and other operational support. I am advised that the global call centre industry is worth something like \$40 billion per year. The annual growth of the Australian back office/call centre industry is in the order of 20 to 25 per cent and there was actually some radio today from someone from the call centre industry indicating that it was a growth rate of about 25 per cent.

This is a relatively new industry. It has taken off really in the last five years, with about 75 per cent of call centres in Australia being built during the last five years. Around 8 per cent of the call centres in Australia are based within South Australia. This equates to about 6 000 staff, and that is also growing at a rate of around 20 per cent; so that industry is actually growing at a quite significant rate.

The Government has set a target of creating 20 000 new jobs in the back office industry by the year 2010, and in the last two years we have been successful in helping establish 3 500 positions. The department bases the case for Adelaide as a back office location on a sustainable advantage of a very competitively priced and highly trained work force, good infrastructure, low cost accommodation and, of course, a supportive Government.

South Australia also has very low staff turnover rates. Eastern States staff turnover rates can be anywhere between 20 per cent to 30 per cent whereas South Australia's rates are somewhere between zero and 5 per cent. So, in that respect, that provides a significant advantage to South Australian industry. The gentleman on the radio today mentioned that the cost of changing staff is approximately \$11 000 per change, so if South Australia can restrict its turnover from zero to 5 per cent compared to 30 per cent to 40 per cent that obviously provides a pretty significant advantage.

In the past four years we have welcomed major back office operations in Adelaide, such as the Westpac subsidiary (the mortgage company employs 2 200 at its Lockleys' facility); Bankers Trust, with 400 people; and the most recent announcement, of course, was the Stellar facility, which, from memory, employs approximately 150 people.

In his question I think the honourable member raised the issue of health. The Business Centre, as a business unit of the department, is responsible for guiding and assisting South Australian small to medium sized enterprises, and one of its helping roles is the health sector. Not dissimilar to other organisations, the centre looks at mentoring, quality assurance, financial management, enterprise improvement, business development grants, and so on. It also provides assistance with advanced manufacturing technologies, particularly rapid prototyping and computer-aided design, which is available to the health industry through business units of the Department of Industry and Trade and the South Australian Centre for Manufacturing. The Industrial Supplies Office, another business unit of the department, assists firms to maximise the Australian and South Australian content of purchases by identifying competitive local producers and a wide variety of goods and services.

The honourable member also mentioned the food industry in his question. As reported in *Hansard* this week, the Premier talked about Food for the Future and the way in which it has worked very successfully for the State. That project is obviously trying to increase that industry's contribution to the State's economy from \$5.5 billion to \$15 billion by the year 2010—a tripling, almost, of its input. I refer the honourable member to Tuesday's *Hansard* rather than my necessarily repeating the same information today.

The Hon. M.D. RANN: Again, there needs to be a point of clarification. When I previously asked the Minister about John Cambridge and the Office of Asian Business, the Minister did not know anything about either because he did not have responsibility. At page 28 of Estimates Committee A the Premier said:

I think I said earlier that the Office of Asian Business will be, in a restructuring, part of the Department of Industry and Trade and, after 1 July, will be putting in place an Invest SA component of the Department of Industry and Trade.

Apparently the Minister is not aware that next week that office will be in his department and that he will have responsibility. My question is: does the Minister expect Mr Cambridge to return to work in his department after his period of leave and, if so, in what capacity?

The Hon. I.F. Evans: No; the Premier referred to this the other day. My understanding is that the Office of State Development returns to DIT on 1 July and Mr Cambridge stays within the Department of Premier and Cabinet working with Invest SA.

The Hon. M.D. RANN: That is interesting. The Minister says that he will be working in the Department of Premier and Cabinet within Invest SA but the Premier says that he will be putting in place an Invest SA component of the Department of Industry and Trade. On a whole series of questions, whether it is ship breaking, Teletech, John Cambridge or the Office of Asian Business neither the Premier nor you, Minister, seem to know who has responsibility. It is the same with what the Treasurer's representative was saying about the ship breaking project and what the Premier has put in writing: the left hand does not know what the right hand is doing.

The Hon. I.F. Evans: I have just checked with Mr Frogley and my understanding is that the answer I gave previously is accurate: the Office of State Development returns to DIT on 1 July and Mr Cambridge will be working in a group called Invest SA in a not dissimilar role to that which he is in now, as the Premier indicated in his answer. I have nothing further to add.

The Hon. M.D. RANN: So the Premier is wrong and not you? Okay, that is all right. In terms of investment attraction, we have heard—

The CHAIRMAN: Order! The Minister.

The Hon. I.F. Evans: I think the Leader will find that what the Premier was indicating is that Invest SA would be working, as does Mr Cambridge now, on issues that will cross both agencies—Invest SA and DIT. I think that rather than trying to nail to the post the final detail of what the Premier might have said, I am simply saying that my understanding is that Mr Cambridge, in his role in Invest SA, will be involved in projects that cross agencies, as they often do. The Leader has tried to make great play of it today on a couple of issues, but I understand that my previous answer in terms of where he sits, based on Mr Frogley's advice, is accurate.

The Hon. M.D. RANN: We have heard a great deal about National Power's intention of building a power station at Pelican Point (and I am dealing with this in terms of investment attraction), but we have heard less about the mess that National Power is in in the United Kingdom and in Pakistan, perhaps because that might raise issues about how good a deal we have from National Power. National Power was recently described in the 27 May issue of the British daily newspaper *The Independent*, as follows:

... a cadaver on the slab and a nasty mess it looks, too.

It has just sacked its Chief Executive; it has just cut investor dividends; and it is divesting itself of power stations in the United Kingdom, while making huge losses on an investment in Pakistan. The report describes its position in the stock market as follows:

UK earnings are shrinking too fast to make Nat Power an income stock while its international business is too unpredictable, as the fiasco in Pakistan has shown, to make it a growth stock.

The company is apparently slashing up to 1 000 jobs in the United Kingdom. My question in terms of investment attraction is: what role did DIT play in attracting National Power to South Australia and, given the very serious problems of National Power in the United Kingdom and in other parts of the world, what checks were made when attracting overseas investment of the probity, integrity, financial health and bona fides of such companies, including National Power?

The Hon. I.F. Evans: I will let Mr Hallion explain DIT's role.

Mr Hallion: In relation to the Pelican Point project and National Power, this department was not directly involved and we would therefore have to refer those questions to the Department of Treasury and Finance. I am happy to do that but we had no direct involvement.

The Hon. M.D. RANN: By way of a couple of supplementary questions to take on notice: what was the separation pay-out for Ian Dixon, because I am sure we would all like to know; and, secondly, did the other department responsible for investment attraction with National Power do probity checks and the other things I mentioned in my question? If the Minister could take those questions on notice and get back to me within two weeks, I would be grateful.

In relation to Kistler, both the Premier and I have met with Kistler representatives. I was very pleased to attend the launch of the project last winter at Woomera when the former Minister for Defence was involved in the announcement.

Obviously we know that, for a variety of international reasons, Kistler's January start was delayed until the middle

or the end of this year, depending on different reports. Will the Minister tell us if the Kistler rocket development is still on schedule, considering the recent announcement of a launch in our spring? Can the Minister also advise what is presently happening at the Woomera site and whether work has already begun to facilitate that launch this year?

The Hon. I.F. Evans: I am advised that, subject to Kistlers' raising the appropriate finance, there is still the intention to launch in the year 2000.

The Hon. M.D. RANN: By way of follow up to the additional questions, I do not expect the Minister to have the information available today and I would expect him to take them on notice. I refer to page 10.3 of the Portfolio Statements. How many FTEs are currently employed in the Department of Industry and Trade, the Business Centre, the Centre for Manufacturing, the Industrial Supplies Office and other units and divisions in terms of the portfolio and what are the separate budgets for each of these organisations for next year, given the reports of reductions over years in funding for the Centre for Manufacturing?

The Hon. I.F. Evans: I will take those questions on notice.

Mr WILLIAMS: My questions relate to the help the department gives for development and infrastructure projects and business incentives in South Australia. Can the Minister give an overview of the details required by applicants seeking help from the department for a project or investment proposal? Do departmental staff help prospective applicants meet application requirements or do you use that as the first method to weed out those which do not cut the mustard?

The Hon. I.F. Evans: I ask Mr Mitchell to comment.

Mr Mitchell: We generally seek a detailed business plan. In some cases applicants will not have a business plan with them and sometimes they have not even thought about the need for a business plan and so we have the capacity through the Business Centre to help them with business planning in which case, if they are eligible, they will receive a 50 per cent contribution towards the preparation of a professional business plan which we can then assess independently as to whether or not we should support them.

Mr WILLIAMS: As to the 50 per cent subsidy, what would be the ball park cost of a project costing between \$100 000 and \$2 million?

Mr Mitchell: It is difficult to say off the top of my head, but it could be of the order of \$10 000 for a detailed business plan of which we would contribute 50 per cent.

Mr WILLIAMS: Broadly, what criteria do you use to assess whether or not Government assistance is given?

Mr Mitchell: The criteria depend on the program. For industry investment there are detailed internal guidelines which establish the basic criteria and these are extensive. In summary, we apply a number of tests and, essentially, they are as follows: is the incentive necessary to actually achieve the desired outcome or is the incentive or assistance necessary to achieve the desired outcome? Does the company have reasonable prospects of viability? Does the benefit outweigh the cost, after taking into account the risk, and is the project consistent with Government policy and priorities? We look to assess the direct level of payback to Government from payroll tax or other taxation as part of the assessment process as well as the contribution to gross State product. It would take me much longer to go into the full detail.

Mr WILLIAMS: I am concerned about your phrase about meeting the Government's priorities. I have always been worried about governments at all levels and of all persuasions

being involved in picking winners. It is a difficult task in my experience. As to applicants from regional South Australia, would you normally expect them to come through regional development boards or to act of their own volition? Would an applicant who comes of his own volition be treated in the same way or would the applicant be better off to go through the board?

Mr Mitchell: We get applications from either source. In some cases, particularly in the regions, they are dealt with in the Business Centre and not within my division, but we get referrals through the regional development boards which we deal with as well as dealing with people who come in direct.

Mr WILLIAMS: Does the department have some sort of performance measuring? Do you take into account how many dollars of taxpayers' money have been expended per job that you hope to create? Do you come back after the event and see whether you have achieved that level of employment per dollar of taxpayers' money expended?

Mr Mitchell: Yes, we do. On an annual basis we do a review of where the companies are at in that regard. All of the support we provide is either performance based support or has some sort of claw back associated with it. That enables us to provide fairly readily an assessment as to whether or not the company has achieved what it set out to achieve.

Mr WILLIAMS: It may be there, but I have not been able to find anything on that matter in the budget papers. Is there anything in the budget papers and, if not, would that not be ideal information to have in the budget papers so that we have an opportunity to assess how effective the expenditure of taxpayers' money is?

The Hon. I.F. Evans: I am not sure what you mean.

Mr WILLIAMS: As to the area of performance measuring that has just been described to us, I cannot find anything in the budget papers about it, but I would have thought that was important information to have in the budget papers. A considerable amount of taxpayers' money is spent in this area. Is it included in the budget papers?

The Hon. I.F. Evans: There is a process of parliamentary scrutiny through the Industries Development Committee, a bipartisan committee. Projects involving significant funds are put through that committee so that there is bipartisan scrutiny independent of the Minister. The IDC can then advise the Minister. It is a system of parliamentary scrutiny and, given the commercial nature of some negotiations in this portfolio, it is not necessarily information that is needed in a public document like the budget. Your point is that there needs to be scrutiny and the IDC provides that scrutiny of major projects.

Mr WILLIAMS: I understand that the IDC is part of the approval process, but I am talking about accountability after the event. It would be ideal to have such information in the budget papers. I am not talking about specific projects but about an overall view of the performance of the work of this particular part of Government.

The Hon. I.F. Evans: What I might do is forward the honourable member a copy of the annual report, because we print separately an annual report that would give some of those performance measures that he is after. If the information is still not in there, he might approach me again and we will see whether there is a different way to report.

The Hon. M.D. RANN: In terms of economic development, I turn now to the water industry and refer to the mention on page 10.13 of the Water Industry Best Practice Program. We remember, when the water contract was signed in October 1995, the headlines about reduction in price of

water, increase in water quality and the stories about being 60 per cent Australian owned. We know that that has not occurred. The biggest deal was made about the fact that there would be 1 100 new jobs in a new water industry here in South Australia; that Thames Water's Asia Pacific headquarters would be relocated to Adelaide; that there would be a Pica Activated Carbon factory established in my electorate, and so on.

For which parts of the water privatisation contract does the DIT have any interest or responsibility, and how many people under the Minister's portfolio are currently working on the economic development component of the water contract that is supposed to be delivered by United Water?

The Hon. I.F. Evans: I understand that, as far as the contractual arrangements are concerned, all those issues are dealt with by Minister Armitage as Minister for Government Enterprises. The DIT's involvement is through an involvement in the Water Industry Best Practice Program, run through SACFM, and I will ask Mike Nagel to outline the involvement of SACFM in that program.

Mr Nagel: The water industry strategy is a medium-term strategy that seeks to establish a new industry for South Australia in a growth area that is internationally focused, with the original area of attention being Asia. The Water Industry Best Practice Program is only one element of that overall strategy, which includes investment attraction to fill gaps in capabilities. The water industry in South Australia is a small but capable sector which has grown out of a predominantly Government customer base and which has, in the past, typically had a State rather than a national focus. Growth has been good off a low base, and some 150 companies are registered as water industry participants in South Australia, with 250 companies listed on the water industry database.

As part of the development of the water industry, the Water Industry Alliance has recently been formalised as a non-profit association to promote commercial collaboration between members of the alliance. The Water Industry Alliance is providing significant future direction and input into the Water Industry Best Practice Program. To date, approximately 86 programs have been implemented with participating companies across a wide variety of areas, including benchmarking; quality management systems; costing systems; business plans and strategic plans; marketing strategies; product redesign and R&D; personnel, HR and Management Mentoring; finance and credit restructuring initiatives; and information technology and management information systems.

Performance improvement has occurred, with some notable participants, such as Philmac, achieving major productivity improvement, new product development and expansion of markets. On average, company data submitted to evaluate the performance indicates a significant improvement in profitability (113 per cent improvement in earnings before interest and tax), employment (16 per cent) and revenue (20 per cent). Major expansion has occurred in some of the more innovative small to medium sized companies. However, exports have risen only marginally to date, mainly due to the downturn in Asia.

The Hon. M.D. RANN: That final point about exports was interesting. Given that it is listed in the Minister's department under Water Industry Best Practice Program, will the Minister explain why the Government has not released to the Parliament the assessments of the second and third year of operations of United Water, which were promised to

Parliament by the former Industry Minister, the member for Bragg?

The Hon. I.F. Evans: The advice to me is that that falls under the role of Minister Armitage. The only involvement we have, as I explained in my previous answer, is with the best practice program. Everything else falls to Minister Armitage. The Leader might want to take that up with him next Wednesday.

The Hon. M.D. RANN: Given that the Minister's predecessor said that we would be getting these reports, the Minister is saying that once again it is duck shove: the Minister does not know why they have not released those reports?

The Hon. I.F. Evans: I am not saying that.

The Hon. M.D. RANN: He does know but he is not telling us.

The Hon. I.F. Evans: I have previously answered the question. The Leader asked me earlier what was my agency's involvement. My agency's involvement is the water best practice program. We have given a detailed answer as to what that program has involved. Everything else with SA Water essentially comes under Minister Armitage's portfolio. He is the Minister for Government Enterprises and SA Water is under Government Enterprises.

The Hon. M.D. RANN: Mr Nagel has just referred to water exports, talking about the Minister's department's area. What is the measured level of water exports for 1998 and will the Minister specify which South Australian enterprises were involved, the value of assistance given, the value of additional output generated, the net number of additional jobs created and the role of United Water in bringing this about?

The Hon. I.F. Evans: The Leader's question finishes with the role of United Water: United Water is not in my agency but that of Minister Armitage.

The Hon. M.D. RANN: It has an economic and industry spin-off that the Minister's adviser just talked about in terms of exports.

The Hon. I.F. Evans: Lots of other Ministers' portfolios have economic spin-offs that I am not necessarily answerable for. Public transport has an economic benefit, but I am not answerable for that. The arts has an economic benefit and I am not answerable for that. Tourism has an economic benefit, and I am not answerable for that. SA Water is Minister Armitage, Government Enterprises, next Wednesday. The Leader should ask the question then.

The Hon. M.D. RANN: Assurances were given by the Minister's predecessor about reports to Parliament that we still have not seen. Will the Minister tell us, given his responsibility for industry, how many people are currently employed at the Pica Activated Carbon factory in the Salisbury Council area? This was a great industry announcement, one of the big ones, along with Teletech.

The Hon. I.F. Evans: I will take that on notice and bring back an answer.

The Hon. M.D. RANN: I await that with great interest. Perhaps by way of follow up, will the Minister tell us whether Thames Water Asia Pacific has yet relocated to Adelaide, and how many people are employed?

The Hon. I.F. Evans: I will refer that question to Minister Armitage.

The Hon. M.D. RANN: In terms of investment facilitation, infrastructure and networks, given the substantial public investment of nearly \$64 million in investment facilitation (page 10.16), what are the 55 projects targeted for next year (page 10.20), and what are the 45 major infrastructure

projects noted on page 10.19? To follow from that, will the Minister give detail on the targets to assess 45 networks next year as well as the other four categories of assistance targeted as described on page 10.22?

The Hon. I.F. Evans: Do you want the explanation of the general targets for next year?

The Hon. M.D. RANN: Yes; the \$64 million investment facilitation. What are the 55 projects that have been targeted for next year, as well as the 45 major infrastructure projects? Also, in terms of infrastructure networks, which is under the Minister's portfolio area, Industry and Trade, what is the target to assess the 45 networks next year, as well as the other four categories of assistance targeted as described on page 10.22?

The Hon. I.F. Evans: My advice is that the 55 projects the honourable member mentioned are essentially investment targets. Some of those we are working on currently and some may not have yet even walked through the door, but they are targets. I refer the honourable member to the Portfolio Statement (page 10.14) which is made available as part of the budget statements, targets for 1999-2000. The appropriate key targets for the portfolio services have been developed in the areas of industry and infrastructure, community and policy development. Some of the targets are: delivering enterprise improvement programs to up to 1 200 companies; providing a business skill development to approximately 30 000 inquirers; and an attraction and commitment of \$350 million in new capital investment resulting in a potential to create or retain 5 500 jobs.

We are setting out our targets for the next year. If the honourable member today wants me to go through and name each one of the 55 projects that we are targeting, obviously we cannot do that. We are negotiating with some, but it is really setting out a plan of what we hope to achieve in the next 12 months rather than our saying, 'We've got them all in our back pocket, ready to announce.' If we had them there, we would announce them. It is a forward plan. The Leader may have misunderstood the detail in that sense.

Mr MEIER: I refer to page 10.10 of the Portfolio Statements. Will the Minister detail the efforts of the Government, through his department, to reposition Adelaide Airport and indicate the commencement date and the construction of the multi-user integrated terminal (MUIT)?

The Hon. I.F. Evans: The development of the new terminal to replace the existing outdated terminal facilities is in line with the State Government's program to encourage and facilitate the redevelopment and refocusing of Adelaide Airport into an international gateway better able to support the State's tourism and export industries. The other two parts of the Government's program included securing a world-class operator for Adelaide Airport with a single-minded focus on developing the airport into an international gateway (achieved through the securing of Adelaide Airport Limited as the new airport operator) and the extension of the main runway which has removed the limits imposed by the old runway and allows for a fully laden 747 aircraft to land and take off at Adelaide Airport.

Depending on the required approvals from the Commonwealth Minister for Transport and Regional Services being obtained, together with the final ruling of the ACCC (we received a draft ruling the other day; we are now waiting on the final ruling, of course), and the successful conclusion of commercial negotiations with key tenants, which are primarily the airlines, we anticipate construction beginning

either late 1999 or early 2000. Completion is expected to be in the first quarter of 2001.

The MUIT facility, scheduled to be finished in 2001, is a new two-storey terminal building which will be constructed adjacent to the current international terminal. It features 10 aerobridge gates capable of accommodating the range of aircraft, both domestic and international, using Adelaide Airport. The terminal will be accessed through a raised road running its entire length at the first level.

All gates will have aerobridges to provide cover for passengers on walking between aircraft and terminal buildings. This will be a state of the art terminal coordinated by one operator allowing for efficiencies of operation and consistency of service. It will be the first of its kind in Australia. The new terminal will integrate all domestic and international services and will be one of only a few airports in Australia providing for seamless transfers between domestic and international flights. It is therefore perfectly suited to meet the needs of the emerging aviation market where domestic and international flights will become increasingly integrated.

Mr WILLIAMS: The Minister will probably need to take my first question on notice. I question the benefit that we derive from Estimates Committees and it has come to my notice that at the beginning of this Committee, and I believe others, the Opposition asked what have been referred to as omnibus questions, seeking a whole raft of information on notice. Can the Minister provide to the Committee an estimate of the cost to his department of answering those omnibus questions? Can his ministerial colleagues also provide information as to the cost of that line of questioning to the whole of Government? I believe it would be a substantial figure.

The Hon. I.F. Evans: I will take the question on notice but other Ministers will have to provide that information either as a whole of Government response or for their own ministerial lines. We will not be able to do that in the time limit that was set out earlier in the day by the Chairman because, as Minister Brindal mentioned, some of the detail that the Opposition is seeking will take some time to calculate. I am happy to take on board the request that we calculate the cost of the Opposition's questions.

Mr WILLIAMS: I hope that does not add to the cost. If it costs \$100 000 to provide that information, I request that the Minister forget about it.

The Hon. I.F. Evans: Someone might ask what is the cost of the member's question about the cost of their question.

Mr WILLIAMS: Yes, indeed. I represent a rural electorate and, during the afternoon tea break, I discussed with some of the Minister's advisers the ability of people in rural and regional South Australia to access Government services via the Internet. Can the Minister give the committee some information about what is happening with regard to making sure that all regions in South Australia have Internet access? I believe that South Australia is expending \$26.5 million from the Commonwealth's Regional Telecommunications Infrastructure Fund. Can the Minister give the Committee some information on where that money is being utilised and what effect that will have on access to IT services in regional South Australia?

The Hon. I.F. Evans: The Commonwealth's Networking the Nation Regional Telecommunications Infrastructure Fund (RTIF) program is two years into its five year term, and there have been five rounds of funding for the program. Applications worth approximately \$11 million have been approved

for South Australia and \$14 million remains to be allocated over the remaining three years of the RTIF. The last round of approvals were processed and announced on 1 June. Applications for the next round are due to close on 1 September 1999. In round five, 10 projects were submitted from various groups in South Australia and, in what was a good result for the State, all 10 projects worth \$2.2 million were approved as recommended.

Those projects were: Yorke Peninsula video conferencing links (education); Yorke telecentre and coordinator; Whyalla Electronic Commerce Centre; Hawker Internet access project; through IEPO, the Rural SA Get Connected program (community education); the Outback Areas Community Development Trust planning project (requirements study); Kangaroo Island Internet point of presence; Northern Regional Development Board mobile telephony study; Kangaroo Island mobile telephony, with three new towers on the south coast; and a stage two project for the Pitjantjatjara indigenous community. The honourable member can see from the range of projects that there is significant investment in a number of different projects right across rural South Australia. I will ask Mr Hallion to make some further comments in relation to this.

Mr Hallion: In addition to the funding provided under the current RTIF program outlined by the Minister, the Senate has approved legislation enabling a further 16.6 per cent sale of Telstra. While most of the proceeds from the sale, which are estimated at \$16 billion, will be used to retire Commonwealth debt, the Commonwealth has allocated \$1 billion of the sale proceeds to fund a social bonus, which is aimed at improving telecommunications and the environment in regional Australia. That is in addition to the \$250 million already allocated nationally under the RTIF funding, of which South Australia's share was \$26.5 million. We expect to see an additional boost in RTIF funding to the State of \$17 million from that program plus a share of \$686 million in the social bonus not yet allocated to the States. That will provide a significant additional funding boost to the current RTIF program.

The Hon. M.D. RANN: In terms of regional development, I am pleased to note that the Department of Industry and Trade will oversee the Regional Development Infrastructure Fund. Is that correct?

The Hon. I.F. Evans: We are contributing \$4.5 million to that fund.

The Hon. M.D. RANN: Which of the recommendations of the regional development task force will be adopted and has the Government agreed with the need for a regional development council, a full regional development statement, a senior Public Service coordinator for each region, and structural adjustments assistance for the Upper Spencer Gulf?

The Hon. I.F. Evans: The Regional Development Task Force, of course, has reported. Cabinet has had an initial consideration of its recommendations, and out of that has come the announcement of the Regional Development Council and the Regional Infrastructure Fund, which is \$4.5 million per year for three years. So, that is the initial response.

Further work is being undertaken by Minister Kerin, as Minister for Regional Development, in relation to the other recommendations. Cabinet thought it important that we get the initial structure of regional development—the Regional Development Council and the Office for Regional Development—up and running, and that is, essentially, under Minister Kerin. So, further responses to the Regional Development

Task Force will be developed by Minister Kerin, with further consideration by the Government some time in the future. However, the initial response was that Minister Kerin, as Minister for Regional Development, would take on the role of coordinating the Regional Development Council and the Regional Development Office and that there would be a commitment by the Government of \$4.5 million a year for three years with respect to regional infrastructure.

The Hon. M.D. RANN: By way of elaboration, can the Minister inform the Committee whether DIT is developing regional development profiles, as recommended?

The Hon. I.F. Evans: I am advised that DIT officers are working with the Minister for Regional Development's officers to coordinate those profiles. So, I would assume that there is a coordinating role there for DIT through the business centre through the regional development boards.

The Hon. M.D. RANN: So, that is a recommendation which will be implemented and one which will happen on a coordinated basis?

The Hon. I.F. Evans: I am advised that the preliminary work is being done to see how practical the recommendation is. My understanding is that work is being done on some of those profiles, and it will be subject to funding in the next year.

The Hon. M.D. RANN: When I visit the regions, one of the problems that people put to me, and one which I think has been recognised in the report, is that there is some confusion about the portfolio allocations, in which the Minister for Regional Development, the Hon. Rob Kerin, as Minister for Primary Industries, and also as Deputy Premier, has no real specific departmental regional development responsibilities other than administering the community service obligations for the provision of water to the non-metropolitan area. One of the most fundamental recommendations of the report—which the Opposition certainly supports—is for a proper Minister for Regional Development with responsibilities who actually sits at the Cabinet table. Has the Government yet considered that recommendation of the report?

The Hon. I.F. Evans: Minister Kerin is Minister for Regional Development. He will oversee the Office of Regional Development and he will be the Minister in control of the Regional Development Council. The regional development boards are still placed within DIT, but have a coordinating role with the Office of Regional Development and the Regional Development Council. So, Minister Kerin will be, and is, the Minister for Regional Development.

To pick up the point that the Leader makes, we are establishing an Office of Regional Development under Minister Kerin, and that will have the broad role of looking at regional development right across the State and across various portfolios. He will also be the Minister responsible for the Regional Development Council. So, the principle of that recommendation of Minister Kerin being involved in that aspect I think has been picked up.

The Hon. M.D. RANN: Will the Government adopt senior Public Service coordinators for designated regions, or will there also be some divisions in terms of designated Cabinet Ministers for key regions—such as a Minister for the Spencer Gulf?

The Hon. I.F. Evans: That was one of the recommendations, and the advice to me from officers is that that point is still under consideration.

The Hon. M.D. RANN: At officer or ministerial level? I am sorry, I do not want to confuse the Minister. I was asking on two fronts: first, whether there would be senior

Public Service coordinators for each region—for instance, a director for the Spencer Gulf, given the particular problems that we are finding there—and also whether there will be any specific ministerial responsibility for individual Ministers?

The Hon. I.F. Evans: My understanding is that the consideration is at the bureaucratic level. The advice to me is that the recommendation was not necessarily a Minister for each region; it was more a bureaucratic coordination role. The Leader may misunderstand how far we are down the process. My understanding of where we are with the Regional Development Task Force is that we had an initial response to set up the Regional Development Council and the Regional Development Office. Minister Kerin has now been asked to go away with his officers and consider the other recommendations to see how practical they are, the funding implications, and so on. Then Minister Kerin is coming back to the rest of Government with his recommendations about how we take the next step. The initial step really was to get some funding available for regional development—hence the \$4.5 million over three years—to have the Office of Regional Development set up and the Regional Development Council, which will involve major players from various areas in the regions coming in so that they have better access to Government. That is something that was mentioned in the Regional Development Task Force report.

So, the initial response, really, has been about getting the structure and the funding. All the other recommendations that the Leader has mentioned are really for Minister Kerin to respond to on behalf of whole-of-government. He is yet to come back to us. However, I know, through my officers' advice today, that some work has been done behind the scenes.

The Hon. M.D. RANN: Is there to be a particular coordinator for each region?

The Hon. I.F. Evans: With respect to the other recommendations, Minister Kerin is looking at those from a whole-of-government response.

The Hon. M.D. RANN: By way of follow up, as a frequent visitor to the Upper Spencer Gulf, one of the things that is expressed repeatedly at meetings with either business, unions, local councils, at community meetings and so on, is the disappointment that enterprise zone status was taken away from Whyalla, which was given special enterprise zone status in 1993 for the Whyalla Development Estate, which was a designated area by the Regional Development Board. About five months before the election, the former Government gave it enterprise zone status, which essentially provided for that Whyalla development, or resource development zone, a 10 year exemption from various State taxes—for instance, payroll tax, financial institutions duty, stamp duty, land tax and so on. The Whyalla Council similarly provided a 10 year exemption from council rates, not to try to get people relocating industries around Whyalla, or even around South Australia but in terms of trying to attract industry investment from interstate or overseas. A similar enterprise zone status was given to Technology Park and was retained, along with various other incentives.

Given that John Howard has now embraced the enterprise zone initiative—which I freely admit is borrowed from the United Kingdom and the United States—and has given enterprise zone status to the City of Newcastle, which involved Commonwealth tax concessions under the manufacturing in bonds scheme, have there been any discussions about extending the Commonwealth tax concessions that apply to Newcastle to Spencer Gulf cities which, basically,

are faced with similar problems, and has there been any rethink of the enterprise zone arrangements at the State Government and local government level? As far as the Labor Party is concerned we believe that Federal, State and local government enterprise zone status should be applied to the three Spencer Gulf cities, given their particular problems.

The Hon. I.F. Evans: The Government is involved with the Upper Spencer Gulf councils in a working group to help diversify the economy of the Upper Spencer Gulf region. We support that officer level with staff. I am right in saying that I am sure the Federal Government is involved also, through Senator Minchin's office, from memory. So there is already a Federal, State and local government response to the circumstances in which the Upper Spencer Gulf region finds itself. I met with the mayors representing the Upper Spencer Gulf area and I got a very clear message that the local community wanted to take control of it, that, while they were happy to have State and Federal Government officers working with them, they very much want to drive their own agenda. We agreed to that. I think it is Mr Johnson from my department who is the officer working with the Upper Spencer Gulf region in diversifying their economy.

The Government has always taken the view that the enterprise zone status applies in a broader way than just the Whyalla area. Every case would be taken on a case by case basis. There are funds available. There is \$4.5 million through the Regional Infrastructure Fund. There are already circumstances—and there have been comments in the media to this effect—where some of the major companies in that area have indenture agreements with the Government, that I am sure the Leader, given his previous role in Government, is aware of, where they get certain offsets for certain costs. You do not necessarily have to do it on a zone by zone basis; you can do it on an entity by entity basis, which, essentially, is the approach that we have taken. But the important thing is that the local community—in this case through their councils, through the Upper Spencer Gulf region, their common purpose group—is in charge of diversifying their economy, and where the Federal Government and the State Government can assist we will. But the very clear message I got when I met with them was that they wanted to be in charge of it, and hence they are; we are assisting.

The Hon. M.D. RANN: Enterprise zone status would empower local regional development boards and councils, and I am simply asking, even if the State Enterprise Zone Program has been rejected by this Government, that the Government look at what is being given by the Commonwealth to the City of Newcastle, which faces similar problems. Following on from that, obviously Whyalla is a concern to all of us, in terms of unemployment and also, of course, in terms of the reduction in the size, over years, of BHP Whyalla's operations. I recently visited BHP there and they were very proudly showing the new investments in BHP Whyalla, in terms of environmental reduction of emissions, both air emissions and water emissions, but also in terms of the new steel making line, which I think is about \$80 million worth of investment.

Earlier in the week I mentioned that the *Australian Financial Review* had a speculative story about a major announcement being made this Friday concerning BHP's operations. Is the Minister confident of the long-term security under BHP ownership of the steel making division of BHP at Whyalla?

The Hon. I.F. Evans: The Leader makes mention of the recent investments in Whyalla. My understanding is that BHP

has invested some \$84 million on its billet caster, and I think \$40 million on upgrading its pellet plant; so about \$124 million was invested recently. That to us is a positive sign. I met Mr Anderson at the Governor's when he was in Adelaide in the last six to eight weeks. I know that meetings with the Premier occur from time to time when Mr Anderson is in Adelaide. So the Government has a good working relationship with BHP and we are encouraged by the fact that they have invested \$124 million in Whyalla in recent times.

Mr CONDOUS: I refer to Budget Paper 4, Volume 2—Industry and Trade. The Barossa Valley is a key to the success of the Australian wine industry. I note that a number of major developments have recently been announced for the area and questions have been raised about the ability of the infrastructure to cope. What is being done by the Government to ensure that this vital export industry can achieve its potential in the Barossa?

The Hon. I.F. Evans: The Barossa is recognised worldwide as one of the premier Australian wine regions. Some 70 per cent of the Australian wine sold internationally comes from the Barossa, bringing some \$565 million to the Australian economy. In recognition of the importance of the Barossa, several new winery developments have been proposed: the 75 000 tonne Mildara Blass winery near Nuriootpa and the 10 000 tonne Barossa Valley Estates/BRL Hardy winery near Seppeltsfield. Other wineries are being considered, plus most wineries, of course, are considering expanding their processing capabilities. The results could see the current 280 000 tonnes processed in the Barossa doubled in the next 10 years.

Crucial to this expansion and the Barossa's maintaining its international position is ensuring that the infrastructure—and we are talking about roads, water, power, effluent disposal, etc—is capable of servicing the industry's growth. The department is undertaking an extensive survey of the infrastructure issues currently affecting the growth of industries, including the wine industry in the Barossa Valley.

The survey identified several areas where the infrastructure was at critical levels and upgrades urgently needed, not only to cope with the needs of the wine industry but also to protect the area as one of the State's premier tourist destinations. This relates particularly to roads, which were designed almost as tourist roads but which now have to take significant loads of semi-trailers, etc. So that creates some issues for people going up there for a quiet weekday drive for a quiet red, or something, suddenly having to deal with lots of semi-trailers.

The Department of Industry and Trade is negotiating with the infrastructure providers to facilitate the construction of the road infrastructure. For example, Transport SA has responded with plans announced to upgrade Gomersal Road into the Barossa and it is undertaking a survey of other transport requirements in the area. Negotiations are also continuing with other infrastructure providers, and the Department of Industry and Trade will continue to work with the wine industry to facilitate its orderly expansion.

This really all comes about because the wine industry went about setting itself a 20 or 25 year vision of planting 40 000 hectares, and, after only three or four years, it had planted 35 000 hectares. So, it is the forward planting of the vineyards that has now put pressure on the infrastructure and the processing capacity, and it is in that light that Mr Hallion and myself met with the wine industry representatives in the past two or three months to discuss these exact issues. It was one of the reasons why the Premier set up his wine industry

forum, which is an industry consultation group, so that Government and industry can walk together in the development of the industry to make sure that the social infrastructure or the industry infrastructure is right, so that the industry can expand in a positive way that brings more exports and jobs to the State.

Mr CONDOUS: Could the Minister give some examples of the efforts of the Industrial Supplies Office to secure benefits for local business from proposed major projects in which the State has an involvement?

The Hon. I.F. Evans: Probably the best way to explain the functions of the Industrial Supplies Office is to look at some projects in which it may be involved. The Adelaide to Darwin railway line is the first example. The South Australian Industrial Supplies Office has been involved in the project from its earliest stage. The Manager, Mr Sutton, has been involved as an active member of the Australasian Rail Corporation project evaluation team to examine a three consortia proposal to maximise and advise on local industry participation. The office will fulfil an industry advisory role with the successful consortia by placing a suitably qualified ISO officer within the organisation to monitor local industry participation and maximise their import replacement program. Activities include increasing awareness of the project among local industry, informing local firms on its current status through industry visits and seminar presentations and maintaining an extensive register of local companies that have expressed interest in the project by validating these companies.

The State is also participating in a Business Opportunities and Networking Seminar in Darwin on 6 and 7 July. Mr Hallion is representing the Government at that seminar, in which we will bring together some of the major businesses to explain the opportunities that may present themselves through the Adelaide to Darwin railway line. It will also create opportunities for businesses to develop networks and relationships to maximise their opportunities in being involved in the Adelaide to Darwin rail project. It will provide opportunities to open the lines of communication between businesses located in South Australia and the Northern Territory, and obviously to expand companies' capabilities and expose firms to a range of business opportunities arising out of that particular contract.

Kistler is another project in which there is potential to be involved. The Kistler Corporation has nominated the Industrial Supplies Office as its principal Australian contact to advise on matters pertaining to the local industry capability, including manufacturing, operational, civil construction, project management and services such as tourism and employment.

The principal contact for Kistler is, again, Mr Sutton, who also holds the position of Deputy Chair of ISONET Limited. Mr Sutton's dual role enables South Australia to receive accurate information in forging a very close link between Kistler and local industry. As a result of ISO's involvement, the office has been able to communicate Kistler's requirements to local companies and organisations, as well as increase the awareness of local industry capabilities to Kistler. Therefore, any potential imports can be readily identified, and local industries are receiving opportunities to replace these items and services with locally produced items.

Through our participation in these sorts of programs, for example, with Kistler, the Woomera facility can once again be advanced as a springboard to attract local and international companies to use local test and evaluation facilities to world-

class standards. It is a two-way process: one process is trying to attract companies to South Australia and to make them aware of what we have on offer—the capabilities of our firms; and the second process works the other way and says to our local firms, 'Hey, this is an opportunity that is coming on the horizon. Have a good look at it and see whether there is not some way in which you can be involved.' In a very broad sense that is what the Industrial Supplies Office is all about.

Mr CONDOUS: Could the Minister give an overview of the recent performance of the South Australian economy?

The Hon. I.F. Evans: The South Australian economy grew by 5.9 per cent in 1997-98, the second highest annual growth in any of the States. As quarterly data is not yet available for the GSP, no later figures than that have yet been produced. Investment expenditure for 1997-98 rose by 23.8 per cent compared to 4.9 per cent nationally. Investment spending was helped, of course, by some large projects such as the Olympic Dam expansion, the Playford Hotel and the West Beach-Glenelg foreshore redevelopment.

South Australian exports fell only marginally in 1997-98 by .5 per cent. This is a good result considering the Asian financial crisis that appeared in the latter half of the year. South Australia was able to achieve this result by diversifying its export market, including the shifting of exports to Europe from Asia. In the nine months to March 1999, South Australian overseas exports were up 7 per cent on the same period a year earlier. Especially pleasing has been success in the Middle East, where exports have grown by over 85 per cent in the first nine months of 1998-99. A major component of this growth relates to vehicle exports.

The inflation rate for South Australia during the year ending March 1999 was a very low .8 per cent. This low inflation rate has created an environment that will enable interest rates to remain low in the near future. Employment in trend terms is 3.3 per cent or about 21 000 higher than a year earlier, but in recent times figures have shown some volatility. An example is that in April 1999 employment was recorded to have fallen by 4 700, but in May it had risen again by 6 100. As with all employment figures, I think one would need to look at the trend line rather than necessarily the month by month figures. Overall, 1997-98 was a good year for South Australia in terms of the economy and in 1998-99 it appears that that trend is continuing.

Membership:

Ms Hurley substituted for Mr Wright.

Ms HURLEY: The Darwin to Alice Springs railway is mentioned in many parts of the portfolio statement as a DIT priority. Is the Minister confident that the successful tenderer, after extensive tendering evaluations, will be able to build the railway with the current funding levels of \$300 million from the three donor Governments?

The Hon. I.F. Evans: Mr Hallion has been the senior officer handling the Adelaide to Darwin railway line for some time, so I ask him to comment and give an update.

Mr Hallion: As the Committee may be aware, I am a board member of the Australasian Railway Corporation, which is overseeing the selection process for the two Governments. I also head the task force in South Australia for the railway. I have had, as the Minister said, quite a long association with this project, which dates back before my time (five years) in the State Government.

Certainly a key step in the project occurred in April 1998, when the Government announced the three short-listed consortia. We are now aware, of course, that of those three consortia Asia Pacific Transport has been selected as the preferred consortium to go forward with the project.

I might advise the Committee that that includes Brown and Root Engineering and Construction Limited, which incorporates Kinhill's, which is based here in Adelaide. Also involved is Hutchison Port Holdings and Genesee and Wyoming, which is probably well known to people through its acquisition of the freight business in South Australia. That company is known here as ASR, but the principal firm is Genesee and Wyoming. MacMahon Constructions is also involved.

As was mentioned, on 7 June this year the Premier and Chief Minister of the Northern Territory announced that the Asia Pacific Transport consortium had been selected as the preferred consortia to move to stage 3. The stage 3 negotiation phase is now well and truly under way. The Premier was asked a very similar question in Estimates on Tuesday and he indicated that those negotiations are under way. We expect them to be completed probably by about October this year, with contractual arrangements being completed by November with a three to four year construction period.

In line with the Premier's comment, given that those negotiations are presently under way, I am not going to comment, as he did not, on the situation regarding the grants. In that respect I have nothing further to add to the reply that the Premier gave on Tuesday.

Ms HURLEY: Has the South Australian Government made any representations to the Federal Government about additional funding for the project, given that the indications are that the project will need additional funding?

The Hon. I.F. Evans: The Premier is doing all the negotiations with regard to the Northern Territory and the Federal Government. This will be no surprise to the Deputy Leader given the significance of the project. I suggest you take it up with the Premier.

Ms HURLEY: I assume the Minister is aware of and involved in negotiations, given that it is his department which is so highly involved and given it is one of his own officers who has advised that he had been involved in the project for five years.

The Hon. I.F. Evans: On that issue Mr Hallion reports directly to the Premier. All the negotiations between the Federal and State Governments and the State and Northern Territory Governments on the project have been undertaken by the Premier. I suggest that that matter be taken up with the Premier.

Ms HURLEY: At what cost does the bid made by the successful tenderer claim the railway could be built?

The Hon. I.F. Evans: I will ask Mr Hallion to respond.

Mr Hallion: I presume that you are referring to the total cost of the project. The cost of the project from the successful consortium is in line with the estimates provided for the project cost when the project was first announced in August 1997. The cost does depend on the way in which the successful consortium treats capital like rolling stock and whether it intends to lease or purchase it. It is still in the order of \$1 billion for the total cost.

Ms HURLEY: You are saying that there is no need for additional funding from any of the Governments involved?

Mr Hallion: I am not saying that. I am saying, as the Premier said in his response on Tuesday, that we are negotiating in stage 3 with the preferred consortium and it is too early

for me to make any further comment on that. I just refer you back to *Hansard* for the Premier's response.

Mr CONDOUS: Can the Minister inform the Committee of the performance of the South Australian economy in terms of exports?

The Hon. I.F. Evans: South Australian merchandise exports amounted to just under \$5 billion in 1997-98, representing a .5 per cent decrease since 1996-97. When we consider the major turmoil in Asia, which is the home of many traditional South Australian exports, this was a relatively good performance. South Australian exports have increased by 7 per cent in the nine months to March 1999 compared with the year earlier. However, we need to note that there are some timing differences in relation to the shipment of cereal exports, which may affect the comparability of the figures.

Data on selected commodity groups shows that exports of road vehicles, parts and accessories grew by some 26 per cent, again reflecting a strong automotive sector. Exports of wine grew by 21 per cent while exports of fish and aquaculture products grew by about 11 per cent in the first nine months of 1998-99. For the period 1997-98 South Australian exports to China grew by 34.7 per cent, whereas the national figure was growth of only 8 per cent. That may reflect the Government's investment in a number of offices in China. South Australia was responsible for 30 per cent of Australia's growth in exports to China. Taiwan also showed strong growth with exports growing by some 23 per cent.

In the first nine months of 1998-99 exports to the Middle East were up, which I mentioned in a previous answer, by about 85 per cent, a major component of that being motor vehicles. Exports to New Zealand were up by 9.4 per cent; exports to the European Union were up 9 per cent; and exports to the United States were up by 2.5 per cent. Although exports to crisis-hit Asia had fallen, some of these countries appear to be showing early signs of recovery, and that of course will be encouraging for South Australian exports in the future if that is the case. All indications are that 1998-99 will be a reasonable year for South Australian exporters.

Mr CONDOUS: The Minister referred to Asia and some of the trade figures show that the rock lobster industry still fulfilled the sale of 2 600 tonnes of rock lobster this year. Can the Minister be specific on the impact of South Australian exports to the Asian area in light of the recent and existing Asian crisis?

The Hon. I.F. Evans: The first point to reinforce is that South Australian exporters in general have coped well with the Asian conditions. Secondly, the impact of the Asian conditions has not necessarily been uniform from country to country or State to State. I have already mentioned some of the growth figures for China of about 34.7 per cent in 1997-98 and that Taiwan also showed good growth. South Australian exports to Japan held up reasonably well, growing by .6 per cent after falling by 10 per cent in 1996-97. Exports to Hong Kong have been relatively firm, showing a growth of 2.2 per cent in 1997-98.

Australian exports to the ASEAN countries fell by 43 per cent for 1997-98, whereas South Australian exports fell by the smaller amount of about 20 per cent. The outlook for ASEAN in 1998-99 is more encouraging and should see a modest recovery in Australian exports to those regions. Officers from State Development undertook a number of seminars recently involving South Australian companies to brief them on what the position is in Asia and bring them

right up to date. As I said in my previous answer, there are some positive signs of recovery of the Asian economy and there are opportunities for South Australian companies that are opening up. We brought the companies in. From memory, there were three or four speakers from Austrade and they were brought in so that companies could be briefed and become right up to date on what the opportunities are. South Australia is reasonably well placed, given the presence of Austrade and our own offices, to take advantage of any early recovery of the Asian economy.

Mr CONDOUS: What action has the State Government taken to promote South Australian business success to the local, interstate and international community?

The Hon. I.F. Evans: The Government, through the Department of Industry and Trade, has been actively involved in promoting local business through the sponsorship of a successful channel 9 program *Directions for South Australia*. This year the department has complemented the program with a *Directions* magazine and indeed a *Directions* website. The third *Directions* series of 13 half-hour episodes screened from last December to February this year. Each episode, first run and then repeated, attracted an average weekly audience of 120 000 viewers, which was a significant increase on the first and second series in 1997 and 1998 respectively. That seems to indicate that the program is getting some following and is slowly building a bigger following within the South Australian community.

One episode that screened on 3 January 1999 attracted 237 000 viewers, ranking it in the top 10 programs for that week. Leading South Australian companies and organisations featured in the third series include Castalloy, Riblock, International College of Hotel Management, Robway, Hamilton Laboratories, CAI Apparel, Wendy's Ice Creams, VIP Home Services, DMR Consulting, SA Film Corporation, Collotype Labels, Balfours, Harris Scarfe, EDS, Olympic Dam Mine, Angas Park Fruit, BRL Hardy, Haighs Chocolates, Gerard Industries and Hills Industries. The program has drawn a good response from the community, with channel 9 reporting many positive phone calls after the airing of each episode. Research commissioned by channel 9 at the completion of the third series shows *Directions* is strongly supported by businesses that have appeared in the program.

Of those businesses, 100 per cent said that they would participate in *Directions* again if given the opportunity; 96.3 per cent rated the program as 'accurate' or 'very accurate'; and 96.3 per cent said that participating in *Directions* was good or very good for their business, so it has not only a good response within the general community but an excellent response from the businesses involved. The department regards working in partnership with the media as important in achieving four objectives, namely, informing the community of the importance of economic development to ensure employment growth and a high standard of living; improving morale and overcoming negative perceptions of business in South Australia; raising the confidence of business by highlighting achievements of both industries and individual companies; and encouraging an entrepreneurial spirit in South Australia by focusing on what can be done.

Importantly, it educates South Australians about what actual businesses we have, what skills we have and what the capabilities of our work force are. When you talk to a lot of South Australians, they still think that we are very much primary industries based and do not realise we have a very good defence sector, very good electronic sector or a building call centre, back office industry. It is really good not only to

promote those new industries but also to show people what the latest developments are in some of our more traditional industries. One of the reasons why I think the program has enjoyed such high popularity amongst South Australians is that it is locally based and explains what ordinary, everyday South Australians are doing to try to improve their lot and, with their lot, hopefully, the conditions of employment of other South Australians.

We are considering the possibility of a fourth series of *Directions* to be screened this year. In addition, the department in June this year published the inaugural issue of its new quarterly magazine, also called *Directions*, so we have the labelling the same which will be used to complement the television program. The new magazine is a replacement for the department's quarterly newsletter South Australian International Brief. The magazine promotes successful South Australian businesses among our national and international readership.

Since distribution in early June 1999, the department has received numerous requests for additional copies of the *Directions* magazine from businesses, including many of Adelaide's international class hotels. The positive feedback is very supportive of the department's efforts to promote business in South Australia, and shows an eagerness on the part of the public and corporate sectors to participate in this promotion.

Ms HURLEY: Speaking of skills of South Australian industry, I would like to return to the Centre for Manufacturing. I understand that the Leader asked about current funding and staffing levels, but I would like to go into a little more detail about the current operation of the centre. What are the key projects in which the Centre for Manufacturing is involved at the moment?

Mr Nagel: One of the key areas of focus for the Centre for Manufacturing at the moment is in the area of new product development. We are working closely with companies to enable them to accelerate the rate at which they are able to develop new products and get them to market on the basis that, as part of that new product development process, they are able to add extra value and extra features and take cost out of the product and make them more internationally competitive. Other areas of involvement include the tooling industry, as has been mentioned previously.

We have been working with the tooling industry now for a number of years to improve its international competitiveness. In the main, the tooling industry in South Australia is comprised of relatively small companies, and by creating networks of these small companies we have enabled them to become more internationally competitive. For example, we have created two clusters, one of them involving nine companies and another involving five. As a consequence of those companies joining together, they have been able to employ export managers who have been able to go and win export contracts. One of them in particular, very recently, has focused on the alloy wheel market in the United States.

They have opened up an office in the United States where they are targeting those alloy wheel manufacturers, and they have been successful in winning some business. We have also been targeting other companies in the United States to bring design and tooling work back to South Australia. Our Manufacturing Engineering Graduate Development Program has been a major focus of the centre, both from the point of view of developing skilled personnel and by helping to improve the performance of companies. One of those companies was part of the Water Industry Best Practice

Program. The Centre for Manufacturing was involved in a complete re-layout of its injection moulding shop.

It consolidated all its moulding operations, reduced the floor space by some 30 per cent, was able to improve its productivity and reduce lead time through the plant. It took something like \$750 000 out of work in progress and generally made significant productivity improvements in that business.

Ms HURLEY: Mr Nagel has described a number of key projects involved in principally the manufacturing areas. Is the centre currently involved in any projects with companies that operate in the services sector?

Mr Nagel: We have some involvement with companies that are in the services sector associated and supporting manufacturing industry. One of our initiatives is working very closely with the design industry, since we see that new product design and development is fundamental to the competitiveness of South Australian companies. A number of small design firms in South Australia provide design services, particularly to smaller companies that do not have an in-house design capability. As part of that process we have developed a strategy where we are encouraging a networking and clustering approach whereby these companies will work together in order to win design contracts from outside South Australia and from overseas, and bring that design work back to South Australia. What we hope to do also is capture some of the downstream tooling and manufacturing work. Those services of the sector economy that we work with have direct links to manufacturing.

Ms HURLEY: Supplementary to that, when talking about getting involved with clustering of companies and going for overseas contracts, for example, is that more in the nature of marketing assistance or is that just putting the companies in touch with each other?

Mr Nagel: Essentially it is encouraging the companies to work together in a collaborative way. If you look at tooling companies, for example, typically they have been fierce competitors for what they saw as the local market, so it took some time for them to realise that as well as being competitive at the local level they needed to cooperate at the interstate and international level. Our role in that process has been in facilitating those changes in attitude. As part of that process, we have taken some tool makers on overseas study tours. We have taken them to best practice tool rooms overseas and we have let them understand the gap in their existing performance and what they need to do to be internationally competitive.

Sometimes, as part of this process we will fund the development of, say, a business plan whereby they might look at what the business opportunities might be for the cluster as distinct from individual companies.

Ms HURLEY: Is that in terms of business opportunities only overseas or also within Australia?

Mr Nagel: Both overseas and in Australia. It is true to say that most of these companies have a greater capability to win interstate business than international business. I know from personal experience that the cost, the overhead and the lead time in developing an international business is very high, therefore that is the area where they need major assistance.

Ms HURLEY: Is there no problem with competition policy in putting together groups like that to seek interstate contracts?

Mr Nagel: The way these companies have operated is that they have formed a peak company. In the case of the tool making companies, the individual companies have a share-

holding in that business and they employ a sales person to work for the business. They then make decisions as to how they will distribute the business amongst the tool making companies, based on commercial criteria. The directors understand that, as directors of that company, they must meet their obligations as directors.

Ms HURLEY: With regard to the governance of the centre, is there a board of management for the Centre for Manufacturing and, if so, who is on it?

Mr Nagel: A Manufacturing Industry Advisory Board was formed for the purpose of advising the Minister on matters relating to manufacturing industry. The role of the board is to provide feedback on industry's performance; advise on the needs of manufacturers with respect to advice, support and technical as well as non-technical assistance; suggest ways in which the Government can help the manufacturing sector to survive, grow and sustain export competitiveness; and also evaluate the relevance of services and support provided by the Centre for Manufacturing and advise on future directions for the centre. It also has a forward looking role in looking at future trends in manufacturing.

The board's recent activities have centered on the development of a series of policy initiatives designed to address key issues confronting manufacturers. Those issues targeted initially include skill requirements, promotion of manufacturing, access to finance and broader support programs and services. It has also investigated the implications of reforms in the electricity sector, currently transport policy reform developments and the scope for reforms to the State's workers' compensation arrangements.

However, the principal concern has been the oversight of the development of a 10 year vision for manufacturing in South Australia and the establishment of a group of advocates to turn this concept into action. It also monitors national industry policy developments and their impact on manufacturing. Board members are subject to reappointment on an annual basis, and the board has not yet been reconstituted for the coming year.

Ms HURLEY: The centre is meant to be a fairly hands-on organisation, but the description of the work of that advisory board seems a little bureaucratic and policy oriented. Is that in fact so? I understand that it has not been appointed, but what classes of people is the Minister looking for on that board? For example, is a union representative on that board to give it that hands-on practical focus that I understand the Centre for Manufacturing is about?

The Hon. I.F. Evans: The board has a mix; there are representatives from different sectors. People might be represented from the food manufacturing sector or the automotive sector. It really is trying to get sector representation in manufacturing on the board so that each sector has an input and can raise the issues that need to be addressed from their sector's point of view.

Mr MEIER: Some impressive figures are quoted on page 10.4, indicating that the South Australian Centre for Manufacturing has conducted 287 enterprise improvement programs, and the target for the first nine months is 210. To what extent is assistance being given to regional South Australia by the South Australian Centre for Manufacturing?

The Hon. I.F. Evans: I will ask Mr Swincer from the Business Centre, who deals with the regional development boards, to explain our role with the regions.

Mr Swincer: The Government delivers its economic framework in regional South Australia through the 13 regional development boards. Those boards have access to all

the programs that are offered through the Department of Industry and Trade. That can be either through the South Australian Centre for Manufacturing, the Business Centre or any part of the agency. They act as a shopfront for all those programs, depending on need. So, if it involved a factory layout or redesign, it would be done through the South Australian Centre for Manufacturing. If it involved just a standard enterprise improvement program, perhaps a strategic plan, business plan or a diagnostic, it would be done through the Business Centre. The regional board framework is the mechanism by which the Government, through the Department of Industry and Trade, delivers all those programs throughout the State and in regional areas.

Mr MEIER: By way of example, a new mining operation has recently commenced in my electorate involving a combination of granite and marble—a special rock called harlequin that has recently been exhibited in Italy. Certainly, interest has been expressed in it. It would be used for tombstones, granite tops or tiles, yet it is a fairly small business, without probably requiring any outside advice. Would the developer of that mine be able to gain assistance from the South Australian Centre for Manufacturing on other ways that that stone could be used—in other words, could that business get advice as to how else it could use the stone other than granite tops, tombstones and tiles?

The Hon. I.F. Evans: I will have Mr Swincer answer how they might be involved in the programs available from the Business Centre, and then Mr Nagel might want to add something on behalf of the Centre for Manufacturing.

Mr Swincer: It would depend on what advice the business wanted, and that is done as part of a diagnostic when we go into the company to determine that. If it was business advice, business acumen, it may well be that the company needs management skills; it may well be that it does not have a business plan or that it has no strategic direction; or it may not understand how to market its products. All those things would be assessed and then could be delivered through the Business Centre. If there were attributes of the business that related to mining or the resource industry, they would be handled not by the Department of Industry and Trade portfolio but by the mines area of another agency. Mr Nagel may wish to add to that.

Mr MEIER: What sort of cost would be involved for business plans and so on? I understand that the person is not an expert in mining.

Mr Swincer: Again, we have a mechanism whereby the Government, through the auspices of the Business Centre, provides 50 per cent of the funding. In the case of a business plan, it could be \$5 000 or up \$10 000. We provide 50 per cent and the company provides the other 50 per cent. Clearly, we are not in the business of paying 100 per cent for programs, because that does not induce ownership and commitment by the company. It is generally in the order of the figures that I have given.

Mr MEIER: I refer to page 10.4, which states:

The portfolio has also progressed its four planned export programs in the areas of water, sport, trade policy and regional development.

In what way has the portfolio progressed in regional development in terms of exports?

Mr Swincer: The regional boards work with the Department of Industry and Trade to assess a company's potential, as I indicated in a previous answer. The export program of a company is one of the key things which we work with those businesses to develop. We might use the New Exporters

Challenge Scheme and we might work with them by taking them to overseas markets to look at where they may deliver their products. The key issue is about doing a diagnostic with that company and lifting it to international competitiveness. If it is not globally and internationally competitive, there is no point that company getting into the export market. We spend time getting it internationally competitive and then we take it into the export market to deliver its products, perhaps interstate initially and then overseas.

Mr MEIER: What is the projected increase in exports of new products from regional areas? Have we done any forward projection of figures as to how much more we expect to export from our regional areas in the next five to 10 years?

The Hon. I.F. Evans: It is not broken down into regions because more of a sector approach is taken. In the Committee on Tuesday, the Premier spoke about the Food for the Future program, which is trying to lift overall production from \$5.5 billion to \$15 billion. In the wine industry, we talk about increases in plantings. We have not broken it down to determine what we expect out of the Yorke Peninsula or the South-East but we try to deal with it on a sector by sector basis.

The Hon. M.D. RANN: I am sure that all members of the Committee would be aware of the fundamental importance of the meat industry to our economy, and it crosses over the primary industries portfolio and the Minister's portfolio in terms of valuing adding and exports. There has been considerable turmoil in recent years in the South Australian meat industry. We have seen the closure of a series of abattoirs including Noarlunga, Kangaroo Island and Mount Barker, with hundreds of jobs lost, whilst there has been massive downsizing in other plants. Is the Minister aware of reports that the Gepps Cross abattoir, operated by T&R, will close in mid July with the loss of 300 jobs?

The Hon. I.F. Evans: I am advised by my officers that they are not aware of that.

The Hon. M.D. RANN: The Opposition understands that the T&R abattoir facilities at Gepps Cross will close next month with the loss of 300 jobs, but it could be that T&R will take over the former Metro meatworks at Murray Bridge and re-hire a new work force. Hundreds of jobs were lost at Murray Bridge when the Metro works closed. Whilst hundreds of jobs will be taken on by T&R at a new headquarters at Murray Bridge, we have already seen hundreds of jobs go from Murray Bridge and 300 jobs will be lost at Gepps Cross. The net loss is likely to be hundreds of jobs, considering those previously employed at Murray Bridge. As many as 500 former Metro meatworkers will chase the new Murray Bridge jobs, along with the workers from Gepps Cross, so perhaps 800 workers will be chasing 300 or more jobs. I am told that the work force at Gepps Cross will not be transferred to Murray Bridge but that they will be sacked, with some workers receiving as little as four weeks pay.

I have raised this issue because it is really important for the department to have an early warning system in place in terms of lay-offs so that we can try to intervene to restructure industries as well as negotiate with employees about their future. The Gepps Cross abattoir is in my electorate, and people with families are unlikely to pick up jobs if T&R take over the old Metro meatworks at Murray Bridge. There is a general view across the meat industry that, because of the turmoil that we have seen in South Australia over some years, there needs to be an urgent summit on the future of the industry. Such a summit would involve the industry, the Government and the unions and could set out a clear plan and

direction in terms of value adding in the meat industry and exports.

I am sure that the Minister is aware of the Tatiara plant, which is heavily orientated towards the US export market, and there are threats to that industry currently, with negotiations going on at Federal Government level with the Clinton Administration. I urge the Minister to get his department to check out this report about T&R and to consider calling a summit of all the players in the industry to see whether we can thrash out a coherent plan to give the industry a focus, save the industry and save jobs. The Opposition and I am sure the unions would be interested in taking a role in that summit. In more general terms, the Department of Industry and Trade or the Department of Employment should give consideration to an early warning system which gets information about prospective closures and lay-offs so that we can be proactive for the future.

The Hon. I.F. Evans: The Leader's point about early warning notification is important. I can advise the Committee that I have just been given a handwritten note to my Acting CEO from his PA, which reads:

Jim, Gepps Cross abattoir closed five minutes ago. 350 staff laid off at 4.20 or 4.30. Further details being sought.

To clarify the Leader's earlier question, to my knowledge that is the first that we have been notified. I know that the Leader has an interest in this, not only because of the 350 jobs involved, but also as the local member.

In relation to Murray Bridge, there are some issues that are at a delicate stage of negotiation and, rather than put them on the public record here, I am happy to speak to the Leader, as the local member, and give him a private briefing to bring him up to speed with respect to the situation in Murray Bridge—I think Metro Meat is the firm. I am happy to give the Leader a private briefing but, in fairness to the people involved, it is not in their interests to say too much more on the public record. We will follow up this issue as soon as we leave here today.

The Hon. M.D. RANN: I am very happy to take up the offer of a private briefing. We have been told that the T&R company will take over, as I say, the old Metro Meat works at Murray Bridge and then rehire a work force. However, that will not give any comfort to the people who have been laid off at Gepps Cross—and, of course, so many hundreds previously had been laid off at Murray Bridge.

In terms of redundancy agreements, there may be a need for the Government, through Industrial Affairs, or whatever, to give some assistance here in trying to see whether workers, many of whom are middle aged (because we are all aware of the problems of mature aged unemployment), can be re-trained, as well as perhaps getting a better redundancy agreement. Also, perhaps we can work in a bipartisan way to get a summit together with respect to the future of the meat industry (because it seems that we just reel from one of these to another) and see whether or not we can implement an industry sectoral plan, and look at some kind of early warning monitoring system that can be built within the Government framework.

The Hon. I.F. Evans: Minister Kerin has handled all the meat issues in relation to abattoirs, at least, on behalf of Government. I am not sure whether or not he is aware of this; obviously, I have not had a chance to check that with him. However, I am happy to take up the issue that the Leader has raised with him, as the Minister involved in that sector.

The Hon. M.D. RANN: On Tuesday, members of the Opposition questioned the Premier about the procedures regarding the distribution of grants to country specific Chambers of Commerce, which is what used to be known as the ethnic Chambers of Commerce—similar organisations. We know that there are many of those, many operating very successfully. I think that, in a bipartisan way, it was started by our Government and finished by the Minister's Government. We set up a centre which houses the country specific Chambers of Commerce. When I raised the issue on Tuesday, the Premier suggested that the questions be asked again of this Minister, as Minister for Industry and Trade, because he said that this Minister had responsibility for the allocations. I suppose that that has been passed on to the Minister.

As advised to the Premier on Tuesday (and although we did not name the organisation, I am happy to do so today in order to assist the Government), the Opposition has been contacted by concerned individuals who are worried about what they believe is improper conduct in relation to the way in which an ethnic based organisation, of which the Premier is, coincidentally, the patron (I am not making any point about that), applied for and apparently received a State Government grant of some tens of thousands of dollars (I think it was about \$50 000) for an overseas business mission. The written material which the Opposition has received (and which I have here), which relates to the Australian Japan Association of South Australia, is an application to the Country Specific and Region Specific Chambers of Commerce Grants Fund for a special projects grant for a business mission to Japan. The written material that we have received provides details of the application together with a list of concerns regarding irregularities in the process. These concerns include evidence of substantial padding, businesses associated with members of the applicant organisation (particularly the chairperson) benefiting directly from the grant, and the fact that the committee of the organisation has never seen the grant submission or voted on it. I think that these things need to be checked out. My question is: what are the audit processes for Government funding of the Country Specific Chambers of Commerce Grants Scheme, and has either an internal audit or an audit conducted by the Auditor-General discovered any breaches of procedure in terms of the allocation of State Government grants to country specific Chambers of Commerce and similar organisations?

I want to stress that we have received this information about one organisation. I am aware of outstanding work being undertaken by other country specific organisations, and that is why I thought it proper to mention the name of the organisation about which we have been given documentary information and allegations, rather than put a cloud over all the rest.

The Hon. I.F. Evans: If the Leader provides me with the documentation, I am happy to have that matter investigated as soon as possible. It does not make it any easier, now that it has been made public which organisation it is, but we will certainly take that up straight away as a matter of importance. I will ask Mr Hallion to comment on the audit procedures involved.

Mr Hallion: First, let me say that we are not aware of the issues that have been raised today, so we will definitely take those up. I can say that we have put in place administrative arrangements which involve the re-establishment of a grants committee to provide advice to the Government on the \$350 000 per annum grants program to which the question is directed. That committee is drawn from the Chair of

CITCSA, the CITCSA manager, the Department of Industry and Trade, AusTrade, the South Australian Employers Chamber of Commerce and Industry and three members representing specific country chambers. DIT provides a non-voting executive officer on that grants advisory committee. That committee was specifically set up to ensure that applications for grants met the criteria of the grants guidelines—and there are published guidelines on the grants that applications have to meet.

In relation to audit matters, I have inquired of the officers in the department handling this matter prior to this committee in broad terms, and I will take the matter up, obviously, as a result of the member's concerns.

Mr CONDOUS: Can the Minister outline DIT involvement in the Wine Industry Strategic Plan?

The Hon. I.F. Evans: I think everyone in South Australia would realise that the wine industry makes an important contribution to the State's economy. The Government response to the national wine industry plan was developed to best position with the South Australian industry to capitalise on the anticipated industry growth to the year 2025, and the focus primarily has been on the export driven growth.

As background, a national strategic plan to the year 2025 (Strategy 2025) was released by the Australian wine industry in mid 1996. At the request of the South Australian Wine and Brandy Industry Association, the Government developed a whole-of-government strategic plan for the State's wine industry. South Australia is the wine manufacturing centre of Australia. The State's wine exports represent some 73 per cent (by volume) of the Australian total, and reached \$565 million in 1997-98. In Strategy 2025, the Australian wine industry seeks to forge a strong partnership with Government, and the State Government response to the national plan was developed as a collaborative partnership with the South Australian wine industry.

The objects of the program as developed within the industry are: to encourage viable development of vineyards, wine processing, storage and packaging capacity and supplier capability; support the industry's efforts to entrench innovation as the driver of industry competitive advantage; enhance export capability and market access for wine companies; support industry risk management initiatives; enhance the image and reputation of the South Australian wine industry and South Australian wine in general; take advantage of the growth in wine tourism opportunities (and I think the Minister for Tourism may have mentioned that the other day); and maintain open and regular dialogue between the industry, State Government and local government.

The Government's response to the Wine Industry Strategic Plan was launched by the Premier on 8 July 1998. The Premier has also reconvened the Wine Industry Forum, which is a consultative group comprising both ministerial and industry representatives. Its function is to assist in the promotion and development of the wine industry in South Australia. Discussions are currently being held between DIT and PIRSA to finalise the details of a whole-of-government coordination group being established to oversee the implementation of updating the wine plan and to develop responses to issues identified by the Premier's Wine Industry Forum from time to time.

Mr CONDOUS: Can the Minister outline the Foundry Industry Program?

The Hon. I.F. Evans: Foundries are a basic building block in the economy and they provide a critical upstream input for many of the State's manufacturing activities. I

referred earlier today to the importance of the manufacturing industry in South Australia. As background: the South Australian foundry industry currently employs around 2 000 people, having total sales of about \$300 million a year. Since the inception of the Foundry Industry Assistance Program in 1994, sales of local foundries have increased by about 50 per cent, or \$100 million to gross State product.

Adelaide-based foundries have a skilled work force which has enabled export oriented businesses to develop. Many companies have been overtaken by urban sprawl and are unable to expand shifts or their premises. The foundry industry has an importance to the economy many times greater than its relative size. However, because of its small employment numbers training for its skill needs has almost ceased.

The Government developed a world first in establishing the South Australian Cast Metal Precinct which was established to enable foundries to expand. BTR Engineering has invested some \$30 million to build Australia's largest ferrous foundry and has doubled its previous production capacity, and it was opened by the Premier on 22 October 1998.

Two other companies have commenced operations in the precinct, acting as subcontractors to the foundry sector. A fourth company will commence operations in the precinct, we hope in January 2000. Their relocation is based on strategic considerations rather than first order economic benefits. In fact, the project may even have a negative internal rate of return, and Government support will therefore be critical.

SACFM is developing a new model for training, which has been adopted by the industry at national level. SACFM and the Engineering Employers Association of SA are currently negotiating for a \$40 000 Skills Audit Grant from the Adelaide Metropolitan Area Consultative Committee. On completion of the Skills Audit, the necessary data will be available for proceeding to a pilot study looking at thin markets and distance learning modes.

These two groups have chosen the foundry industry as the vehicle for this. An application has been made to the Australian National Training Authority for funding of this pilot program. This will cover approximately five of the 19 competencies within the foundry training package, with four already in place. This leaves approximately 11 competencies to be completed. A further application for grant money through the Department of Education, Training and Youth Affairs will be made following the pilot study.

All these applications for Federal Government monies have the total support of the Manufacturing Engineering and Related Services Industry Training Advisory Board. The Federal Government will evaluate the distance learning course material developed by SACFM for the pilot. Complementing this, interim courses have commenced at SACFM. Some 70 people completed a customised 'Foundry Ready Course', with 57 of these candidates having found employment within the industry. A total of 98 have undertaken foundry courses at SACFM, with an additional 24 currently in training.

Mr CONDOUS: Can the Minister advise on progress of Business Vision 2010?

The Hon. I.F. Evans: South Australian Business Vision 2010 is a business led partnership between business, Government, educators and the community to develop a more prosperous South Australia. It recognises that business must take greater responsibility in determining the economic future of the State. SABV 2010 began as an initiative of the South Australian Employers' Chamber of Commerce and Industry

in 1996 and developed through a unique process of collaboration between business, Government and community leaders. Workshops were held and a vision written and 43 strategies identified.

SA Business Vision 2010 is now an incorporated body, with some 105 trustees and a board elected at its inaugural AGM in October 1998. The Chairman is Mr Ian Webber AO and the patron is His Excellency the Governor. It is backed by major South Australian companies and the Employers' Chamber and is part funded by State and Federal Governments. The aim of the board of SA Business Vision 2010 is to make a difference, and this will be achieved through projects headed up by business leaders.

There are currently 11 projects endorsed by the board: a Business Ambassadors Network; the Governor's Leadership Foundation; the Indicators Project; Industry Cluster Development; the South Australian Youth Entrepreneur Scheme; Business for Youth; the Family Business Network; Guidelines for Good Business Practice; Enterprise Education; IT&T Skills Shortage; and a Confidence Campaign.

The Hon. M.D. RANN: I want to talk about investment attraction. We have covered a bit of this ground before; but I notice on page 10.1, as well as in a number of other places in the Portfolio Statement, reference is made to the department's role in the attraction of new and strategic investment. The Premier has also taken on his own investment attraction role and budget, which I think is over \$1 million, which is an amount that is taken off the top of your budget, Minister, or it appears to be from looking at the papers. In terms of investment attraction and the administration of the investment attraction budget, can you explain the specific differences between your role, Minister, in attracting new investment and those of the Premier? It just seems to be a bit of confusion there.

The Hon. I.F. Evans: The funds that the Leader refers to, \$1 million or \$1.2 million, from memory, are basically an eight or nine month allocation to the Office of State Development, which comes back under my portfolio as of 1 July. I think the Leader is well aware that the Premier of the State, under Governments of any persuasion, has a role to play as the State leader in making representation to possible investors within the State and meeting with investors, whether here or overseas. That is one of the key roles of the Premier, regardless of which portfolio title a Premier might have at the time.

So, the relationship between the Premier's role and my role is, I guess, one of teamwork. The Premier takes on some of the strategic investment attraction issues with some of the major industries. We have a discussion about whether there is a role, at what level I should come in at, or what project we need to undertake. So it is really, I guess, a team approach to investment attraction. There is no doubt that if GMH or someone, or one of the big world defence companies, wanted to come and speak to the State it may well be that the Premier and I would both meet, and we do that occasions, or it may be that when he is overseas he will make strategic calls on industry to put the best case, and, if I was overseas, I would obviously do a similar thing. I guess the answer to the question is that, as is always the case, under any Government, the Premier of the day has a role to play.

The Hon. M.D. RANN: My point is not about that. That is a given fact. We all know that that is one of the roles of a Premier, but in terms of separate funds for investment attraction it just seemed to be a bit odd. Also, one of the things that worries me out of the Estimates Committee

process so far is that there does seem to be a coordination problem. We had the situation back in 1996 where, essentially, we had the South Australian Development Council, reporting directly to Premier Brown, headed by Dick Blandy; we had DIT and the EDA (Economic Development Authority) reporting to Minister Olsen. When I used to visit industries people would say that they used to fight between each other about who was going to open an extension or a building and that, if they could not get money out of one, they would go and get the other. So there was a serious coordination problem that senior people in industry have told us about before when we had the Brown-Olsen leadership struggles being played out through, essentially, rival departments and rival funding.

Today we have seen confusion about responsibility for the Office of Business Asia, about the role of John Cambridge and about Pelican Point. We have had confusion about Teletech and who is responsible. There has been confusion about the ship breaking industry. The Industry Minister did not know until I informed him of what has happened at Gepps Cross.

My point is that coordination is vitally important in government. I asked the question because I could not understand why there was a particular separate fund. The Premier, presumably, is asked questions about health interests or he is talking to prospective bidders for power stations, or whatever, but he does not have a specific investment attraction fund. I want to know why the fund had been established (it seemed odd) and why for nine months.

The Hon. I.F. Evans: I thought that we had almost finished this section without a lot of politics, but, anyway, the money to which the Leader referred is operational. The Investment Attraction Fund has always remained with DIT. The confusion that the Leader might have is not a confusion that exists within the agency. There has only ever been that fund—the \$1.2 million or \$1 million, whatever the figure was to which the Leader referred. I am advised that that amount is operational and not related to investment attraction.

The Hon. M.D. RANN: Again, to enable us to understand how DIT now divides up its assistance to various sectors of the South Australian economy, would the Minister supply a record of the value of assistance (and this question can be taken on notice; I am not fussed about that) given in 1998-99 by DIT, broken up by Australian New Zealand Standard Industrial Classification Code Digit Sector? I know that all the officers sitting behind the Minister are nodding because we used to deal with these things and we still do. What is the proposed approximate break-up of assistance under that formula for 1999-2000?

The Hon. I.F. Evans: The Leader indicated that he was happy for us to take those questions on notice and, given that he wants the information broken down into a particular standard—

The Hon. M.D. RANN: It is the standard.

The Hon. I.F. Evans: I did not say it was not the standard; I said that it was a particular standard. Given that the Leader wants the information broken up in a particular way, we will have great joy in doing that for the Leader and bringing back a reply.

The Hon. M.D. RANN: I imagine that would be fairly easy because that is how it would be put through the department.

Mr MEIER: The Minister would be well aware that small business is a vital part of the State's economy. I remember some years ago that my Federal colleagues said that if every

small business employed one more person all the unemployed in Australia would disappear. The Minister is also aware that small business suffers considerably these days, partly because of the long hours involved. In many cases people often work seven days a week, depending on the type of small business. Despite deregulation in many areas, an awful lot of paper work is involved, about which I am informed by small businesses from time to time.

Multinationals wanting extended trading makes life even more difficult for many small businesses. The impact of poker machines was felt, particularly about five years ago, and has continued for some time. I guess that it has evened out today but, keeping those things in mind and recognising that you, Sir, do not have control over a lot of them, what new initiatives is the Government pursuing to assist the small business sector in South Australia and, in addition, what has been the progress in relation to the manufacturing policy statement?

The Hon. I.F. Evans: One initiative we have undertaken in relation to the small business sector is through the Small Business Advisory Council which, in conjunction with the department and other key stakeholders for both private and public sectors, is in the middle of developing a 10 year vision for the South Australian small business sector. The aim of this project is to ensure that Government and business share a common sense of purpose and direction and to encourage the small business sector to become more involved in the development of its own future by identifying and implementing initiatives to accelerate the sector's growth.

It also will be used to provide small business with a greater understanding of existing policies, as well as the degree and wide range of assistance that is currently offered by Government. It also provides Government agencies with a comprehensive list of small business assistance measures to enable better communication of these to small business and also to increase the understanding within Government agencies of small business service priorities and capabilities.

In June this year the first workshop for this project was held at the South Australian Centre for Manufacturing. The workshop was well attended and included representatives from all three levels of government, as well as the small business sector. The outcomes of the first workshop were the development of a draft vision statement for the small business sector and the identification and prioritisation of key small business issues. The next vision workshop is scheduled for the middle of July at which the vision and key issues area will be finalised and work will start on identifying initiatives and solutions in these areas.

The Manufacturing Policy Statement, which was launched in May 1998, announced a number of initiatives and subsequently called for the preparation of a 10 year plan for manufacturing within the State. The case for manufacturing, which is one of the initiatives, continues to be promoted through high quality printed material and through the *Directions* program to which I referred earlier. We have also improved school to industry links. A highly successful pilot program has been concluded among the Onkaparinga cluster of high schools which entails students undertaking short courses at TAFE and learning assignments at Mitsubishi Motors and other local employers while earning SACE credits. Students are also involved in researching career opportunities among local employers and placing the information gained on a web site.

In addition, there has been the development of a career counselling resources and a speakers' kit and the launch of

an expo by the then Minister. The program is now to be extended under the title of 'Exploring Vocational Careers' to other areas of the State in relation to employment sectors other than just manufacturing. We have also undertaken a skills audit for the automotive and defence sectors and are well advanced for the electronics industry. The automotive research revealed serious problems in numeracy, literacy and some attitudes amongst some of the job applicants, and these issues are now being addressed.

The South Australian branch of the Foundation for Australian Manufacturing Education is established and bachelor courses are being offered at the University of South Australia. Industry focus training is being facilitated by a service provided jointly by the South Australian Centre for Manufacturing and the Engineering Employers' Association. Also, an engineering graduate development program is in place at SACFM, and I have mentioned that in a previous answer.

The Business Centre runs a program to advise on and to subsidise the cost of translating the requirements of applicants for loans and equity finance into bankable propositions in the eyes of potential lenders and investors. There has been a significant use of this program in recent months. SACFM is also providing enhanced services to the electronics industry. I referred earlier to the Industrial Supplies Office and its resources.

A 10 year vision for manufacturing in South Australia, as requested by the then Minister, has been developed with the participation of some 50 chief and senior executives of manufacturing companies. It has received the endorsement of the Manufacturing Industry Advisory Board, which has set up an advocates group of enthusiastic CEOs who are considering how ideas can be turned into practical action. The focus so far is on how a global network of small to medium sized companies might be established.

Mr MEIER: Can the Minister advise the Committee of the innovation, science and technology policy as announced in the budget?

The Hon. I.F. Evans: The Government certainly understands the strategic importance of research and development and innovation. Business sector investment and participation in research and development activity is one of the lowest in Australia. University linkages to industry as measured by the proportion of their research and development budgets obtained from industry are also lower than some other States; and, more generally, South Australia's record for commercialisation of its scientific research is not necessarily as good a record as some of those in the other States. So, with those sorts of points in mind the Government in the budget announced funding of around \$700 000 over two years towards implementing a proposed policy. There is no doubt a need for an innovation, science and technology policy. The policy is being developed by the department and it is hoped to be finished certainly this side of Christmas, with a bit of luck, but certainly this year we hope to be in a position to progress that matter. As an example, not only have we put in \$700 000 over two years for the development or implementation of the policy but also the budget has committed \$2 million over two years for the development of an International Centre for Crop Biotechnologies at the Waite Research Precinct.

The above sums are in addition to the South Australian Government's funding of research and development activity in the State totalling around an average of \$45 million per annum. Total research and development expenditure for

1996-97, our most recent year, was something like \$636 million, which was made up of \$188 million in the higher education sector; \$77 million in the State, which includes \$45 million from the Federal Government; \$167 million in the Commonwealth Government sector; and \$199 million in the business sector. South Australia moderately outperforms in its share of national activity relative to all other States except Victoria. The outperformance is due mostly to relatively greater amounts of publicly funded research and development performed in the universities and Commonwealth agencies such as the DSTO and the CSIRO.

South Australian universities lead Australia on a per researcher basis in gaining funds for national competitive grant schemes, gaining over 10 per cent of Australian funding. So, we are certainly well aware of the importance of innovation, science and technology. We are developing a policy and hope to be in a position to release that between now and Christmas.

Mr MEIER: I wish to come back to regional development. The Minister has outlined the assistance that DIT has given to the wine industry. It is about 10 years ago that I mentioned in the House that I felt one of the big potential new industries in South Australia was going to be the aquaculture industry. That was after a visit to the United States and that is coming to pass. I believe that that will occur in regional areas generally. I would like to know what assistance has been given to date for aquaculture generally. What does the Minister believe that DIT can provide by way of assistance in the coming year or years for aquaculture generally, because there are many other States that are well into aquaculture? We need to be careful that we are not left behind and have markets grabbed by other people. At the same time, potential markets are enormous. I would be pleased to receive any information along that line.

The Hon. I.F. Evans: The honourable member is right when he says that the aquaculture industry is one of the growth industries in the State. There is no doubt that over the past two or three years a fair amount of resources have been put into the aquaculture industry, by both State and Federal Governments. The Federal Government has put in some money through the rail reform transition program and a lot of that money has gone into aquaculture projects. I will get Mr Swincer to comment further.

Mr Swincer: I am pleased you started by mentioning the wine industry, because it is an extremely good example of how an industry can start as a fledgling industry and can have some problems initially until it gets a firm foothold in establishing export markets overseas. You would be aware that the State has been through two vine pull programs. As that industry started to find its feet, and now that we have found our feet, it is now going ahead in leaps and bounds and is really adding value to the State's economic development. The aquaculture industry is no different. That industry clearly has enormous potential in this State but it needs to be brought together in a cohesive way.

One of the achievements out of the rail reform program money allocated by the Federal Government but administered by the State Government has been in trying to bring together an industry, particularly in the Upper Spencer Gulf, which has already been mentioned as a region crying out for development and jobs. A large chunk of that money, at this stage \$7.3 million, has gone into the Upper Spencer Gulf region in terms of funds approved, into the aquaculture industry. It is being used in a cluster formation so that it can

succeed and go forward. We have funds from the rail reform program being put into the aquaculture industry.

Clearly, the aquaculture industry at the bottom of Spencer Gulf in the Port Lincoln area is moving ahead in leaps and bounds. The tuna industry in particular has moved ahead but the other fledgling industries around it like abalone and oysters and so forth still have to take a foothold. The Government has made an allocation through the Minister responsible for employment, which announced the allocation of \$800 000 to go into non-tuna aquaculture programs. That will be delivered through the Business Centre and through the sorts of programs that I have talked to you about before. It is about those businesses becoming skilled as businesses so that they can enter the export market and develop. You are right: the aquaculture industry has huge potential in this State and the State Government has acknowledged that and put considerable amounts of funds into it.

The Hon. M.D. RANN: In terms of economic growth, has the department done any assessment of the impact on economic growth in South Australia of the latest round of State tax increases brought down in this budget and the \$250 million increase brought down in the last budget? The Minister would be well aware that the latest State accounts show South Australia as having the second worst growth rate in the country for the year to March 1999 and that even this growth has come largely from household consumption expenditure with private new capital investment falling by more than 30 per cent in the year to March 1999, the worst anywhere in the nation.

The Hon. I.F. Evans: In formulating any budget Cabinet obviously considers the effect on families and businesses of revenue measures. One of the significant benefits to both families and revenue measures will be the opportunity for the State now to lease its power assets, which obviously will not necessitate some of the extra revenue measures that were discussed previously when it looked like we would not have the opportunity to lease our power assets. You asked this question of the Premier the other day and I simply refer you to the Premier's answer in *Hansard* on Tuesday.

The Hon. M.D. RANN: I thank the Minister for his offer of a report on the matter I raised before in terms of Metro Meat and the T&R Abattoir. We have been told that a new T&R company will take over the old Metro Meat works at Murray Bridge and rehire a new work force and I would like a briefing on that. I would also like to ask the Minister about the department's role with the Centre for Economic Studies. Is it still used as a consultant to the DIT and is Professor Cliff Walsh still used as a consultant for the DIT?

The Hon. I.F. Evans: My understanding is that we still use the Centre for Economic Studies from time to time on a consultancy basis.

The Hon. M.D. RANN: Is that a rolling consultancy, \$100 000 or \$700 000 a year, or is it a specific purpose consultancy?

The Hon. I.F. Evans: The advice to me is that it is on a project by project basis.

The Hon. M.D. RANN: And is Professor Walsh still being used as a consultant to the DIT?

Mr Hallion: I think we would probably have to take that on notice in one sense in that we may use him in the future, if the honourable member is asking that. If he is asking me right now whether he is involved actively in any consultancy with the DIT, the answer is that I am not aware that he is. He may be actually a sub-consultant to other consultancies in the agency, so it would be best for us to take that on notice.

The Hon. M.D. RANN: The Business Centre, which used to be the Small Business Corporation, on South Terrace, was a terrific innovation that has helped tens of thousands of people and small businesses since it was set up in, from memory, about 1983 assisting start-up companies, often giving them advice on basic issues such as cash flow, marketing and so on. In terms of the regionalisation of the services of the Business Centre, one of the things raised all the time when we visit regional centres is that people feel they do not get the same services. There used to be a sort of road show that went to different areas. Will the Minister, through Mr Swincer, perhaps, clarify how that small business advice and counselling is getting out to the regions?

Mr Swincer: The role of the Business Centre has certainly changed dramatically over the past three years from what was the Small Business Corporation, which was a fantastic innovation. It was extended to take over as a front end for all business support, particularly to SMEs for Government, that it would then take those businesses on to the more advanced services. The regionalisation of those services not only extended to the Regional Development Boards and the appointment of business advisers now in every single Regional Development Board, which they did not have previously, but the six Business Enterprise Centres throughout the metropolitan area, from Salisbury to Noarlunga, Port Adelaide, Tea Tree Gully, Norwood and so forth, are designed to regionalise within the metropolitan area the services of the Business Centre, so that people do not have to get in their car and come in to South Terrace; they can go to Noarlunga, Tea Tree Gully or to their local Regional Development Board. Considerable sums of money have been put in by the Government to regionalise, as the honourable member has termed it, those services. The point that I make is that it is not just country South Australia but regionalising it within the metropolitan area as well.

[Sitting suspended from 5.59 to 7.30 p.m.]

Membership:

Mr Hamilton-Smith substituted for the Hon. D. C. Wotton.
Mr Wright substituted for Ms Hurley.

Additional Departmental Advisers:

Mr J. Barrett, Chief Executive, Racing Industry Development Authority.

Mr S. Forrest, Executive Director, Office for Recreation and Sport.

Mr W. Battams, Director, SA Sports Institute, Office for Recreation and Sport.

Mr L. Parnell, Director, Recreation and Sport Development, Office for Recreation and Sport.

Mr R. Fletcher, Director, Facilities Management, Office for Recreation and Sport.

Mr M. Christie, Coordination Officer, Office for Recreation and Sport.

Mr P. Fernee, Manager, Administration and Finance, Racing Industry Development Authority.

The ACTING CHAIRMAN (Mr Hamilton-Smith): Would the Minister like to make an opening statement?

The Hon. I.F. Evans: I will make some comments in relation to Recreation and Sport and then go straight on to racing in the same opening statement, to save the committee some time. The Government's recreation and sport program is delivered through the Office for Recreation and Sport, a

component of the Department of Industry and Trade. The vision of the Office for Recreation and Sport is to make recreation and sport a vital component of South Australia's growth and lifestyle. The office has developed working partnerships with a range of service providers to promote the development of and participation in recreation and sport. The aim is to make a positive impact on the social, health and economic wellbeing of the community by developing a range of relevant services and programs.

The office is an active participant in an industry that comprises sport, outdoor recreation, community recreation and fitness industry sectors. The office provides leadership and works with the sport and recreation industry to increase economic activity, develop world class athletes and increase the quality and level of participation by the community in physical activity. Industry cluster development is a process that has been endorsed by the Government and business leaders alike as a key strategy to achieve Business Vision 2010. Sport and recreation is one of the fastest growing sectors of the State's economy. With expenditures accounting for 2.2 per cent of the State's gross State product and employment within the industry over 20 000, there is little doubt that sport and recreation is a significant industry.

Under Business Vision 2010, the Commercial Recreation and Sport Industry cluster has been formed. An industry built around the principles of a collaborative and well defined industry, working towards building profits, jobs and quality of life in South Australia, is the vision of the cluster initiative. The cluster process has succeeded in bringing together commercially focused organisations for collaborative purposes. Four teams have been formed, which comprise event management, sports facilities and management, international training camps and sports medicine. Over the past two years, a number of trade missions and trade expos have featured representation from the recreation and sport industry.

Sport Export-Adelaide, a program of the Office for Recreation and Sport, is currently working on projects in South Africa, India, Sabah, Brunei, the Philippines and Japan. All these projects have the potential to generate significant economic returns to the State. Profiling South Australian companies has meant that Playsafe Australia is exporting surfacing products to Brunei, Hong Kong and the USA; Acclaim Courts are securing orders in New Caledonia and New Zealand; while Golf Strategies are undertaking golf course architect design work in China. Six South Australian firms visited the Arafura Games in Darwin during May to present their capability to delegates from overseas teams. Some of these firms are bidding for work as a result of this Sport Export-Adelaide led initiative. The office continues to administer funds of \$2.5 million allocated under the Gaming Machines (Miscellaneous) Amendment Act 1996 through the Sport and Recreation Fund to provide financial assistance for sporting and recreational organisations. Assistance will continue to be provided through active club programs, SASI talent scholarships and the State's Sports Facility Fund.

The Management and Development Program has been established by combining the Office for Recreation and Sport and the former Living Health sponsorships. A total of 163 organisations applied for funding, and 133 were successful in obtaining grants. A total of some \$5 960 510 has been allocated for the 1999-2000 financial year through this program.

The Active Club Program provided financial assistance to 147 organisations which successfully applied for a grant

during the last funding round. Of this amount, 39 per cent or \$161 510 was allocated to country based organisations and clubs. Since the program began in 1996, four funding rounds have been finalised, with a total of some 764 organisations being successful in obtaining active club grants. These organisations are spread over 47 electorates and represent over 37 different sport and recreation activities, including groups such as tennis, disabled groups, lawn bowls and scouting. The total amount of grants approved to date is \$1 774 920.

This month I had the pleasure of launching in South Australia the Directory of Sport and Recreation and Leisure for people with a disability. This new directory, compiled by the Office for Recreation and Sport and the Disability Information and Resource Centre, recognises that people with disabilities are significant participants in sport and leisure activities. This recognises the Government's commitment to encourage all South Australians to enjoy a healthy and physical lifestyle.

It was also my honour to attend the 1999 Australian Rowing Championships at West Lakes in March, when over six days more than 2 000 competitors, including some from overseas, competed in more than 400 races. This event alone injected an estimated \$3 million into the local economy.

The State Government has contributed funding towards the development of the West Lakes rowing facility over the past 20 years, and the construction of the judges' tower, the upgrade of the car parking and the extensions to the regatta control office have resulted in a world-class facility.

Adelaide has been selected as one of only two big boat centres to host the training of Olympic heavyweight women's rowers in the lead-up to the Sydney 2000 Olympic games, due in no part to the excellent facilities available at West Lakes; in other words, the facilities helped contribute to winning that bid. Under the coaching of SASI head rowing coach and former Romanian Olympic Head Coach Adrian David, the SASI rowing program has again elevated itself as a national power and the centre of excellence in women's rowing.

The South Australian Sports Institute (SASI) has had a very successful year, with both athletes and coaches achieving world record results around the globe. Currently, over 500 athletes are supported by SASI at the high performance and talent levels, with full-time programs offered in 15 sports under 20 full-time coaches.

At the Commonwealth Games held in Kuala Lumpur last September, of the 198 medals won by Australia, South Australians won or were members of teams which won 31 of these medals: 14 gold, 11 silver and six bronze. All but seven of the medallists were current SASI scholarship holders. For a State with only 8 per cent of the national population to achieve 15 per cent of our national medal tally was, indeed, impressive.

I am advised that the Sydney 2000 Olympic and Paralympic Games are now only 449 days away, and the office, through its Prepared to Win campaign, is capitalising on the value of these games to the local economy. The campaign continues to attract international sporting teams and athletes to this State for training and acclimatisation in the lead-up to the games. As a result of the recent Prepared to Win presentation to the General Assembly for the African National Olympic Committees, 12 countries have reached an agreement to be based in Adelaide for pre-games training prior to the games. It is expected that up to 300 athletes and support staff will be based in Adelaide during that period.

The office has long recognised the significance of the recreational trail network in providing considerable economic advantages, as well as opportunities for improving the general health and wellbeing of local communities. The office recognises that walking trails are a key element of this State's tourism theme and a major area of interest for domestic and international markets. The State Government has allocated \$6.2 million over the next five years for a significant upgrade of recreational trails in South Australia. Some initiatives to be targeted will be further development of trails in the South Coast to compliment the Goolwa to Victor Harbor trail networks. The Adelaide Hill trail networks will also be upgraded, and further loop trails will be constructed in consultation with community groups and trail users.

The office released a strategic direction statement which defines its role for the next five years. This vision will assist the office to focus on the needs of all its clients and stakeholders through clearly defined outcomes. By continuing to develop relevant programs and services, the office will maintain its position as a partner with the recreation and sport industry and promote its growth and help it achieve excellence.

In closing my comments on Recreation and Sport, I would like to acknowledge the continuing commitment and enthusiasm of all the staff in the Office for Recreation and Sport, who have maintained their high standards during what has been a year of consolidation within the portfolio.

I would like to make some comments on racing. The racing industry is an important industry in the South Australian economy. It generates income and employment, it is a high profile industry for the State, it contributes to South Australia's image and to the State's tourism product, and it is an important source of taxation revenue to the South Australian Government.

A study undertaken on behalf of RIDA and the Department for Industry and Trade by the South Australian Centre for Economic Studies that was released about six months ago verified the value of the industry to our economy. Since its establishment, RIDA has developed a close working relationship with the South Australian Thoroughbred, Harness and Greyhound Racing Authorities, the South Australian TAB and the South Australian Bookmakers League and has established a consultative processes with elected committees of over 50 racing clubs in the State, together with numerous organisations associated with each code.

The objectives and issues identified by RIDA and all three racing codes are closely linked to the overall State Government policy. This policy seeks to create and encourage the positive industry environment needed to generate additional investment, capital development, revenue and employment. In the State budget, the Government has again allocated \$2 million to RIDA to maintain industry development initiatives. This brings to a total of some \$9 million the money that the Government has invested from the budget in the racing industry since RIDA was established in July 1996.

Under the stewardship of this Government, these funds have made possible the achievement of a number of significant outcomes by RIDA and the racing industry, including:

- sustained increases in prize money in all codes in both metropolitan and country areas;
- stimulation of the breeding sector through successful breeder/owner incentive schemes;
- increased awareness of racing and its products through targeted marketing and media promotional campaigns;

- an expansion of industry training and employment programs;
- improved financial viability of racing clubs as a result of the restructuring, more efficient administration, cost containment and growth in revenue; and
- growth in income from sponsorship and improvements in retailing of products offered by race clubs.

Venue rationalisation and structural reform have been the subject of considerable debate in recent months, and that is encouraging. Racing needs involvement from the entire industry, because decisions need to be made today to ensure racing's survival tomorrow. RIDA's venue rationalisation report—released after extensive consultation with the community and the three racing codes—makes some important recommendations aimed at ensuring that racing is efficient and viable in the long term. The onus is now on all racing clubs and controlling bodies to consider these new reforms. Racing bodies have been asked to examine the recommendations strategically and think of the industry as a whole.

The Government has also initiated a consultative review of the management of the industry, giving all stakeholders and interested parties the chance to have their say. To survive and prosper in what is a highly competitive market, racing needs a strong voice with a unity of purpose. There are many challenges to which the industry will need to respond proactively in the coming years. The changing wagering landscape, the expansion in distribution of racing pictures, new racing developments, competition, deregulation in the national scene, changes in telecommunications and technology and the trend of developing a national focus for the sport are examples of the 'bigger picture' issues with which the industry will need to come to terms in future years.

To answer the challenges of the future, the South Australian racing industry needs to recognise that it is bigger than the sum of its parts. If racing rises to the challenge that it faces (and the Government has no doubt that it will), it should emerge with a strong and viable future.

The ACTING CHAIRMAN: Does the lead speaker for the Opposition wish to make a statement?

Mr WRIGHT: Sir, to save time, I thought that I would not make an opening statement. We would also be quite happy to skip the coffee break and just keep going straight through until 10 o'clock.

The ACTING CHAIRMAN: Minister, what is the will of the Committee?

The Hon. I.F. Evans: As I understand it, the rule of the Committee is that we have a break at 9 o'clock. It is all right for the member for Lee to come in after tea, fresh as a daisy, and say that for 2½ hours he does not need a break. However, my colleagues on the left who have been here all day I am sure would appreciate the opportunity to break at 9 o'clock. And I am sure that *Hansard* might appreciate the break at 9 o'clock, too. We are happy to have a break for 20 minutes at 9 o'clock, Mr Acting Chairman.

Mr WRIGHT: I just thought that with recreation and sport and racing being such important areas we could probably spend the next 2¼ hours asking questions. I thought it would make more time available for members opposite, as well as members on our side of the Committee, to ask more questions, which I would have thought was good for democracy.

The Hon. I.F. Evans: We can have a bit of fun with this. We can go all night on this.

The ACTING CHAIRMAN: Order!

The Hon. I.F. Evans: Let us put the process on the record so that everyone in recreation and sport land understands what is happening. Estimates Committees have been going since the time of the Tonkin Government, so it is not something that was invented in the last year. With these Committees, the Government faxes across to the Opposition Whip, the Opposition spokesman, or the Opposition Leader's office a proposed program, about a week in advance. They fax back either in agreement or disagreement. If there is disagreement, you pick up the phone and sort out the program.

The agreement was that we would do local government from 11 till 12; we would do industry and trade from 12 till 1 and then break for lunch from 1 till 2; then we would do industry and trade from 2 to 3.30, with a break for 20 minutes until 3.50; we would do industry and trade to 6 p.m., with a break for an hour and a half until 7.30; we would do recreation, sport and racing until 9 o'clock with a break for 20 minutes and then we would tail it off until 10 o'clock. That has all been agreed.

Why the member has wasted the Committee's time to make a cheap political point is beyond me. We have done the right thing, your Whip and your side of politics have done the right thing. Whoever agreed to the program on your side has done the right thing, so I think that you undermine your own Whip's position by making this point. If you wanted to go right through, the time to make that request was when the times were offered to your side of politics last week. We can either go through until 10 o'clock with a break, or we can stop at 9.40 without a break. We see no reason why we should go outside the parameters that have been duly set and agreed.

Mr WRIGHT: That does not surprise me because I know that the Minister does not want to answer any more questions about recreation, sport and racing than he has to.

The ACTING CHAIRMAN: Order! I rule that we will stick to the schedule and have a break from 9 to 9.20. I call on the member for Lee for questions.

Mr WRIGHT: The Minister for Tourism was happy to go without her supper break without all this dialogue, so I thought the Minister might have been prepared to do the same thing. When she set the precedent on Tuesday night, I thought that this Minister might have been happy to do something similar.

The ACTING CHAIRMAN: I am sure that the member for Lee is keen to ask as many questions of the Minister as possible in the time available.

Mr WRIGHT: I am very keen, Sir, and I am glad that the Minister took only 15 minutes to give his opening address. I sought some answers about Olympic soccer on Tuesday from the Minister for Tourism. She informed me very diligently that it was the responsibility of the Minister for Recreation, Sport and Racing, so I hope that he does not tell me the opposite tonight. My first question in regard to Olympic soccer is: what is the cost to the Government of hosting the soccer Olympics?

The Hon. I.F. Evans: I refer the member to the *Hansard* report of last year. A question on notice was asked last year and the Minister at the time gave a detailed written answer, which was tabled for all to see. The information that was able to be made public has been public for a year.

Mr WRIGHT: Does the Minister know what the answer is?

The Hon. I.F. Evans: Yes, it is in *Hansard* from last year.

Mr WRIGHT: The Minister is correct. It is in *Hansard* from last year, and the figure is \$6.653 million. Last year, the Deputy Premier said:

The budgeted net cost after taking into account expected revenues is \$6.653 million. . . With regard to hotel accommodation, on-ground costs and related expense with housing of teams, included in the budgeted net cost of staging the tournament (i.e. the \$6.653 million. . .) are a number of costs including the cost of housing the teams in a secure Olympic village. However, the detailed arrangements for accommodation are the subject of a confidential agreement between SOCOG and the accommodation provider (Hilton International) and cannot be released.

The Minister is right: it is in *Hansard* from last year, and I draw to the Minister's attention that, in addition to the \$27 million or so that has already been spent on the stadium, there is another \$6.653 million, which is the cost of putting on these soccer matches, plus the information that cannot be made available because of a confidential agreement. How does the sporting industry feel about this additional \$6.653 million being paid to host the Olympic soccer matches?

The Hon. I.F. Evans: Despite that long preamble, my understanding is that the member asked the question knowing the answer. He queried how the sport and recreation community has responded to spending money to bring the Olympics to Australia. One has only to look at the response to ticket sales, the response to surveys and the comments in letters to the editor to realise that Australia is pretty excited about having the Olympics in Sydney, and I think that Australians are pretty excited about having Olympic soccer.

The Leader was present at the opening of the Olympic stadium, watching the soccer game, as was I. We were both pretty excited about it, as was the Premier and the Deputy Premier. About 88 000 people rolled up, which was an Australian record for soccer, to the first major international soccer game at the opening of Stadium Australia, and that indicates that the Australian sport and recreation community in general is pretty excited about having the Olympics in Australia. They are excited about having soccer in Adelaide. The feeling I get from mixing with the sporting community is that, generally, they are excited about having the opportunity for the average person in the street to go along to the Hindmarsh Stadium, which is now of a decent quality, and watch Adelaide put itself on the world map for a once in 50 year opportunity whilst we are hosting the Olympics.

I think it is a pretty exciting opportunity and the way I read the general public is that they are also excited about having Olympic soccer in Adelaide. It is not just the opportunity to go along and watch the six or seven games: it is also the opportunity for local soccer clubs to host training at their own venues and it is the opportunity to be involved at that very local level, to go out and watch an olympian, whether it be a Kenyan, a Canadian or an American. The fact that the kids will be able to tootle along to the Modbury Soccer Club, for example, or whichever clubs hold the training, is a fantastic opportunity.

The World Cup Cricket tournament is a good example of how powerful sporting heroes are in promoting the development of the game. It was fantastic to see the crowd in Melbourne who came out to cheer the Australian cricketers. If one thing is going to assist to put soccer in South Australia on the map, it will be having some high profile soccer games during the Olympics and giving the kid in the street who wants to go out and kick a soccer ball around the chance to look at a few Olympic champions, watch them practise and see their skill level. The honourable member asked whether

people in South Australia are pretty happy about the Olympics, and the feeling I get generally in the community is that they are.

Mr WRIGHT: As the Minister knows, that is not the question I asked. I asked what the Minister assessed as the sporting industry's opinion of an additional \$6.653 million being spent on hosting the soccer Olympics. I did not ask him what the general public's opinion is.

The Hon. I.F. Evans interjecting:

Mr WRIGHT: I have not finished. That is what I was asking and, in doing so, I was referring to the \$27.1 million that has been spent on the stadium. Now we learn of an additional \$6.653 million that is to be spent on hosting the matches. An additional component of that is confidential. I would also like to know whether the grandstand levy of \$3 continues to be applied to all the tickets at the Hindmarsh Stadium during the Olympic tournament and, if not, why not?

The Hon. I.F. Evans: While I seek advice on the levy, I will take up the other point. I understand that the question now is whether the sporting industry is happy with whatever the figure was that was quoted—just over \$6 million—being spent on the Olympics. Who does the member think will be one of the biggest beneficiaries in South Australia as a result of the Olympics being in Australia? It will be the sporting industry—whether it be cycling, through having the Japanese cycling team here (I think the team will have been here seven or eight times between when it first came and the Olympics); whether it be swimming or diving through having the Swedish team here for its training; whether the Thai cycling team is here for its training; or whether it be gymnastics through having some of the gymnastics teams here. Whatever the major sport is, who do—

Mr Wright interjecting:

The Hon. I.F. Evans: No, the member asked me whether the sporting industry was happy with \$6.6 million being spent on bringing the Olympics to South Australia. I just make the point that the big winners as a result of bringing the Olympics to South Australia will be the sports themselves. I have no doubt that the sporting industry in general is absolutely delighted to have the opportunity to be involved in the Olympics. For a sporting administrator, it is a once in 50 year opportunity. Melbourne was 1956, Sydney is 44 years later, and for a sporting administrator to have that once in a lifetime chance to host the Olympics in Australia is just a fantastic opportunity. So, my answer would be that the general reaction I am getting from the sports industry is 'Yes.' Mr Forrest will answer in relation to the levies.

Mr Forrest: I may be wrong, and I will have to look into the detail of this, but my understanding is that the levies will not apply during the Olympic Games. My understanding is that the deed does not cover the period of the Olympic Games. The deed is between the Government and the Federation, and SOCOG will set the prices and manage the stadium during the games.

Mr WRIGHT: The situation here is that we have spent \$27 million on Hindmarsh—

Mr Condous: Is this a supplementary question?

Mr WRIGHT: Yes, if that is all right. We have an additional \$6.653 million, and the Minister tells me that the sporting industry is pleased to get the Olympics. Well, thanks very much—as if I did not know that! The Minister knows full well what I am asking, and he is trying to avoid the question. The question was whether the sporting industry is happy about \$6.653 million being spent on soccer on top of \$27.1 million—not whether the sporting industry is happy

about the Olympics coming to South Australia. We now find out that the levy does not apply. The one time when we might fill this stadium, the levy does not apply. It just seems to get worse and worse in regard to how this stadium will be financed.

My second question—still on the same topic—is whether the South Australian Government is paying any of the costs associated with Mr Sam Ciccarello's work or his company's work as SOCOG's Adelaide representative for the Olympic soccer tournament.

The Hon. I.F. Evans: Mr Ciccarello is employed by SOCOG: his salary is paid by SOCOG.

Mr WRIGHT: I will take that as a 'No'. My supplementary question is whether the 28 February payment to Mr Ciccarello's company was the last payment by the South Australian Government to him or to his company.

The Hon. I.F. Evans: I cannot answer on behalf of the whole of government: I do not know whether he has done work for education or other portfolios. In relation to my portfolio, with respect to consultancy work, I will seek advice.

Mr Forrest: The question is whether the payment in February was the last payment. I believe that it was not the last payment. There would have been a payment for work done in February. Marketing Formulas did no work for the Government for this agency after the end of February, but there would have been a payment for work done up until the end of February. That payment, I am sure, would have been paid within the next few days, or month.

Mr WRIGHT: Would that have been a part of the \$360 000 that is on the public record?

Mr Forrest: I think that the total amount is \$378 000. That would have included the work up until the end of February.

Mr WRIGHT: I thank Mr Forrest for that detail. I therefore presume that, regarding the Minister's portfolio area, \$378 000 is the total figure with respect to payments made to Mr Ciccarello. My third question regarding Olympic soccer is: who will be liable for any losses associated with the Olympic soccer event?

The Hon. I.F. Evans: Losses by whom? Can the member clarify the question? Is he talking about SOCOG losses; is he talking about the teams who use it; is he talking about State Government losses, Soccer Federation losses? Which losses is he talking about?

Mr WRIGHT: I am primarily interested, of course, as to what the Government's liability may be in regard to the soccer. Hypothetically (and let us hope that this does not happen), if we have a situation where, for any given game or games we do not get the anticipated crowd, will the taxpayers be liable for any of that or, as the Minister said, will it be SOCOG? Obviously, I would also be concerned from the point of view of soccer at Hindmarsh. That is what I am trying to find out: where does that potential loss fall if, in fact, it does occur?

The Hon. I.F. Evans: The advice to me is that the details regarding income and expenditure in that respect is part of the MOU, which is confidential. I want to pick up a point that the member for Lee made prior to his second question, I think it was, in relation to the general tenure of the lead in remarks about spending money on soccer to bring the Olympics. I just ask: how is it any different from a Labor Government's spending money on the Adelaide Aquatic Centre that will be used for training by Olympic diving and swimming teams? How is it any different from a Government's spending money

on a cycling velodrome that will be used by various nations—New Zealand, I think, from memory; Japan and Thailand I think are others. How is it any different? I cannot understand how an Opposition spokesman on recreation and sport can be so negative towards what should be a very positive community celebration of sport. How is it any different from money being spent on The Pines hockey stadium that might be used for our hockey team or visiting teams to train in? The fact is that those stadiums are already built, and apparently that is all right, but when one builds a stadium now somehow that is different.

I just do not accept the cheap political point, and I do not think that the sporting community will wear it for one minute from the Opposition spokesman. It is all right for his Government to sit there year in, year out, and spend money on all these stadiums and for them to be used for Olympic training. There is no criticism of that; absolutely not one bit of criticism. But as soon as this Government puts up its hand and says that it will upgrade the stadium in an effort to put on a good show for the Olympics, somehow it is in error, and that is outrageous. I do not quite understand that point. I could make the cheap political point and say the member talks about the \$6.6 million (or whatever the figure was) that he quoted from last year's *Hansard*: it is about what the Labor Government lost on the South African goat farms—

The ACTING CHAIRMAN: I ask the Minister to get back to the question, and I ask him to wind up.

The Hon. I.F. Evans: In fairness, if a preamble is allowed introductory to a question, a response is also allowed in an answer. I could sit here all night and make cheap political points. Why did a previous Government underwrite \$189 million in Wembley? Here we are spending money in our own backyard of Hindmarsh, to develop ordinary South Australians in the sport of soccer, and whatever sport is played there, and somehow we get criticised for that. But in relation to a Government that helped underwrite \$189 million for entertainment, holiday camps in London, exhibition centres near Wembley, there is not a criticism of that. There is not a criticism of the \$6 million or \$8 million underwritten for the South African goat farms, or the \$31 000 on plywood cars, or the \$212 million on New Zealand forests, or the \$30-odd million on the New York property deals. I could go right through it. But I simply make the point that I think the debate is a little bit more mature than saying that it is all right for one Government to build a stadium to be used for Olympic training but, when the current one is being built, somehow that is outrageous. I think the debate is a little bit more mature than that.

Mr CONDOUS: I remember when I was Lord Mayor of Adelaide and David Prince came to see me about the possibility of part of the parklands at Mile End being used to establish an athletics stadium. I have not heard the member for Lee as shadow Minister criticise this present State Government for the development of a first-class athletics stadium for the development of athletics in South Australia. I can remember for 10 years on the Adelaide City Council the plight of women's netball playing in archaic conditions in the West Parklands next to the Anzac Highway, with thousands of cars going by and no shelter. The shadow Minister has not given this Government either criticism or praise for having developed what has now become one of the best women's netball facilities in Australia.

The development of soccer has been lagging in Australia but, because of what happened the other night in Sydney with 88 000 people, for the first time we now have the opportunity

to take up the chance to develop soccer on an international basis in Australia. Is the Minister aware whether South Australia is about to get a third team in the international soccer competition in Adelaide United? If we can possibly score a third local team in the national competition, I can see the need for Hindmarsh, and Adelaide United will be a composite team made up of the very people we have neglected, the people in Salisbury, Elizabeth, the Scots, the Poms, the Irish. Here is a chance now to take, what I believe will become one of the great purpose-built soccer stadiums in Australia, up another notch. I am asking whether we are aware of whether we will get that third team.

The Hon. I.F. Evans: I thank the member for his question and his comments. In relation to the position of the National Soccer League teams, whether there be two or three, there was a radio report either yesterday or this morning suggesting that there was going to be another meeting of creditors in relation to the Adelaide Sharks. I am unaware whether that meeting proceeded today or whether the media report was wrong. But according to the media report I heard there was certainly meant to be a further meeting of creditors in relation to the Adelaide Sharks. What the outcome was I do not know.

When I was at the opening of the stadium in Sydney I spoke to some of the South Australian Soccer Federation people. They seemed to indicate that it was their understanding that there might have been a result of the licence issue last weekend. That does not seem to have occurred. Given that the National Soccer League has brought the start of its season forward to cater for the Olympics next year, I understand that there will have to be a resolution of that issue relatively quickly. That is a matter totally for the National Soccer League and the Government really has no influence. All indications to me previously from all parties to whom I have spoken is that there is a belief that it is more than likely that there will be only two licences in Adelaide, anyway, and it will be up to the National Soccer League to decide the configuration of those two licences.

So the State Government is totally in the hands of the National Soccer League in relation to the outcome of the national licence issue, and we just have to wait for the outcome. My understanding is that the clubs put their cases to the National Soccer League last weekend. What the import of the meeting today was I am not sure. I have no briefing as to the outcome of that meeting, or even whether the meeting went ahead. We will have to wait and see. I hope for soccer's sake that they resolve the issue quickly so that the clubs involved can get on and plan for next season. It must be very unsettling on the clubs not knowing whether they have a licence. I hope that the National Soccer League and the clubs can come to a quick resolution so that soccer can get on with its planning ready for, hopefully, another successful season next year.

Mr CONDOUS: I refer to Budget Paper 4, Volume 2. What is the Government doing to maximise the economic development opportunities of the recreation and sport sector?

The Hon. I.F. Evans: One of the issues that we have taken up in relation to economic development of the sport and recreation industry is through cluster development. That is a process that has been endorsed by both Government and business leaders alike as a key strategy to achieve part of the Business Vision 2010. Those members of the committee who were here for the Industry and Trade section earlier today would have heard me talk at some length about the role of Business Vision and what it wanted to try to achieve. Other keys projects of Business Vision 2010 include things such as:

Business Ambassadors; City Projects; Confidence Campaign; and the Family Business Network. I was involved in opening—and given that I come from a family business background as does the member—a family business conference for them at Glenelg a few months ago. Also, Guidelines for Good Business Practice is another one of the aims of Business Vision 2010, as are: Indicators, Leadership Development Program, SA Youth Entrepreneur Scheme and Youth Employment Partnership.

Industry clusters are really concentrations of interdependent firms and organisations which draw on regional infrastructure to export out of a region. They also, of course, draw on each other's contacts and each other's skills, and can use them also to open up markets, whether that be through joint ventures, or whatever. The idea to build a commercial sport and recreation cluster in South Australia was initially raised almost a year ago, as a result of discussions between the Office of Recreation and Sport and industry stakeholders. Until that stage Recreation and Sport had not been considered necessarily as a potential cluster. The clusters to date have been in the area of other industry, such as water, spacial information, defence and multimedia.

Sport and recreation is one of the faster growing sectors in the community, with expenditures accounting for some 2.2 per cent of State Gross Product. I think I mentioned in my opening address that employment is estimated to be over 20 000. So it is certainly a significant industry within the context of the State. A strong partnership between industry and Government has been developed to steer the cluster process. Over the past two months we have witnessed key individuals from diverse backgrounds and expertise coming together to begin to define and formulate a vision for the commercial sport and recreation industry in South Australia.

Following an intensive period of industry consultation, a background paper was prepared, and a meeting of key stakeholders in the recreation and sport industry was held. This group sketched out a vision for the industry built around the principles of a collaborative and well defined industry working towards building profits, jobs and the quality of life in South Australia.

In order to achieve this vision this workshop identified four action teams to develop industry relevant plans. These action teams include event management, which is working on building the range of national and international, elite and non-elite sporting events held in South Australia on a regular basis. This group is currently targeting a number of events that will create commercial returns to South Australian firms and economic benefits to the State. The second action team is sports facilities and management, the goal of which is to develop and exploit the existing capabilities of South Australia in the area of sport and recreation facility design, construction, equipping and management; 11 South Australian firms are collaborating to bid on projects within Australia and Asia offering turnkey solutions to clients.

International training camps is another action team, the goal of which is to increase the use of South Australia as a destination for a range of training camps for interstate and international sporting teams. The fourth action team is sports medicine, which is focused on South Australia's expertise in the field of sports medicine and which is working towards attracting international students and patients to South Australia for sports medicine, education and services. Although the commercial sport and recreation industry cluster is still in its infancy, the cluster process has succeeded in

bringing together commercially focused organisations for collaborative purposes.

Mr CONDOUS: Would the Minister please explain what actions he has implemented as a result of the review of the Government's role in water safety/swimming programs and aquatic programs and, in particular, how does the Minister intend to address the issues raised in the national water safety strategy?

The Hon. I.F. Evans: Today I had the pleasure of announcing that the Government would be forming a State Water Council, which is really in response to the issue raised by the member for Colton. The Government certainly is committed to implementing strategies to assist 'at risk' groups identified in the National Water Safety Plan. A recent review conducted in South Australia on the Government's role in swimming, water safety and aquatics identified many of these 'at risk' groups in South Australia that are currently not being catered for under existing programs and services.

Priority groups at risk in South Australia have been identified as toddlers under the age of five and adult males 15 to 49, although I am not sure whether that is meant to be 15 to 19. However, young adult males are at risk. Identified risk areas include beaches, rivers, lakes and the home. We are intending to conduct a water safety symposium in July at which we will bring together all interested parties that have an interest in water safety. We will be talking about Royal Life Saving, Surf Life Saving, the marine rescue groups, and so on, and other public sector/public agencies that have a role to play in water safety.

We will bring them all together in July to talk through what should or should not be covered by this council. The council will be established from there. That symposium, which is meeting in July, will address issues identified at the National Water Safety Conference and highlighted in the State Review. Nominations will be invited from major stakeholders to establish the Water Safety Council. The council will then develop a State Water Safety Strategy and provide strategic direction to Government on a range of water safety issues.

The formation of an umbrella body to oversee, on behalf of Government, the water-related activities will result in a more strategic, efficient and effective outcome but, most importantly, adopt a whole of Government approach to water safety related activities in the State.

Some of the key stakeholders with whom we envisage having discussions will include local government, Emergency Services, Primary Industries, the Office of Recreation and Sport, the Department of Education, Training and Employment, Multicultural and Ethnic Affairs, Tourism SA, Police, the Water Response Unit, Royal Life Saving, Surf Life Saving, Swimming SA, Farmsafe, Kidsafe, the boating industry, sea rescue services, Austswim, Transport SA, the marine safety section and the Australian Volunteer Coast Guard.

We are really setting up a Water Safety Council in response to the issue of drownings that occur not necessarily in a pool but quite often in the home when young mums or dads, new to parenting, leave a child or toddler close to a bath or even just a bucket of water. A number of drownings have occurred simply because a toddler tragically trips, for whatever reason, into a bucket of water. There is no program or whole of Government response to that sort of issue. Another group that is at risk is young rural males who come to town, get a few beers under their belt and decide to jump off the jetty, or sit on the back of a tyre tube to be towed up

and down the Murray River, or whatever the activity is that day, and they put themselves at risk.

Evidence also suggests that at some risk are tourists. While we all understand that we must swim between the flags, what a rip-tide is and those sorts of things, many tourists are not used to a beach environment or, indeed, our water environment and do not quite understand those issues.

South Australia does not have an horrific record in drownings. We have about 20 to 22 drownings a year, which is still 20 to 22 too many. I do not understate the tragedy of those lost lives at all, but it is important that we take the step of forming the Water Council, bring all the groups together, look at the program gaps and then develop a whole of Government response to those program gaps.

We are not putting this up as a cure-all in the first year. We believe that it is a little like road safety: 20 years ago the road toll was approximately 300 or in the high 200s and, over a period of years, through all sorts of safety programs and mechanisms, that road toll has been reduced. We believe that by proper action there is a chance that, over a period of years, through proper education and programming, we will slowly but surely reduce the number of drownings. This really comes as a response to a presentation that was made at last year's National Conference of Recreation and Sport Ministers in October or November by people involved in water safety on behalf of their groups in relation to the need for a more whole of Government approach to the water safety issue.

Another example where people get themselves into trouble relates to fishermen who, for whatever reason, stand out on a rock, or wherever, and are washed off. In simple areas such as those which I have just mentioned, with a little better education and a little more thought process, we may actually save a few lives. We think that, over time, the Water Safety Council, through its advice on what programs may or may not be needed, long term will provide the Government with good advice on programs that might be needed and therefore save a few lives.

Membership:

Mr Koutsantonis substituted for the Hon. M.D. Rann.

Mr WRIGHT: We were talking previously about the Olympic soccer matches and the Minister gave us a history lesson. One always knows when a Minister is under pressure because he or she wants to relate a history lesson about what happened a number of years ago rather than talk about what is happening now. Without the Minister's relating all the details about what has taken place with the soccer stadium, Mr Ciccarello and why Major Events was not used and the various exposures that may or may not be faced by the taxpayer, I would like to clarify one point. I would like the Minister to address a question which I asked earlier, namely, if we sell fewer tickets than a break-even situation for an Olympic soccer match or for a number of matches, who bears that cost? Is it the South Australian taxpayer or is it SOCOG? Who will pay for that loss? It is a simple question. I want to know, if that happens, who will be exposed to the cost.

The Hon. I.F. Evans: Mr Forrest will respond to that question.

Mr Forrest: My understanding is that the issues that have been raised are contained in the memorandum of understanding between the South Australian Government and SOCOG and, as such, is a commercially confidential issue.

Mr WRIGHT: As a supplementary question, despite all the money that taxpayers have already paid out for the soccer

stadium to secure these seven soccer matches and the services of Mr Ciccarello, is the Minister now telling us that South Australian taxpayers will not even be told, or do not have the right to know, if these matches run at a loss, whether they will be further exposed, is that what the Minister is telling this Committee?

The Hon. I.F. Evans: Before Mr Forrest further comments, I make the point that it is not dissimilar to what the previous Government intended to expose taxpayers to in relation to the Commonwealth Games. We are saying it might have been all right—I am not saying for certain it will happen—for the previous Labor Government to commit taxpayers to a loss on the Commonwealth Games but you are arguing now that it is not appropriate for this Government—

Mr WRIGHT: You are in power: I do not need a history lesson.

The Hon. I.F. Evans: Maybe not, but people who read *Hansard* will see that what you are arguing is that what is all right for you may not be all right for someone else.

Members interjecting:

The Hon. I.F. Evans: Many people read *Hansard* and neither I nor Mr Forrest have made the point about your question as to whether taxpayers will face a loss. I will let Mr Forrest comment.

Mr Forrest: I understand that all the issues about revenue from seats and the costs related to the sale of those seats are contained in the memorandum of understanding, which is a commercially confidential document.

Mr WRIGHT: I am somewhat astonished that we are in a situation where taxpayers are not even to be provided with information about whether they are going to be exposed to this situation. These things will all come through in time. While Mr Forrest is here I wish to ask a question about the department. I am interested to know how many positions are in the department of recreation and sport. Can you provide a breakdown of those who are part of SASI and those who are not?

The Hon. I.F. Evans: Before asking Mr Forrest to comment, I point out to the shadow Minister that there is not a department of recreation and sport. I know you have only been shadow Minister for a year or so.

Mr Wright interjecting:

The Hon. I.F. Evans: That is right, but at least I know it is an office and not a department. I ask Mr Forrest to address the question.

Mr Forrest: The question relates to what percentage of the work force in the Office of Recreation and Sport work for the South Australian Sports Institute. I can provide accurate figures about that but my guess would be that it is just over a third, about 40.

The Hon. I.F. Evans: I can have the Director of SASI give the exact numbers.

Mr WRIGHT: You may not be able to provide the details now but I would like to know the number of officers in the Office of Sport and Recreation (I would hate to upset the Minister by calling it a department) and how many are in SASI.

The Hon. I.F. Evans: I am happy to take the question on notice. It is the Office of Recreation and Sport and I will get the exact details.

Mr WRIGHT: I would be interested to hear from the Minister and Mr Forrest their view of what has been put to me by a number of people that there is an opinion in the sporting industry that perhaps the department is too heavy in middle management. Is that a reasonable criticism?

The Hon. I.F. Evans: That is a fantastic question: someone out there in Disneyland, unrelated to a budget line, has made a comment and you say, 'Do you mind responding?'

Mr WRIGHT: People for whom you are the responsible Minister.

The Hon. I.F. Evans: For the second time, it is an office and not a department. We will get that right eventually because we have another 1½ hours to get that right.

Mr WRIGHT: I forgot that you were a junior Minister, my apologies.

The Hon. I.F. Evans: I thought one of the 10 Cabinet Ministers was one of the seniors, but I might be wrong. Don't worry, you will pick up the structure.

The ACTING CHAIRMAN: I bring the Minister back to the question and ask him to respond.

The Hon. I.F. Evans: Cheap shots will be responded to with cheap shots. The question is that the sporting industry, which is undefined, and someone in it has suggested that the Office of Recreation and Sport may be heavy in middle management. Those comments have not been made to me. I understand that out in the recreation and sports area there are all sorts of opinions about how many people should or should not be in Government departments. Government departments are very easy targets for all sorts of comments. I do not think how you would expect an answer and I do not see how you could give an answer.

How could you give an answer to one person's opinion? The office has a management structure and undertakes all sorts of activities. It is a field of endeavour that is getting more and more complex by the day in relation to its management. You only have to look at things like private providers of sports, whether it be private providers of coaching, training or medical facilities or indeed management. Where does the public administration of those private providers fit into the whole scheme of things? That raises some big policy questions about how Governments administer what were traditionally incorporated associations usually in a non-professional field which suddenly become big business, for example, football, cricket or basketball, which have big salary players and that introduces policy questions about stadium management, training facilities and the like. I do not think the view you have expressed would necessarily be a common view, but I accept there would be one or two out there who would have a pot shot at any Government department.

Mr Koutsantonis interjecting:

The Hon. I.F. Evans: The member for Peake should listen to the question. I have broadened the answer to a whole of government response. I referred to the whole Public Service as an easy target. I have not restricted my comments just to the office and have included other departments. The Public Service can be a very easy target on which some people might express a view from time to time.

Mr WRIGHT: I am pleased that the Minister can rule out that criticism. I am pleased that in his opinion that criticism is incorrect and that he can rule it out because I certainly do not want to have a cheap shot at departmental people. It is an opinion that exists out in the sporting industry and, if you do not concur with it, good. If you think the office is performing well, good. I was seeking your opinion about a body of opinion put to me about the Office of Recreation and Sport. Also, I was interested in an answer you gave to the member for Colton about the change to Vacswim, when you were talking about safety swimming and so on. Can you guarantee

that, as a result of changes that are going to be made to Vacswim, there will be no additional fees paid by parents?

The Hon. I.F. Evans: In my answer tonight I have not mentioned Vacswim. My answer to the member for Colton related to the Water Safety Council.

Mr WRIGHT: I understand there will be changes to Vacswim. Can you guarantee that there will be no additional fees paid by parents as a result of those changes?

The Hon. I.F. Evans: The budget for Vacswim has not been set. The fees have changed over the past four or five years. I expect it is unlikely but, because next year's fees have not been set, I really cannot comment further. Apart from the fact that it may be managed internally rather than through a board, the changes to Vacswim over the next 12 months might be minimal. We spend approximately \$480 000 in putting on that program, and fees were introduced to try to offset some of the cost. From memory, there is usually a concession for those who qualify for certain criteria. To my knowledge, the fees for next year have not been set.

Mr MEIER: I refer to the Portfolio Statements, volume 2, page 10.2 where it says:

Encourage the participation by the community in recreation, sport and racing activities.

I note further that the Racing Act asks RIDA in performing its functions to consult the industries, authorities and clubs. What consultation with the industry has RIDA undertaken and what initiatives have been facilitated with the cooperation of the industry?

Mr Koutsantonis interjecting:

The Hon. I.F. Evans: The member for Peake is right: that is a probing question. I thank the honourable member for his question. The reason I am pleased to get it is because there has been some comment that RIDA does not consult, and I think we need to set the record straight. In fact, RIDA has undergone and does undergo a fair bit of consultation. RIDA consults with numerous industry bodies and has implemented a number of initiatives for constructive dialogue with the industry. For example, it held a marketing seminar in September 1998 to communicate and discuss industry marketing plans. It held a half day racing industry seminar at which the Chairman of RIDA addressed the audience on the review of the structure of the racing industry.

It initiated a thoroughbred forum, which included representation from SATRA, the SAJC, the SA Racing Clubs Council, the SA Racehorse Owners Association, the SA Trainers Association, the SA Thoroughbred Breeders Association and RIDA, to discuss issues affecting the thoroughbred code, and RIDA encouraged the group members to communicate amongst themselves. It put in place a forum that meets on a quarterly basis to discuss issues affecting the TAB and the racing industry, which forum consists of the Chief Executives of RIDA, the TAB, SATRA, SAHRA and SAGRA.

In October 1998 it established a Racing Industry Marketing Advisory Group, which provides an opportunity for the following: communication across sectors of the racing industry on matters relating to marketing; representative consultation between RIDA and the racing industry; commitment to the development of joint promotions; dissemination of information relating to national and international trends in racing and event marketing promotion; and sharing of resources across the racing industry, such as market research and promotional opportunities. It has also introduced a

Racing SA cooperative marketing scheme, which makes marketing funds available to industry bodies.

The RIDA board's members and management have attended forums to discuss issues that affect the industry. Marketing meetings are held on a weekly basis and include representatives from the three racing controlling authorities, the TAB, the SAJC, RIDA and the media. Also, as Minister I have always adopted a very open door policy as far as the industry is concerned. I cannot recall any member of the industry that I have actually refused a meeting with, whether they be an individual with a particular concern or any group training, jockey or whatever. I have made myself available so that I have listened to all the different views within the industry.

One thing that you soon learn about the racing industry is that there is a wide variety of views on a wide variety of topics, so it pays to sit down and listen to the industry. All these people from different sections of the industry have different views, so I have adopted the position since becoming Minister for Racing that one of my roles should be to have a very open door approach to those people who want to meet for whatever reason. That, combined with the consultative role that RIDA has played, has had some benefit.

Mr MEIER: I note reference in the budget papers to the Venue Rationalisation Study. What is the objective of that study?

The Hon. I.F. Evans: We released a copy of this study publicly some time ago. The objectives of the study were: to establish and maintain an infrastructure that can support the essential elements of racing and training amenities; to provide patron facilities that are adequate but have the potential and opportunity for improvement within available resources; to maximise the use of those existing facilities with potential for additional activities, including those of a non-racing nature; and to increase stake money levels from finances released and made available through efficient resource management. These objectives indicate that there is an immediate need to develop a capital development plan to cater for the industry's needs, first for the next 10 year period and then beyond.

This Venue Rationalisation Study was not undertaken for the purposes of sacrificing clubs and facilities for short-term increases in stake money, but a major issue emanating from the study is the lack of consensus between the racing codes as to the way forward. This is especially evident in the thoroughbred code, where there seems to be no general agreement at present between major stake holders as to the future direction for metropolitan racecourses, although some discussions might be taking place behind the scenes in relation to that. RIDA is aware of the fact that neither the Government nor RIDA itself has the power to direct closure of the metropolitan racecourses, as they are essentially privately owned by clubs or leased from the Adelaide City Council, in the case of Victoria Park.

Failure to obtain broad agreement within the industry on a common set of goals will, in RIDA's assessment, seriously jeopardise the implementation of venue rationalisation and other long-term industry development strategies. RIDA believes that when the arguments are put to one side there is a minimum level of infrastructure required to maintain the viability of the local racing industry and protect and grow the revenues arising from wagering. RIDA, therefore, has not necessarily recommended wholesale rationalisation and closure of venues.

Although RIDA's recommendations for the three codes contained in the report will result in a net financial benefit to

the industry, the industry will need to undertake substantial capital development in order to bring key facilities up to an accepted standard and to grow the revenue base for clubs. RIDA's estimate is that anywhere between \$10 million and \$15 million will be needed to expand on capital works over the next five or so years. In RIDA's assessment, financial resources should be directed towards facilities that are owned by the industry in a freehold capacity; can accommodate the development of night racing and further unrestricted development; have asset infrastructures that will be available for use on an uninterrupted basis; and have long-term revenue generating potential.

None of those issues is a surprise. They were basically all outlined in the Venue Rationalisation Study report. We have gone through a public consultation since releasing the report, a variety of comments has come back to the consultation group, and I expect to get some further comments from RIDA in the next two or three weeks.

Mr MEIER: I note on page 10.29 of the Portfolio Statements statistical data on outputs and the outputs operating statement. What is being done to reduce the interest burden of accumulated debt within the racing industry, particularly in relation to the SAJC's debt levels?

The Hon. I.F. Evans: I will get Mr Barrett to comment on that. That has been subject to some discussion.

Mr Barrett: The SAJC had a debt of \$4.3 million as at 30 June 1998. A couple of weeks ago, RIDA received a proposal from the South Australian Thoroughbred Racing Authority to provide a once-off grant of \$1.3 million to the SAJC to reduce this debt. Its proposal argues that the funding is payable to controlling authorities in that it had its profit paid by the SATAB reduced by devaluations in 1989-90 until 1993-94, when the TAB owned Festival City Broadcasters radio station 5AA. When 5AA was sold in 1996-97, part proceeds from the sale—that being \$1.8 million—was allocated by the Government to RIDA for industry development. RIDA invested these funds to the benefit of the industry by financing the construction of new race stalls at Morphettville. Those race stalls were based on a business proposal from the South Australian Jockey Club to lease them over a longer period and to gain important revenues for that club. Also, RIDA invested the other balance of funds in the other two codes in funding stage 1 of the upgrade of Angle Park and improvements to Globe Derby Park.

Before a decision on the SAJC proposal was made, RIDA has asked SATRA—which had a very amicable meeting with it the other day—to sit down with the SAJC to develop, in the medium to long term, a debt reduction strategy and also, and most importantly, to investigate using the cash reserves within the thoroughbred code to help offset the debt. For example, if the savings on interest of the SAJC proposal, that is, of thoroughbred race clubs that have substantial funds in term accounts, was used to the benefit of the thoroughbred code in helping offset the higher interest rates on the commercial bills for the SAJC at 8 per cent per annum, it would save it approximately \$100 000.

It is important to point out that the accumulated debt of the SAJC was incurred on behalf of the whole thoroughbred code at a time when it was both the controlling authority of thoroughbred racing as well as the principal metropolitan club, and it emanates largely from a couple of decades ago, when major fires at Cheltenham Park and Morphettville racecourses caused the redevelopment of those facilities to make them operational.

Mr WRIGHT: I understand that Vacsxim will revert to the Office of Recreation and Sport. We will be watching that very closely, because the fee for nine 45 minute sessions is \$10. I do not think there is a concession these days, but I may be wrong about that. We will be watching very closely the fees charged as a result of the changing structure of Vacsxim. We will also be watching closely to ensure that there is no slippage in Vacsxim—by that I mean that there will be no loss of venues to country and remote areas. We will certainly be looking for a commitment and guarantees for the program beyond the year 2000. What impact has the negative settlement fee had on South Australian racing?

The Hon. I.F. Evans: Technically, this question should be answered by Minister Armitage, given his responsibility for the TAB. However, Mr Barrett is happy to make some comment on it.

Mr Barrett: The South Australian TAB, in its win and place bets, which is off course totalisator betting, is part of a national pool which is conducted and owned by TABCorp Holdings Limited, which is the privatised TAB in Victoria. Our win and place bets are pooled with Victorian punters, as well as punters in the ACT and elsewhere. A commercial fee is charged by TABCorp Holdings to enter into that pool. That pool is most important to South Australian racing, because the larger the pool the more competitive the wagering and this increases the volume of wagering and, therefore, generates more revenue for the racing industry and the Government.

In the past year, I am advised by the South Australian TAB that TABCorp Holdings Limited increased the access fee to the Super TAB pool by 400 per cent. In addition, it has placed a settlement fee which is colloquially referred to in the industry as a negative settlement fee, which means that, in any given month, if TABCorp Holdings is paying a cheque to the South Australian TAB to settle the winnings of punters in South Australia, it is imposing a fee which I am advised is near 25 per cent of the quantum of the negative settlement.

The impact of that is—and once again that has been not disclosed in the TAB's annual accounts, because that period does not end until 30 June—that it does go into a couple of million dollars, which would come off the bottom line of the TAB. To date, though, that has not significantly impacted on the profit distribution from the TAB to the racing industry. For the first two quarters of this current financial year, the profit distribution payable to the three racing codes was on budget and slightly ahead of last year. However, the profit distribution for the third quarter was a couple of per cent below, and the TAB did write to RIDA before the commencement of the current financial year and asked us to advise the codes—and we did—that negative settlement fee plus the increased fee from TABCorp could have an impact on the level of profitability this year.

Mr WRIGHT: I have been advised that the negative settlement fee that the TAB is paying to TABCorp is in the vicinity of \$4 million per annum or more. Are you able to confirm that or give us any additional information as to whether that figure might be realistic?

The Hon. I.F. Evans: With all due respect, that is a question that should be raised with Minister Armitage under his line of TAB, and I am sure he is happy to answer it. The fact is that Minister Armitage runs the TAB, not Minister Evans.

Mr WRIGHT: Yes, but you are the Minister responsible for racing, and 55 per cent of TAB money goes to the racing industry, in case you were not aware of that.

The Hon. I.F. Evans: I am aware of that. However, from memory, your question was about a financial relationship between the TAB and TABCorp. Therefore, that is a question that Minister Armitage as Minister responsible for the TAB addresses.

Mr WRIGHT: I also asked the question as to what impact it is having on the South Australian racing industry. Perhaps you could answer that.

The Hon. I.F. Evans: Mr Barrett has already just spoken for five minutes on that exact question. If Mr Barrett wants to answer it, that is fine. However, I make the point that the honourable member has an opportunity to ask all these questions about the TAB of Mr Armitage next week, because that is the appropriate line for it. However, if Mr Barrett wants to answer it, I am happy for him to do so.

Mr Barrett: I have the figures for the TAB distribution to the racing industry for the first three quarters of this financial year, as follows: the SATRA fund, \$14.24 million; the SAHRA fund, \$3.39 million; the SAGRA fund, \$1.74 million dollars, making a total of \$19.37 million.

The Hon. I.F. Evans: Can the honourable member repeat his question?

Mr WRIGHT: I have been advised that the South Australian TAB has paid up to \$4 million to TABCorp over a 12 month period, and I want to know whether that figure can be confirmed.

Mr Barrett: Quite simply, that cannot be confirmed. The TAB informed the racing industry at the commencement of the financial year about its business plans, commercial pressures and matters that might have an impact, positive or negative, during the course of the year on the 55 per cent proper distribution to the racing industry. The negative settlement issue and the new fee for TABCorp Limited was one of those factors. To date, that \$19.37 million paid for the first three quarters, being the 55 per cent profit distribution to the racing industry, compared with last year is \$580 000 less than the total amount payable to the racing industry for the first three quarters. I am not able to confirm the impact and the quantum of that figure.

Mr WRIGHT: The sum of \$4 million or more is being paid by the TAB to TABCorp to give us the right to go into the SuperTAB. As Mr Barrett explained, we are in a pool for win and place betting, and we need to be in that pool, there is no doubt about that, because a lot of benefits flow from it. Because South Australian punters are more successful than Victorian punters—and we need to be clear about this because it is crook—TABCorp taxes us. Can members believe that? Our punters are more successful and therefore they pay a penalty, and that works out at a minimum of \$4 million per annum, and it is getting bigger, not smaller.

Let us not forget the debate about the lack of money from the TAB to the racing industry because, despite the increase in turnover, its profit line does not match that turnover. Last year, from the TAB and on-course tote, \$30.6 million was distributed to the racing industry, which was clearly money critical to the racing industry. There could have and should have been an additional \$4 million profit to the TAB, 55 per cent of which should have gone to the racing industry and 45 per cent of which should have gone to consolidated revenue. We are getting hit for six, both the racing industry and the taxpayers, because South Australian punters are more successful than Victorian punters and because the distribution of the bets made in South Australia is more successful than in Victoria. We are paying a penalty. That is a ludicrous situation. We are paying up to if not more than \$4 million.

That is called a negative settlement fee. I am interested to know whether any other States are paying a negative settlement fee, and I am also interested to know what happens in a positive settlement fee situation. I bet my life that TABCorp does not kick back to South Australia or any other State when that State is less successful and its returns are less in a pool situation compared with Victoria. Does Mr Barrett have any information about that, or can he take that on notice?

The Hon. I.F. Evans: As I indicated at the very start of the questions on the TAB, I am not appropriated for the TAB. Those questions are properly directed to Minister Armitage. I will take particular note to forward the *Hansard* record of that question to Minister Armitage and see if he can provide some advice next Wednesday, which is his Estimates day. I make the point to the shadow Minister that I am not the Minister responsible for the TAB. Mr Barrett has answered the honourable member out of courtesy on a couple of the issues that he raised but the reality is that I am not responsible for the TAB so the honourable member would do better to come in next Wednesday and ask his questions of Minister Armitage. He will get pretty frustrated otherwise. I am happy to put that one to Minister Armitage during the week and hopefully he can come back with an answer next Wednesday or in due course.

Mr WRIGHT: I acknowledge what the Minister has said and I appreciate the comments made by Mr Barrett. It is Minister Armitage's responsibility but, because that money is so critical to the success of the racing industry, with the concept that I have put forward, the Racing Minister would have to be very concerned about that situation. Money that should be going direct to the racing industry and to consolidated revenue is not because of this negative settlement fee. The Minister would have to share that concern.

The Hon. I.F. Evans: I think that the issue raised by the honourable member is embroiled in one of those big pictures that I raised in my opening remarks about the private ownership of TABs and the commercial pressures that are brought to bear on certain sections of the industry. That is why I made comments about the industry having to have a look at some of those issues and some of the commercial pressures that might be placed upon it. Anything that impacts on the bottom line of the TAB and has a negative impact on the revenues available to the racing industry is of concern, because we all know that it relies heavily on the profit stream from the TAB.

Mr WRIGHT: Has a consultant been selected for the review of services delivered by the Office for Recreation and Sport and, if so, who is it?

The Hon. I.F. Evans: My understanding is that the consultancy has been advertised but a consultant has not been selected.

Mr WRIGHT: I have a supplementary question. I have a memo here in regard to the process to which the Minister referred, and I wonder how this consultancy will proceed and how wide the consultation process will be. The memo states:

Extensive external customer consultation should not be required as recent data is available, although consultation with staff will be essential.

If this is to be a genuine review of the Office for Sport and Recreation, how can it possibly be a genuine and fulsome one if, in fact, the consultation process will not include 'external customer consultation'—that is, those people out there at the industry coalface? How can there possibly be a proper review without talking to the people in the industry?

The Hon. I.F. Evans: I will ask Mr Hallion, Acting CEO of Industry and Trade, to comment on that.

Mr Hallion: The review that the department has initiated is, in fact, one of a series of reviews that the department is undertaking to ensure that the Government gets the best value in terms of efficiency and effectiveness from the services provided by the department. The review principally is focused upon looking at the services that Recreation and Sport provides and comparing those to best practice activity elsewhere. So, the focus of this first phase is very much a benchmarking exercise, looking at the services provided by similar organisations elsewhere in other jurisdictions and benchmarking our operations against them. So, on that basis, this first stage report will be one that is largely based on that benchmarking exercise.

Mr CONDOUS: I refer to Budget Paper 4, Volume 2, Industry and Trade. Will the Minister provide details of work that the Government has undertaken to progress the needs of the recreational horse industry?

The Hon. I.F. Evans: In October and November last year, the Office for Recreation and Sport conducted a series of workshops with key stakeholders and relevant Government agencies to identify key issues that were of concern to the recreational horse industry—which is different from the racing industry. Two key components of the workshop were the need to establish an umbrella body to address the recreational horse industry needs and work in partnership with the Government, and the need to develop a horse industry strategy. The recreational horse industry accepted responsibility to develop an umbrella body and, in the last week or so, has resolved to call this group the Horse Federation of South Australia. I think that this is an important point to note. The recreational horse industry is essentially those people who go out and show jump or ride on trails or who are involved in cross country horse riding, and so on, and they have really had no single voice to consult with local government, State Government or Federal Government.

This really came about through, I suppose, the persistence of Mr Paul Mabarrack, who was involved in his horse group, and who had had discussions with me over the years with the development of things such as the Mawson trail and others. It was through discussions with Mr Mabarrack that we decided that there would be some benefit to Government, local government and the recreational horse industry for them to get their heads together and develop a group that the Government could consult with. So, when we want to hear the voice of the recreational horse industry, now we can go to the Horse Federation of South Australia and consult with it on all sorts of issues. That is important because, obviously, that means that there can be better planning and there is some consistency. Previously it was the situation that we might have spoken to one group about an issue and they would express one view and a different group would express a different view, and it was very hard to progress matters. But now at least we are starting to develop a formal process where the recreational horse industry can consult with Government and local government about all sorts of issues—particularly through the Adelaide Hills, the Mitcham hills, the Fleurieu Peninsula, the Barossa—

Mr Koutsantonis interjecting:

The Hon. I.F. Evans: I do not know how many horse trails there are in the western suburbs. There may be quite a few: I will take the member for Peake's advice on that—at my own risk. But there are certainly significant issues regarding local government and trails in relation to the

Adelaide Hills area. There are also issues even in relation to the number of horses you can keep on properties. I know that the Adelaide Hills Council has concerns about water management and the number of horses that can be kept on certain sized properties.

Another issue that causes great concern is the access to unmade road reserves and whether they can be used for horse trails. There are some issues in that respect in the Cherry Gardens area, with which I am familiar, owing to constituents coming and knocking on my door.

The other issue concerns access to Government land. SA Water and some of the reservoirs, such as Mount Bold in the Adelaide Hills, have had restrictions on where recreational horse riders can go. There tended to be a view from the recreational horse industry that no-one was taking them in and helping them. One of the reasons for that was that there was no single voice. The establishment of this federation, if you like, will give them that voice and give councils and Government a chance to sit down around the table and actually plan out the issues about access to trails, road reserves, Government property, etc.

The Office for Recreation and Sport is now managing the development of a State horse plan, and has contributed about \$23 000 towards the development of that plan. They have consulted with key stakeholders and have obtained additional financial support for the development of a horse strategy from local government and other State Government agencies. The pleasing thing about the development of the plan is that we have been able to bring in local government, particularly in the areas that I have mentioned, some of the more sensitive areas, because they recognise that it is to their benefit to sit down and develop a broad plan with the recreational horse industry.

The plan will provide a clear picture of the recreational sport horse industry and, as well, will outline strategic directions, opportunities and guideline for planning and the provision of infrastructure and services in the future. A project management committee has been appointed, which consists of State and local government representatives, as well as key industry stakeholders. The first meeting of the committee was held in May. It is anticipated that the report strategy will be drafted by about January 2000.

This all started, as I said, when Mr Mabarrack came to see me, and we held an industry meeting out at a property in between Echunga and Meadows. I think it is Hazelmere Estate. It had all the recreational horse industry in to talk about the issues, and I must say that the office has done a very good job in bringing that industry together. It is like all industries: when they first get together there are issues to resolve with respect to how they actually communicate, their structure, and those sorts of things. I think the process has worked really well and it should end up as a pretty good example for other States to follow as to how to manage and be involved with the recreational horse industry.

Mr CONDOUS: As a supplementary question to that, how is the Government maintaining the trails networks that have been developed in Australia, and what will the recent \$6.2 million allocated to trails be spent on?

The Hon. I.F. Evans: I have a particular interest in recreational trails. Notwithstanding the fact that I have been a competitive sportsperson all my life, with the advent of four kids one tends to take on other interests, and certainly recreational trails and walking trails are an issue of some interest to me. The Office of Recreation and Sport currently oversees about 3 000 kilometres of recreational trails, as a

long-term commitment to their importance to tourism and the economy.

I am sure that our tourism colleagues would recognise that a lot of South Australia's and Australia's advantage in tourism is in what I would call the soft tourism area. Rather than going to the glitzy theme parks of the Gold Coast in Queensland people, particularly from overseas, tend to like to throw on a backpack and do a lot of bushwalking and backpacking, and that sort of thing. That is why recreational trails networks are very important as far as tourism is concerned. Even interstate there is a lot of tourism in relation to trails. That is probably why other States followed South Australia's lead after we developed the Heysen Trail. Other States have followed that in developing their own trails.

The integrity of these trails is a priority for the Office of Recreation and Sport. The office's capital works budget allocated to outdoor recreation provides funding for maintenance and risk management programs. The current budget for that is around \$100 000.

The State Government has allocated \$6.2 million over the next five years for continuing maintenance and significant upgrade of recreational trails in South Australia. Some initiatives to be targeted will be the further development of trails on the South Coast to complement the Goolwa to Victor Harbor trail networks and also the Adelaide Hills trail networks. Further loop trails will be constructed in consultation with community groups and trail users.

Some issues still need to be resolved. Indeed, one issue relating to recreational trails is the change of ownership of land. Currently, trails such as the Heysen Trail, where they traverse private land, are negotiated by way of a volunteer agreement with the landowner, and this is not necessarily registered on the certificate of title and documents such as that. If the landowner changes, they sometimes indicate to the Government that they no longer want the trail to cross their property. We then must negotiate with another landowner, find a road reserve or another route for the trail. So, this issue is continuing, at least, as a result of the changing of the path of the various trails. That is an ongoing issue that the office is looking at to see whether or not there is a better way in which it can be managed.

The issue does tie up a lot of time, not only for the officers but also for groups such as recreational bush walkers and their association, the Walking Federation, which attempts to provide maps for its walkers, or even for recreational horse riders. If the trail is constantly changing it makes it very expensive and difficult for organisations to keep up to date with the actual path of the trails.

Loop trails in the Adelaide Hills are really trails that loop back on themselves so that one can start and finish basically in the same area. The Heysen trail is enormously long, and that can make it difficult for young families who park their car at one end, walk the Heysen trail and do not necessarily finish back near their vehicle.

There is an attempt to develop trails, particularly through the Adelaide Hills and Mitcham Hills areas, which include areas such as the Belair National Park, Cleland and the Botanic Gardens. The loop trails will be developed in consultation with the community.

The Office of Recreation and Sport is also developing an asset register to determine the status of the existing trail network. The legal liability and risk management responsibility for the recreational trail network will continue to be overseen by the office. I had the pleasure last November of opening the riesling trail in the Clare Valley which has been

constructed between Clare and Auburn, a distance of approximately 26 kilometres. That trail is fantastic for those people who have an hour or so to cycle it. It takes a bit longer to walk. If people want to travel the trail via a few wineries in the Clare Valley on a Sunday that is a great experience, and I would encourage all members to take the opportunity to visit the riesling trail because it is, I think, a great asset to the Clare Valley. Certainly the community and the wineries have appreciated it from a tourist point of view. They are just some of the issues that relate to the trails, but the good news is that we are allocating \$6.2 million over the next five years, and that is indeed pleasing.

The ACTING CHAIRMAN: I call the member for Colton to ask his second question.

Mr Wright interjecting:

The Hon. I.F. Evans: The honourable member says 'thank goodness' that I have finished my answer. I cannot understand why the honourable member does not have an interest in recreation and sport.

The ACTING CHAIRMAN: Order! The member for Colton has the call.

Mr CONDOUS: What is the current situation in relation to the disbanding of Living Health and the allocation of Living Health's sponsorships to sport and recreation organisations for the 1998-99 period?

The Hon. I.F. Evans: As everyone would know, the Government decided that Living Health, as an independent authority, would be disbanded and the budget appropriation of approximately \$13.4 million would be allocated to the Department for Human Services, the Department of Transport, Urban Planning and the Arts and the Office of Recreation and Sport. The Office for Recreation and Sport has conducted a review into the provision of financial assistance to sport and recreation organisations through its own programs and those of Living Health. New funding guidelines and criteria have been established as a result of this review. This should streamline the application process for organisations that have applied for funding in the past to both the Office of Recreation and Sport and Living Health. The Management and Development Program, which it is now called, has been established combining Office for Recreation and Sport and former Living Health sponsorships. Applications closed on 19 March 1999 for projects to be conducted in the 1999-2000 financial year. I am advised that 163 organisations applied for funding and that 133 organisations were successful in obtaining grants. A total of \$5 960 510 has been allocated for the 1999-2000 financial year through this program. All successful applicants will be required to provide health promotion opportunities and conduct healthy lifestyle practices as a condition of funding. The Office for Recreation and Sport is negotiating contracts for the 1999-2000 period and forwarding them—I think it has already started to forward some of them—to recipient organisations. Organisations are being provided with funding as per the agreements that have been negotiated.

The ACTING CHAIRMAN: Order! I remind visitors in the gallery that the use of mobile phones whilst in the Chamber is prohibited.

Mr CONDOUS: What does the Government plan to do or what is it doing for the recreational needs of the Kosovar refugees who have recently arrived in South Australia?

The Hon. I.F. Evans: I am advised that 147 refugees arrived in South Australia on 13 June 1999. The group consists of 35 men, 36 women, 34 boys and 42 girls. The group is housed in a section of the Hampstead Centre, which

has been renamed the Adelaide Haven Centre. A meeting to discuss services for refugees was convened by the Department of Human Services in May this year with a number of organisations including the following from the Government sector: the Department for Education, Training and Employment, the Department of Immigration and Multicultural Affairs, the Office of Multicultural International Affairs, Family Youth Services and Office for Recreation and Sport. A list of activities was presented to a management reference group of the refugees. Among the issues discussed with Adelaide Haven Centre were their needs in regard to recreation activities. The Office of Recreation and Sport has contracted Life Be In It SA to organise activities. So far basketball rings (I assume that includes balls and so on), table tennis, volley ball and soccer have been arranged. A friendly soccer match with the players from the National Soccer League club Adelaide City took place over the past weekend and got some pretty positive media, which is good to see.

Also, a number of life games are being arranged for the children at the haven. About 72 children under the age of 17 have already participated in them at some stage or other. An initial sum of \$5 000 has been allocated to this aid program within the Office of Recreation and Sport for the provision of recreation and sport services. It is just a simple way in which we can be involved with the group and make its stay here as active and pleasant as possible.

Mr WRIGHT: How much did RIDA spend on the marketing of the Southern Racing Festival and what figures can you provide to us in regard to the crowds this year and how they compare to previous years, say, for the past two or three years?

The Hon. I.F. Evans: The first Southern Racing Festival was implemented by RIDA as a vehicle for launching a Racing SA brand and the implementation of the five year marketing plan. The inaugural festival began on 21 March 1998 and concluded in May 1998. In December 1998 the Racing Industry Marketing Advisory Group, which I spoke about earlier, supported the development of a second Southern Racing Festival to be held in 1999. It was agreed that, unlike the 1998 event, which encompassed three codes, the festival would focus more on the promotion of key thoroughbred events between the Oakbank Easter Carnival and the Adelaide Cup. This coincided with the decision to jointly promote the major annual events for harness and greyhound racing under the banner of 'Summer Nights' between December 1998 and January 1999.

The marketing objectives of the Southern Racing Festival were to increase attendance and betting turnover both on and off course, to improve the public perception of racing as an appealing entertainment option, to develop a promotional package that increases the value of club sponsorships and to develop the expertise and professionalism of club event promotion.

An evaluation of the 1998 event was undertaken, which involved a number of key activities designed to assess the relative impact of the festival both in the South Australian community and amongst industry stakeholders specifically. A similar evaluation of the 1999 event is currently under way. I am advised that the results of the 1998 research were positive. The impact on public awareness of racing revealed that nearly 90 per cent of the Adelaide population became aware of at least one aspect of racing over the festival period, indicating that advertising and media coverage of the festival was extremely successful. Unprompted public awareness of racing and specific racing events was relatively high.

This general awareness of racing was generated by festival advertising, increased media coverage during the festival period and existing consumer knowledge of the Adelaide Cup and Oakbank as local institutions. The Adelaide Cup and Oakbank dominated the recall of specific festival events among the general public, further reinforcing the importance of these events and general interest in the festival and racing in general. The major area of improvement for racing as a result of running the festival was in its effect on creating positive attitudes toward racing. In particular, responses to the television advertising indicated a major shift in the way consumers perceived racing, with the most common response being that consumers felt the advertising gave racing the appearance of being fun, enjoyable and of people having a good time.

It was widely recognised that attendance at the 1998 Adelaide Cup was a significant improvement on the attendances in recent years, with South Australia receiving a great deal of publicity regarding the Adelaide Cup attendance in national publications and the Eastern States media. Almost all stakeholder groups considered that the net result of the festival was that it was successful. The key benefits identified by stakeholders were as follows. The festival improved racing—

Mr WRIGHT: My question was: how much was spent on marketing and what were the crowd figures? That is all I asked.

The Hon. I.F. Evans: That might be all the honourable member asked but he might as well get the full picture.

Mr WRIGHT: No, just that answer will be enough.

The Hon. I.F. Evans: Almost all stakeholder groups considered that the net result of the festival was that it was successful. The key benefits identified by stakeholders were as follows: the festival improved racing's image in the eyes of the public; new consumers were being attracted to racing, which is obviously important; and the media presence of racing increased significantly, which obviously has some benefits. The 1998 festival was the first year of a five year strategy and successful evidence of its marketing campaign—

Mr WRIGHT: On a point of order, because of the limited time and the time that the Minister is taking up not just with this but with previous answers, I ask that you rule on this question and that he provide the information on the question, which was, how much was spent on marketing and what were the crowd figures? It is a very specific question and I need a specific answer.

The ACTING CHAIRMAN: Order! I do not uphold the point of order. The Minister is at liberty to answer as he sees fit. However, I would ask the Minister to begin winding up so that we can finish.

The Hon. I.F. Evans: I will finish by making the final few points. The 1999 Southern Racing Festival is currently being evaluated and will be discussed with industry stakeholders in late June or early July. The evaluation plan includes measurement of each of the objectives of the Southern Racing Festival. In addition to the measurement of attendance and betting turnover, it includes market research undertaken both on and off the track to measure the public's awareness of the promotional campaign, intention to attend racing events and perception of racing as an entertainment activity. The research has been undertaken by Harrison Market Research and consists of two separate studies.

Mr KOUTSANTONIS: On a point of order, the Minister is required to answer the substance of the question. I believe that he is now debating the question and the benefits of the

festival's advertising. I ask you to rule on this and bring him into line.

The ACTING CHAIRMAN: I do not uphold the point of order. As previously explained, the Minister is at liberty to answer as he sees fit. However, I will again call the Minister back to the substance of the question and ask him to wind up his remarks.

The Hon. I.F. Evans: I am trying to do that, Mr Chairman, but I keep on being interrupted. And I congratulate the member for Peake for being here all day and finally getting himself into *Hansard*. The research has been undertaken by Harrison Market Research and consists of two separate studies: a spectator study of the Adelaide Cup of 17 May 1999, when 300 interviews were conducted at the racecourse; and a general public awareness study, in which 400 door to door interviews were conducted in June 1999. The Adelaide Cup spectator study has been finalised.

Mr WRIGHT: On a point of order, the Chair has asked on three occasions for the Minister to wind up. He is flouting your ruling and taking no notice of what you are saying. On three occasions you have asked him to wind up. Clearly, he is following his notes and not taking any notice of your ruling. I ask you to rule accordingly.

The ACTING CHAIRMAN: Order! There is no point of order. Minister, I ask you to begin winding up so that we can proceed.

An honourable member interjecting:

The Hon. I.F. Evans: I don't mind your asking me questions, but I wish you would let me answer. The question related to attendances and costs.

An honourable member interjecting:

The Hon. I.F. Evans: No, not at all. I refer to the Southern Racing Festival events, attendances trend analysis for 1995 to 1999. I understand that these are unaudited figures. We will just go through them now, since you have been—

An honourable member interjecting:

The Hon. I.F. Evans: You are not allowed to table them. I can't believe this! The member for Peake has been here all day and sat through all these Estimates Committees. If the honourable member looks at the *Hansard* report from this morning, he will see that the first thing we are told in the Estimates Committees is that there is no capacity to table documents. The honourable member has sat there as a member of Parliament for the past couple of years but still asks, 'Why don't you table them?'

An honourable member interjecting:

The Hon. I.F. Evans: Ask your Whip. Ask him, 'Is there a capacity to table documents?' The answer will be 'No'. We do not have the capacity to table documents in Estimates Committees, regardless of whether they are figures or not. They could be a meat pie; I cannot table it. It is as simple as that.

The ACTING CHAIRMAN: Order! Minister, I ask you to wind up your remarks. I also ask members to allow the Minister who has the call to give a reply.

The Hon. I.F. Evans: With regard to the attendance figures (and I am advised that these figures are unaudited), at Oakbank on Saturday in 1994-95, 44 390 people attended; in 1995-96 the figure was 42 783; in 1996-97 it was 39 654; in 1997-98 it was 40 286; and in 1998-99 it was 46 120. So, on the Saturday there was an increase of about 6 000. I will not go through all the years regarding Oakbank Monday because the honourable member might get frustrated with that. Rather, I will just relate the figures for the years 1997-98

and 1998-99. On Oakbank Monday in 1997-98, 58 746 people attended, and in 1998-99 the figure was 63 430. On Oaks Day, there were 3 729 in 1997-98 and 3 000 in 1998-99. At the SA Derby, there were 4 016 in 1997-98 and 3 150 in 1998-99. At the Goodwood Handicap, there were 4 889 in 1997-98 and 4 110 in 1998-99. In the Adelaide Cup, in 1997-98 there were 34 598, and in 1998-99 there were 30 687. Totals for 1997-98 were 146 262, and in 1998-99 the figure was 150 497. Again, I emphasise that my advice is that those figures are unaudited. I am advised also that RIDA spent \$500 000. The festival itself generated over \$270 000 in editorial coverage measured in advertising rates, plus a contra media to the tune of around \$54 000.

Mr WRIGHT: The Minister does not understand or know his brief very well in racing. What has been taking place here now for a couple of years has been large expenditure, in the order of millions and millions of dollars, by RIDA into the marketing of racing. It has tried hard, and it has done its best. However, it has simply been a failure, and it has not been commensurate with increases in crowd numbers. I would be interested to see not only those figures which the Minister took some seven to eight minutes to ultimately get to but also whether the audited results match up with the crowd figures, that is, to see whether the receipts of the clubs match up to the figures that were provided. However, sadly marketing by RIDA has been a failure, and that is why this Government, led by Graham Ingerson, is looking to be rid of RIDA and to take another track.

The Minister also mentioned Oakbank. I hope that he becomes a bit active in the racing industry and Oakbank, because, despite the Premier's making a commitment that mounted police would be in place at Oakbank on both Saturday and Monday, it failed to materialise and we had an absolute chaotic situation because that commitment was not honoured. I also hope that the Minister can guarantee that any future Government appointments to any racing industry authority will avoid—

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

Mr WRIGHT: I thought you, Sir, would be liberal with me seeing that you have just given the Minister 20 minutes to answer three questions.

The ACTING CHAIRMAN: I invite the member to ask his question.

Mr WRIGHT: I hope that the Minister will ensure that, in future, any Government appointments to any racing industry authority will avoid a conflict of interest, as happened with Mr Ian McEwen's appointment to the position of Chairman of the Harness Racing Authority, given that he is Chairman of the Victorian harness racing body. My

question concerns the Regional Recreational and Sports Facilities Grants Scheme. I understand that \$900 000 is budgeted in that program, and I wonder whether the Minister can share with the Committee how much in the way of new programs will be spent this year. Can the Minister tell the Committee what those programs are?

The Opposition has certainly received very strong representation from Gawler, which we are vitally interested in, given the submission that was made, and Kadina has also made a very healthy submission. I am interested to know how many programs will be funded this year, what that adds up to in dollar terms, and whether new programs this year will be funded to the value of \$900 000. I understand that not all of that money is being spent on new programs in this year's budget, because there is a carryover of some \$250 000 from promises that were made by the former Deputy Premier, and they have to be picked up in this year's budget. Can the Minister confirm or deny that?

The ACTING CHAIRMAN: Given the time, I ask the Minister to be brief.

The Hon. I.F. Evans: I will be as brief as possible. I invite the member to nominate the programs that were promised by the Deputy Premier to the tune of \$250 000. He said that his information was that there are \$250 000 worth of programs. Can the honourable member nominate them?

Mr WRIGHT: It might be \$270 000 on two different programs, but let us do this in the order in which I asked the questions. My first question was whether there is \$900 000 for this scheme and how much of that is being spent this year, in this year's budget, with new programs. Can the Minister confirm that figure, that \$660 000 is being spent on new programs this year under the Regional Recreational and Sports Facilities Grants Scheme?

The Hon. I.F. Evans: To put the member out his misery, I advise him that I have received the recommendations from the Office of Recreation and Sport in regard to the recreational facilities grants, but I have not signed off on them, so the answer is not yet decided. I will look at last year's grants and this year's grants, and I will either make a statement to the House or send the member a letter so he is fully aware of what has happened. Last year, we spent more than the \$900 000 that was allocated in the budget. The figure has floated a little bit. So the member is fully informed and the matter is out in the open, I will let the member know the figure once I sign off on them.

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

ADJOURNMENT

At 10 p.m. the Committee adjourned until Tuesday 29 June at 11 a.m.