

HOUSE OF ASSEMBLY

Tuesday 20 September 1988

ESTIMATES COMMITTEE B

Chairman:

The Hon. T.M. McRae

Members:

The Hon. T. Chapman
 Mr T.R. Groom
 Mr G.A. Ingerson
 Mr J.K.G. Oswald
 The Hon. R.G. Payne
 Mr P.B. Tyler

The Committee met at 11 a.m.

Services and Supply, \$5 273 000;
 Works and Services—Department of Services and Supply,
 \$7 837 000

Witness:

The Hon. G.F. Keneally, Minister of Transport.

Departmental Advisers:

Mr R.L. Dundon, Acting Chief Executive Officer, Department of Services and Supply.
 Mr B. Miller, Acting Director, Corporate Services.
 Mr P.J. Grenville, Director, Transport Services.
 Mr P.J. Bridge, Director, State Supply.
 Mr D. Patriarca, Acting General Manager, South Australian Centre for Remote Sensing.
 Mr M.E. Jones, Director, Government Computing Centre.
 Dr I. Dainis, Director, State Chemistry Laboratories.
 Dr H.J. Kobus, Chief Scientist, Forensic Science Division.

The CHAIRMAN: I declare the proposed payments open for examination and I refer members to pages 86 to 90 in the first case and page 178 in the second case in the Estimates of Payments and pages 246 to 261 in the Program Estimates.

The Hon. G.F. Keneally: I would like to provide the Committee with some information that would be of assistance in reviewing the estimates for services and supply. The department provides a range of services primarily to Government. These include supply, computing, printing, analytical chemistry, forensic science, transport, and remote sensing. Services and Supply is required to recover its cost of operations from fees charged for the services rendered, except in those limited cases where services are provided in the interests of Government or the community. Examples of these Government or community services are the State Information Centre, the State Supply Board Secretariat, and the VIP chauffeured fleet.

In terms of the budget, members of the committee should be aware that a large proportion of the department trades on a commercial basis, and that for 1987-88 the department made a surplus on these commercial operations recovering more than the full costs of operation. Recurrent funds were not provided to the department directly from Consolidated Account for printing, computing, and car pool services. The department also repays interest and principal to Treasury for capital borrowings on commercial assets.

For 1987-88, chemistry, forensic, and supply services were funded from the Consolidated Account at the commencement of the year and, through cross charging, were required to recover the cost of their commercial operations and pay the receipts into the Consolidated Account. Significant progress continued to be made by the department in moving towards full cost recovery through implementing cross charging and the 'user pays' principle. For example, for 1987-88 two-thirds of the costs of the Corporate Services Unit were included in the costs of operating divisions and were recovered through prices for services.

Commencing from 1 July 1987 the Government Motor Garage transferred to deposit account operations with the level of direct funding being substantially reduced. This meant that this activity was placed on a more business-like footing, and has been given the incentive to recover its full costs of operation through sales of its services. This enabled the deficit of the Government Motor Garage to be reduced from \$197 000 in 1986-87 to \$73 000 for 1987-88, with the target of eliminating it entirely in 1988-89.

SACRS also transferred to deposit account operations from July 1987, but was unable to reduce the level of funding required from the Consolidated Account due to sales being significantly less than forecast. Since March of this year, a concerted effort has gone into increasing and maintaining markets for the centre which should see a substantial improvement in the current year result over 1987-88.

The city based car pool operation, which was established in 1983-84, is another example of cost recovery with significant savings to the Government. A post implementation review in 1986-87 suggested savings to the Government of \$350 000 per annum were being realised. Although the city based car pool has grown in size during 1987-88, its operation has resulted in more effective utilisation of motor vehicles.

It is the department's policy to contain price increases within the rate of inflation by making improvements to its internal operations. It has, therefore, been successful in improving its financial performance while at the same time maintaining its standard of service. A number of the services which it provides may be compared directly with alternative suppliers, either 'in house' within Government agencies, or in the private sector. Regular comparisons of price and quality of service are undertaken by the department to evaluate the performance of its services against these alternative suppliers.

During 1987-88, there have been some areas of significant service growth. Recent examples are the need to gear up rapidly to cope with the high demand for monitoring of hazardous substances and meat analysis for pesticides by the State Chemistry Laboratories. The State Supply Division gained increased markets in the Federal Government for stationery, and in the Northern Territory for school books and equipment. Some examples of the department's expertise in promoting improvements in service delivery and productivity in the public sector include: opening satellite car pools at Noarlunga, Murray Bridge, and Elizabeth, providing consulting support and assistance from the GCC to Government agencies in making better use of personal computers and information technology generally; installation of a scanning electron microscope by the Forensic Science Division in order to improve the analysis of forensic evidence and gunshot residues in particular; introduction of a new service called the Virtual Machine Service, by the GCC which provides significant cost reductions to major customers in mainframe processing; disposing of more than 96 per cent of motor vehicles due for replacement within twenty-

eight days of receipt at State Supply, thus minimising the amount of capital tied up in vehicles waiting to be sold; and acquisition of a five colour printing press for the Government Printing Division which will significantly reduce set-up time and hence reduce the costs of printing. Occupational safety, health and welfare performance has been significantly improved, and equal employment opportunity initiatives have been implemented.

Looking to the future, the Government has recently approved a financial restructuring of the department which will result in it being judged by the Government as a business operation, performance targets such as rates of return on assets and equity have been set, based on industry standards for comparable organisations. Furthermore, the department has agreed to pay to the Government, a dividend each year which represents a satisfactory return to the taxpayer on the funds invested by the Government in the department. Another example of the department becoming more businesslike is the comparison of key financial ratios of commercial divisions with private sector organisations from the same industry. Under the new financial charter, the estimated recurrent expenditure for the department for 1988-89 is \$72 million of which only \$5.3 million will be funded directly from the recurrent account.

Mr INGERSON: Will the Minister provide the following information for inclusion in *Hansard*—and it relates to the Department of Services and Supply and all its agencies? How many cars, permanently or regularly available to employees for travel between work and home, are to be fitted with private registration plates? During the past financial year, what was the total amount of sick leave taken by employees? How many of those days sick leave were not covered by a medical certificate? How many days sick leave not covered by a medical certificate were taken on a Friday, a Monday, or on a day immediately before or after a public holiday? In relation to land sales, how many land or building sales or purchases were made last financial year? Will the Minister provide an itemised list of each of those sales, giving location of the property, the sale price, the name of the buyer, and details of whether sale was conducted by auction, was an advertised sale or was by private negotiation? How many agents handled the sales? What is the detailed budget program for 1988-89 for the sale of land or buildings?

The Hon. G.F. Keneally: Certainly, we will obtain a detailed response for the honourable member within the time frame allowed. Only one vehicle will be issued with a private number plate, and that will be for the Chief Executive Officer, and under the terms within the answer provided by the Premier to a similar question in the House recently. As to the other details, a full reply will be provided to the Committee.

Mr INGERSON: I refer to the source of funds chart on page 251 of the Program Estimates and Information. As the Minister would be aware, many of the payments in this chart come from trust deposit accounts and from lines which are difficult to find within the programs and within the budget structure itself. Will the Minister supply to the Committee details of payments from the deposit accounts, saying where they come from, and so forth, in relation to both recurrent payments and capital payments?

The Hon. G.F. Keneally: I call on the Director to respond to that question. We might need some more information, as I think that a lot of the information that the honourable member has requested is in the budget documents.

Mr Dundon: The format of the Estimates this year shows the total expenditure against each of the programs for the various divisions of the department. Where there is a nota-

tion that costs are charged to other accounts, those amounts are in fact funded from deposit accounts. The balance outstanding from all of those will be funded by allocation directly from the recurrent account. Under each of the programs included in the estimate is a line which will say, 'Less charged to other accounts', and that is the funding from the deposit account in each case. The income from the sale of services in fact results in that amount being charged to accounts of other Government departments.

Mr INGERSON: Supplementary to that, I understand that situation, but one of the difficulties is reconciling all of the figures. Using an example in the recurrent side, is it possible for the amount of \$51 202 000 to be set out in some sort of detail? I am not asking for detail on a specific dollar-by-dollar basis but something that shows where the trust accounts have come from. It would make it much easier.

The Hon. G.F. Keneally: I will take that as a question on notice and provide the member with a detailed response.

Mr INGERSON: On page 253 of the Program Estimates, mention is made of the 'Buy Australian' and the 'South Australian Offsets Program' policies. Could we have more detail from the Minister of what that actually means and what we are trying to do?

The Hon. G.F. Keneally: First, the Government believes (and all Governments in Australia believe) that there is an enormous capacity within the various supply departments to be able to effectively assist Australian manufacturers by working closely together and through the quantities and value of equipment purchased by government. Combined together, State and Federal Governments represent a considerable purchasing power. If worked very closely with local Australian industry, that purchasing power can help that industry to gear up and provide not only services but products at a price very comparable with what might otherwise apply to overseas products. So, the Government and the department have been very anxious to establish policies that will assist Australian and South Australian suppliers.

On 8 March 1988, the board issued a policy statement on the offsets program. The offsets program is an integral part of the South Australian Government's commitment to enhance Australia's industrial and technological development. An offset requires a supplier, in receipt of, or in anticipation of receiving, South Australian Government business, whose tender contains a specified proportion and value of overseas content, to generate new production, research, or other activities to support Australian industry. Offsets also apply to accumulated orders during a 12-month period. Other decisions were made. For instance, on 5 July 1988, the board issued a circular to heads of public authorities advising that the South Australian Government would cooperate in applying trade sanctions against South Africa.

That statement was issued in July 1988, and I became aware that a letter had not been sent to the board stating the Government's position prior to that time, although the Government's position was clearly understood. Agencies will not knowingly purchase goods of South African origin or enter into contractual arrangements with South African owned companies. If the honourable member wished, we could probably provide him with a written copy of the departments policies in terms of its purchasing, both within the State and within the nation and on imported products.

The last point is that the 'buy Australian made' policy was a Government policy that was developed jointly with the State Supply Board and promulgated by the Premier. The State Supply Board issued a supporting policy covering its area of responsibility, namely, the supply of goods. The

Government policy covers construction and services contracts.

Mr INGERSON: What is the Government's policy on post tendering discussions by officers of the Supply Board with unsuccessful tenderers? What happens in terms of general discussions; how far do they go; and what line is taken with unsuccessful tenders?

The Hon. G.F. Keneally: If tenders are called, particularly where South Australian suppliers have been unsuccessful, the State Supply Board, through its officers, will where appropriate speak to unsuccessful tenderers to help them develop a product and a quality at a price that will enable them to be more competitive when similar tenders are called in future. It is certainly a role that a Government agency has in supporting local industry to gear up and equip itself adequately to win tenders. It is certainly the Government's view that where possible South Australian industry ought to have a fair share or more of South Australian Government tenders.

However, the Government is constrained by its requirement to comply with the Audit Act to have regard not only to price but also to quality, and this is essentially part of the price because the life of a product is part of the original price. If an item lasts 10 years but is more expensive compared with an item that lasts 12 months, the life and price of the product are really cheaper if we go for the more expensive product. In those areas the Supply board can be of assistance. I will ask Mr Peter Bridge to give more detail. He may be able to give examples where he or his officers have counselled local industry that may have been unsuccessful in the tendering process.

Mr Bridge: Wherever we are making a one-off purchase the unsuccessful tenderer is informed in writing and a general outline of why they were unsuccessful is given in that notification. The opportunity is then given to those tenderers to approach us to obtain more information. Ordinarily, we would handle it through a relatively senior officer in the division.

We would be frank in the way in which we handled the question and would explain where they had been unsuccessful. The only thing we do not do is to tell them the relationship, in precise terms, between themselves and the successful tenderer in respect of price. We would say, for example, whether they were close or a long way off, but we would not say exactly what the opposition's price was. We believe that that is a question of commercial confidentiality which should be maintained between the board and the other tenderers.

Mr TYLER: The Auditor-General's Report at page xvii refers to the Virtual Machine Service. Can the Minister explain this term and the benefits of this innovation?

The Hon. G.F. Keneally: I will ask Mr Jones, the Director of the Government Computing Centre, to expand on what I am saying. The Virtual Machine Service has been an initiative of the Government Computing Centre (GCC), and it has brought considerable benefit to the centre, both financially and through the quality of the service it provides. Some major customers have been attracted to the GCC because of the availability and quality of the service, which I will ask Mr Jones to detail.

Mr Jones: The GCC operates as its main processing facility a large IBM processor. The centre has wanted for some time to offer our larger customers a portion of that machine to call their own. During the past year we developed what we call the Virtual Machine Service, which enables us to take part of that processor and allocate it totally to a large agency in order to give them a specific portion of that machine, comprising the processing capacity, the

disc capacity, communication lines to their organisation and capacity on our line printer.

We provide that capacity at a fixed price to that agency. In effect, it means that they own part of our machine as if it was in their own installation. They have total use of that capacity with no interference from other users of our machine. In developing this facility, a couple of our larger departments tested the proposal we put to them with the open market, and we have been successful in winning that business, particularly on a price performance comparison. Both the Education Department and the Highways Department currently use that facility, and we are developing further proposals to other organisations. With the GCC having the infrastructure and staff available to support large computer processing, the cost of providing the Highways Department with approximately 14 per cent of our machine for exclusive use was \$700 000 to \$750 000.

The software that is available to that department cost the GCC \$400 000 to \$500 000 a year. Add to that the actual hardware, accommodation, support and operations, and it can be seen that those agencies are getting a very good price. We are able to do that because we can share the prices across a number of different agencies. We believe that that strategy will go a long way towards making us successful in winning some of the large departments' business.

Mr TYLER: The Auditor-General's Report states that the operating surplus for the Central Government Car Pool was \$1.7 million, which was achieved on a turnover of a little over \$4 million. Can you comment on the extent of this surplus?

The Hon. G.F. Keneally: The operating surplus excludes \$890 000, which covers a motor vehicle replacement reserve, increased working capital, and the dividend paid to the consolidated account. If these are taken into account, the result is a revised surplus of \$843 000. The majority of the resultant surplus is used to finance expansion through the purchase of additional vehicles to satisfy client demand, in the same way as would apply in the private sector. The Central Government Car Pool has been an outstanding success and, because it is deposit funded, it operates at a profit to the Government. It certainly returns a dividend and the taxpayer benefits, as does the Government, by more efficient use of motor vehicles. For a number of years this has been a matter of concern to Governments. I believe that the introduction of the Central Government Car Pool, particularly because of the success of its operation, can assure the taxpayers that Government vehicles are now being operated most efficiently and with greater accountability.

Mr TYLER: In the aftermath of the successful appeal in the Chamberlain case, what is the Forensic Science Division doing to ensure the quality of the forensic science work and the independence of the division from the prosecution authorities?

The Hon. G.F. Keneally: I think that members will recall that some years ago, as a result of the Splatt case, a number of studies were undertaken into the South Australian Forensic Science Division. One of the outcomes of those studies was the appointment of some very skilled and prominent scientists to the Forensic Science Centre. I think that the appointment of Dr Bill Tilstone as Director of the Forensic Science Division was almost a masterpiece. Dr Tilstone is the world President of the International Association of Forensic Scientists. He and his division are doing work not only in South Australia but also for other Australian States. Because of the quality of their work, they are also doing work internationally. At the time that the new format was established, or when the Forensic Science Division was

taken away from the Police Department and, with the support of the Police Department, placed under the Department of Services and Supply, it was intended to provide a facility which enabled not only the prosecution but also the defence to have access to forensic scientists.

I do not claim to be an expert about what happened in the Northern Territory Chamberlain case but, as a result of various comments, it is obvious that, in that circumstance, had the defence had access to forensic science or the forensic science capability, then it could have been very useful at the time. However, it is not appropriate that I comment on that case. Dr Kobus was formerly head of the Forensic Science Division in Rhodesia, and he has also worked for the Federal Police in Canberra.

Dr Kobus: The Minister's comments are an effective summary of the status of forensic science in South Australia. We believe that South Australia is a totally different situation to that applying in the rest of Australia, and we go to extreme lengths to ensure the quality of the forensic science service. Perhaps the significant issue in this regard is the appointment of one of our senior scientists as the Quality Assurance Manager for the division. Extensive quality assurance programs run all the time in the routine work and, in order to minimise the risk of any errors occurring, this is overseen by the Quality Assurance Manager. In addition, we participate in external quality assurance trials. These are samples which are derived from sources external to our laboratory on both an international and national basis. These quality assurance results are compared with the results obtained by laboratories world wide and, again, it is a pointer to any problems that may develop.

We are in the process of preparing an application for accreditation to the American Society of Crime Laboratory Directors, which is an international organisation based in North America and it has a very comprehensive and strict set of criteria which have to be met in order for accreditation to be granted. These criteria are specifically designed to apply to forensic science organisations and the operation of forensic science in the wide community. I think that the significance in our present establishment is that we have been set up as an independent department and, therefore, any authority that has scientific problems involved in litigation has open access to our facilities on a user pays basis. As a result, we have provided consultancy work to a wide range of agencies throughout Australia and overseas. This aspect of our work is expanding quite markedly, which I think is due to the reputation that is being developed and also confidence in our impartiality. These sorts of facilities are not available on that same basis in other States of Australia.

The Hon. G.F. Keneally: Sometimes in South Australia we do not trumpet the successes of some of our agencies like we should, and I think that South Australians should be aware of just how high the Forensic Science Division is regarded both nationally and internationally. It is putting together software packages that are marketable, and we hope to be successful in marketing them internationally and within Australia. That fact is indicative of the quality of the work which has been undertaken there. As members would be aware, this is a very sensitive area of litigation, and I believe that what has happened here in South Australia is a standard bearer for other States and for many parts of the world.

Mr INGERSON: Were there any discussions with the unsuccessful tenderers in relation to the country fire truck tender and, if so, what were they?

The Hon. G.F. Keneally: There were considerable discussions with the unsuccessful tenderers, but the honourable member should understand that the nature of discussions

held during the period between closing of the tenders and granting of the contract is different from the nature of discussions held after the granting of the contract. In the first instance, the discussions deal exclusively with quality, price, warranty and so on. After the granting of the tender wider discussions can be held. In this instance, those wider discussions will include trying to encourage South Australian industry to provide the necessary quality of the product. I think it needs to be said that the Government believes that the people involved in fighting fires—and there have been two examples in recent years of horrendous fires in South Australia—should be supplied with the best quality product. They are entitled to that because they put their lives at risk, and should be absolutely certain that the Government will purchase the best quality product.

On this occasion the tender was given to the Victorian Country Fire Authority, which has provided similar fire-fighting equipment—I refer to the chassis and particularly fibreglass tanks—to industry, Government, and firefighting authorities throughout Australia for about 30 years. That product has been proven. We also have suppliers of fire-fighting equipment in South Australia from whom we have purchased vehicles in the past and hope to in the future. Some of these companies have been successful in attracting business from other States. For instance, Carey Gully Engineering Pty Limited recently successfully tendered for a contract in Western Australia. However, the South Australian Government and the purchasing authorities are part of the national preference agreement which means that the authorities need to purchase the best quality product at the most competitive price: and that is exactly what happened on this occasion.

At the request of the unsuccessful tenderers, on two occasions I asked the State Supply Board to look at the South Australian tenderers to see whether or not there were any grounds for giving them the business. A most comprehensive study was undertaken and, as a result, it is quite clear that the Victorian product is superior in terms of quality. The Country Fire Service here employed an independent assessor to look at the quality of the product, and clearly recommended the Victorian product as being superior. Over the life of the product it is clear that the Victorian product is cheaper.

On Tuesday, 27 September the State Supply Board will visit all significant local manufacturers of firefighting equipment to encourage South Australian industry, to find out their problems, and decide what can be done to make them more competitive. The Department of State Development and Technology is cooperating and has, in fact, organised this visit.

The Government believes that it is preferable that South Australian industry be able to tender successfully for these products. It must be understood that the people who are fighting fires—and we have two Ash Wednesday examples of this—who are on the ground and in the field are entitled to the best product that the Government can purchase: we believe that we have done that. In relation to warranties, the Victorian Country Fire Authority gives a five year warranty, whereas South Australian suppliers provide a one year warranty. From the quality assessment that was undertaken it is clear that the quality of the product provided by the Victorian Country Fire Authority has, on a number of occasions, lasted longer on the vehicle to which it is attached, whereas in South Australia there have been specific instances of fibreglass tanks breaking down. These examples clearly indicate that the Victorian CFAs tender should be supported by the State Supply Board. Another 80 units will be purchased over the next two or three years and it is our desire

that South Australian industry be encouraged and supported to enable it to tender more competitively for those additional units in terms of quality and life of product than it has on this occasion.

Mr INGERSON: Were there any unusual features or circumstances surrounding the tender for the country fire trucks?

The Hon. G.F. Keneally: No. There is no doubt that all the appropriate safeguards that apply on all occasions when the State Supply Board is involved in calling for tenders, considering them, and deciding on the successful tenderer were applied. All unsuccessful tenderers can be assured that procedures are in place to protect their interests. These procedures are subject to audit and—as in the example on this occasion—subject to the request of the Government that South Australian industry be given every opportunity to tender. However, as members know, Parliament decided that the State Supply Board should be a statutory authority which can stand apart from Government intervention, so that everyone can be absolutely certain that when they tender for services or goods for Government that they are tendering to an independent body which has a representative from the Chambers of Commerce, South Australian industry and the Trades and Labor Council. They can be assured that the appropriate procedures are followed, and I am not aware of any unusual circumstance that applied in this case.

Mr INGERSON: My next question relates to the problems of small business in dealing with the Government, principally in the area of payment of accounts. As all members of Parliament know, the Opposition has received many comments about the slow payment of accounts by the Government. How many companies are affected by not having their accounts paid within the stipulated period of 30 days; how much money is involved in that area, and what are the major reasons for the Government not paying its accounts within 30 days, as is required of small business, in particular by statutory authorities such as WorkCover?

The Hon. G.F. Keneally: We are only responsible for the payment of bills incurred by the Department of Services and Supply and we endeavour to pay all our bills within 30 days, quicker than that if possible and particularly if a discount is involved. So, we are anxious to pay our accounts quickly.

As I pointed out earlier, the Department of Services and Supply largely has to operate as a commercial entity—and the department takes account of commercial priorities. We understand the importance of the question asked by the honourable member, but to the best of my knowledge the situation referred to does not apply to the Department of Services and Supply. If the honourable member has some examples that he wants me to investigate, I will be happy to do so. However, the Department of Services and Supply aims to pay all accounts within 30 days, or more quickly if possible.

Mr INGERSON: Is the Minister saying that there are virtually no outstanding accounts at all after 30 days—that all accounts are paid within that time? That does not seem to ring true with what is happening in the real world. The Minister's response does not seem to accord with the general comment that is coming from a lot of the small businesses which deal with the Department of Services and Supply.

The Hon. G.F. Keneally: In relation to purchases through the Department of State Supply—and as a former purchasing officer I understand this well—quite often there are queries on the quality of the goods supplied, or perhaps queries about the quantity, and so on, and on some occasions this may delay full payment within 30 days. However,

I am assured that on those occasions part payment would be made.

That is the exception. It is certainly the intention of the department to pay all its bills within 30 days. In all industries there are occasions where some accounts cannot be finalised within 30 days. If that happens within the Department of Services and Supply it is more the exception than the rule. However, I would certainly be interested to hear of any examples where there might have been some delay. I am not aware of any, but if there are I will have them checked out although I feel very confident that there would be very good reasons for any such delay. The Acting Chief Executive Officer has indicated that he would like to make a final comment on this matter.

Mr Dundon: The Department of Services and Supply does not pay accounts on behalf of all Government departments; it pays its own accounts, and each agency is responsible for paying its own accounts. I do not know if or why there might be delays in other agencies, but if the member has some examples I will be very pleased to investigate them and sort them out.

The Hon. R.G. PAYNE: In reporting on the financial situation of the Government Printer, the Auditor-General indicates at page 185 of his report that a deficit in 1987 was converted in the 1987-88 financial year to a surplus of some \$380 000. That is very commendable, and no doubt considerable credit is due to Mr Don Woolman, the Government Printer. What factors contributed to this turnaround?

Additional Departmental Adviser:

Mr A. Fitzsimmons, Operations Manager, Government Printing Division.

The Hon. G.F. Keneally: Earlier I advised the Committee that Mr Woolman would be with us, but unfortunately he is not well and is seeking medical treatment—and I am sorry to hear that. However, Mr Tony Fitzsimmons, his assistant, is here. The honourable member is correct in saying that the Government Printer has had a successful year, in an area which is very competitive, because the Government Printer no longer has a guaranteed line of business with Government agencies. The Government Printer is very much in competition with other printers for Government work. Chief Executive Officers are able to direct their business to where they feel they will be able to get the best quality work at the best price, with the best delivery times. It is in that environment that the Government Printer has to operate, and I believe he has done very well.

South Australia has a good printery—I would argue perhaps the most successful Government printery in Australia, and that is a credit not only to Mr Woolman but also to all his staff who work there. The improved result was due to a combination of factors, including a small reduction in staffing numbers, an increase in sales above the budgeted figure, improved management practices, and continued development of a safe working environment to provide motivation and opportunities for the personal development of the division's employees. It is interesting to note that a reduction of approximately \$300 000 in workers compensation premiums will be made as a result of the achievements that have already taken place. A few years ago the Government Printing Division, as with all Government printeries in Australia, was somewhat unsure about its future, but it has certainly consolidated the quality and importance of its work within the Government sector, and I believe it is to be congratulated for that.

The Hon. R.G. PAYNE: I refer to the Provision of Advisory and Analytical Chemistry Services program (page 248 of the Program Estimates). As to the pesticides subprogram, I note that in 1987-88 proposed expenditure was \$280 000, with actual expenditure being very much in excess of that at \$650 000, while expenditure of \$376 000 is proposed for 1988-89. All members would be aware that the analysis of pesticides, for example, in foods both for local consumption and export, in the case of meat, is a very vital matter in respect of the State's exporting capabilities, and, for that matter, Australia's exporting capability in this area. Does the proposed expenditure indicate that the problem has now been brought under control, that is, as it relates to the ingestion of pesticides into, for example, our beef and other stock which are slaughtered for overseas export, or has some other approach to this matter been proposed?

The Hon. G.F. Keneally: I shall ask Dr Dainis to provide some further detail on this matter. I recall that last year this was very much a matter of interest to members of the Committee, because at that time the problem was raging in South Australia and the problems for the meat industry were quite extreme. The State Chemistry Laboratory certainly played a significant part in meeting the demand from the Australian Government to assist in the testing of pesticides. The pesticides laboratory has always been a small but nonetheless essential part of the regulatory affairs in this State.

Because of this regulatory function, the laboratory's income and expenditure have generally been modest. Last year, however, the decision was taken to use the State's ongoing investment in this area to assist the export meat industry to verify that shipments were free of organochlorine and pesticide residues. This work was done on a full cost recovery basis, and it meant a more than four-fold increase in the laboratory's work. One consequence of the staff's dedication and hard work was the receipt by Treasury of an additional \$600 000 in revenue. The laboratory has gained two gas chromatographs to enable it to more effectively carry out its normal regulatory and monitoring function. Its work includes analyses, such as those carried out on the Streaky Bay school—another sensitive health area in South Australia. The 1988-89 Estimates reflect the decline in testing of both export and domestic meat for organochlorine residues. Perhaps the Director would like to explain what is likely to develop now within that laboratory.

Dr Dainis: The situation that existed with the pesticide residues last year is anticipated to continue, but the focus is anticipated to come on to cadmium residues and also growth promotants in the meat industry. We are a service organisation and are largely dependent on our clients to notify us and give us adequate warning of the methods of preparation and buildup that we need to cope with this sort of work. The cadmium situation is very serious for both South Australia and Western Australia because each has a very high environmental level of cadmium, and we anticipate that we will be called on to use our trace elements laboratory to a large extent in the forthcoming year to assist the meat industry and public health authorities in this State to appreciate the extent of the problem and to gather information on the levels and where the cadmium is coming from.

The cadmium comes from both natural sources and the use of superphosphate. We anticipate that the trace elements laboratory staff will respond to this situation to the same extent as the pesticides staff responded in a very praiseworthy manner to the industry requirement. Further, we anticipate the purchase of a major instrument this financial

year will assist the trace elements laboratory in coping with this requirement.

The Hon. R.G. PAYNE: By way of a supplementary question, one of the advantages of the Committee is having some of our expert Government people present. Included in the previous answer was a comment that there is a cadmium problem in Western Australia. Do we have a similar problem in South Australia, because a fair amount of super is used also in South Australia?

Dr Dainis: Both States have a high natural level of cadmium in the soil, and they are also large users of superphosphate, so those two States have a bigger problem than the other States in Australia.

The Hon. R.G. PAYNE: On page 248 in the Program Estimates, under 'Provision of centralised printing and related services', a mailing and distribution service is mentioned. I am somewhat intrigued as to what is actually meant in that program outline in which, according to the employment average of fulltime equivalents, about nine to 10 persons are continually involved. In providing this service to State departments, do any savings result from the provision of the service?

The Hon. G.F. Keneally: As well as inserting mail for Government departments, the Government Printing Division presorts mail for Australia Post and by doing this obtains a discount from Australia Post which results in savings to Government of approximately \$200 000 per year.

Mr Fitzsimmons: That excludes the cost of operating the service. They are direct savings to Government. The \$200 000 is the saving on recharge that we make to other Government departments, which are the main users. We sort a considerable volume of mail for Australia Post and our recharge to Government departments is at approximately 35 cents per article, which is a saving of about 2 cents per article. That is how we arrive at our saving of about \$200 000 per year.

Mr INGERSON: On page 254 of the Program Estimates, the role of the Government Computing Centre has been clarified with the Government Management Board, and plans are in place to implement changes to reflect the revised role. Will the Minister ensure that a full appraisal of the merits of centralised data processing and alternatives of centralisation is carried out before a commitment is made with respect to the \$5.3 million that is budgeted? The Auditor-General has examined aspects of information technology in the public sector and has recommended on page 18 of his report that options be examined, including the possibility of large agencies meeting their own processing needs.

The Auditor-General also suggests that the review should consider the role and function of the Information and Technology Unit and the office of the Government Management Board, as well as the role and function of the Government Computing Centre. Are these two statements in conflict? Whatever the case, could the Minister please explain?

The Hon. G.F. Keneally: The Government does not believe that we need another review of the Government Computing Centre. There have been a number of these over the years. I point out that the Government Computing Centre makes a profit on its operations. It works very closely with the Government Management Board, and the Premier has stated that it works under intensive surveillance. He has already advised the Parliament that, in his view (and I support that view), the review recommended by the Auditor-General is not necessary because of the nature of the surveillance, if you wish, and the cooperation that exists between the Government Computing Centre and other central organisations. The last review of the Government Computing Centre was conducted in 1986-87.

We are very conscious of what the Auditor-General says. We are very conscious of reports received from the Public Accounts Committee, and we take appropriate action where necessary. However, on this occasion, whilst we are certainly interested in what the Auditor-General has to say, as I am sure everybody is, I do not believe that a case has been made warranting a review of the nature that he recommends. I believe that the Government Computing Centre is certainly meeting its charter. That is not to say that the Government Computing Centre may not be able to be improved, and that is certainly the intention of the Director and the Chief Executive Officer of the Department of Services and Supply.

We are never satisfied with the level of activity within any of our agencies and we are never satisfied with the quality of work that is provided by the agencies because we can always do better. However, the evidence of the success of the Government Computing Centre is in the balance sheet and its ability to be able to pay for its operations out of its accrued profits. That is an essential matter for the Committee to understand. So, in answer to the member's direct question, I do not intend to require a review of the GCC's operations before the capital is expended.

Mr INGERSON: As a supplementary question, if that is the case, will the Minister advise the Committee of the plans to implement this change and what is its revised role?

The Hon. G.F. Keneally: The Director of the Government Computing Centre may wish to add to this, but the revised role of the centre has been endorsed by the Government Management Board. Particular emphasis will be placed on the following areas: support for large customers; consulting and project management; research and development; and improvement to service delivery. The Acting Director-General will comment on that.

Mr Patriarca: My comments are mainly from the perspective of negotiations with the Government Management Board. When I moved back into the department 12 months ago one of the priorities I saw was to ensure that the continuing reviews that had been carried out on the Government Computing Centre were brought to some finality so that the GCC could have a degree of certainty about its future. In discussions with members of the management group at the Government Computing Centre, it became clear that there were some trends in technology of which the centre had to be aware if it was to continue to provide an effective service to Government departments. It was also very important from my perspective for the centre to become much closer to its customers in providing the sort of quality of service that would be expected from a bureau of that type.

Until then the GCC had concentrated on a technical excellence approach, and this sometimes did not meet the needs of customers. Since that time there has been a significant turnaround and contribution made by the centre to finding out what its customers require in terms of computing facilities and support, and giving attention to changing the direction of the centre to pick up that area of professional support. Most independent observers of the industry say that the cost of processing and hardware equipment in the information/technology sector of industry is now of lesser importance than the provision of professional and technical support. It is in this area that the centre is concentrating on developments in the future.

To give some idea of the specifics, it is appropriate that Malcolm Jones, the Director of the centre, enlarge on actions that he has taken to move into that area of operation. Over the last five years since the centre introduced the IBM main frame environment, it has been able to reduce its prices to

customers in real terms by 30 per cent. In that five-year period there have been only two price increases—one of 3 per cent and one of 4 per cent. In spite of that, the centre has continued to make significant profits and is now able to invest those profits in continuing the upgrade of its equipment and services to meet the needs of customers.

Mr Jones: Some of the activities that the GCC is undertaking have been talked about with regard to large customers and the advantages that accrue, particularly in relation to professional support. The supply of such people is limited within this State and it is difficult to get the expertise required. We believe that we have that because of our concentration of effort into the information/technology arena. As well as looking at large main frame support, we recognise that smaller agencies and parts of larger agencies are looking more at mini-computers, in particular, personal computers; we have developed a support group for personal computers and are looking at consulting and project management in both the personal computing and mini-computing area.

We are also looking at alternative types of services that are now more popular, particularly such things as expert systems and office systems and other areas of information acquisition, storage and delivery. We are developing a research and development area to look at the options available as well as at what sort of products we can provide to Government departments as our customers. We are trying to expand our services to a wider range of computing rather than simply concentrating on large main frame services as we have in the past.

Mr OSWALD: I refer to page 247 of the Program Estimates and the line 'Light motor vehicle transport services'. The actual capital expenditure for 1987-88 was \$5.167 million, proposed expenditure for that year being only \$4.203 million—a \$964 000 overrun. Proposed expenditure for this year is \$5.236 million, or \$1 million over actual expenditure of last year. I believe that car pooling was meant to bring about an economy of effort and in the long term reduce the number of light motor vehicles running around Adelaide on Government errands. Following the introduction and expansion of car pools, will the Minister provide the Committee with statistical evidence to show an overall reduction in the number of passenger vehicles used by departments and Government authorities?

If there has not been a reduction in the total Government car fleet, will the Minister say how the Government can justify an expansion of the satellite car pools? From reading the documents, I gather that the Government has a policy not only of having a car pool in the metropolitan area, but also of moving into country areas to establish car pools? I would have thought that the whole purpose of establishing car pools around the State was to reduce the number of vehicles on the road, yet the budget papers appear to be contrary to that, and it looks as though we are expanding the car fleet.

The Hon. G.F. Keneally: We can obtain the detailed information that the honourable member seeks. The honourable member will be aware of the expansion of the central car pool to Murray Bridge and Noarlunga. When car pooling was originally established the fleet consisted of 830 vehicles, and it is now around 700, so there has been a reduction in vehicles, which ought to satisfy one of the honourable member's questions. I ask Mr Grenville to comment.

Mr Grenville: Initially when the car pool was set up it was for the central business district of Adelaide. Initially, it contained some 800 vehicles, and that was cut down to approximately 500. About 300 vehicles were saved through

pooling, and utilisation was increased by multiple users sharing a vehicle throughout the day. We are starting to move into areas which have a centralisation of Government activity. A good example is Murray Bridge, where Mobilong House contains a number of Government agencies. At the beginning of August a satellite car pool commenced operation with about 55 vehicles. The savings that will be made will accrue during a 12-month trial. A number of vehicles will be saved. There may be some savings of private motor mileage and more effective use of Government vehicles. The savings are in proportion to the number of vehicles that are placed in the pool.

Certainly, it is nothing like the tremendous achievement that was made within the central business district of Adelaide. If I could pass one other comment on the question, the car pool is receiving a considerable number of requests from various agencies for vehicles which, in some cases, will be for use on short-term or maybe long-term hire, and these requests may be for a particular purpose. A vehicle may be required for a three or four month job, and we are finding that we are able to satisfy this type of request within Government, and that is reflected to some extent in the expansion of the pool. We see ourselves, therefore, as providing a service to other Government agencies, and this, in turn, will save them providing their own vehicles, particularly if it is of a short-term nature. Most agencies find our operation very attractive.

The Hon. G.F. Keneally: The pool has to operate as a commercial entity, and the more business it is able to attract the more vehicles it may need. In turn, by increasing its business the overall need for Government agencies to purchase their own vehicles is reduced. That is where the comparison ought to be made. We will certainly be looking at the honourable member's question and, if further details need to be provided, we will supply those to the Committee.

The Hon. T. CHAPMAN: The Minister has answered a number of questions which reflect South Australian based industry concerns following CFS purchases of equipment, and he answered those questions following a period during which it has been alleged that those purchases may have been more sensitively undertaken at the local level. The Minister has put on record a summary of the actions that the Government has taken and proposes to take in order to enhance the opportunities of South Australian based industries to be more involved in the future. Is there a common maximum figure in dollar terms up to which all departments and State administrations are not required to engage the services of the Minister's department? If there is a common figure, it would naturally apply to the CFS. If a common figure does apply to all statutory authorities and departments, I would appreciate a schedule identifying that figure.

Whilst asking for that information to be given in due course, I ask the Minister in the meantime whether he is satisfied that the CFS has observed that principle in its purchases of equipment since the Minister has been responsible for that authority. If not, does the Minister have information to disclose to the Committee about the areas in which the lack of observance has occurred, that is, where he or his department have been made aware of such situations?

The Hon. G.F. Keneally: I appreciate the manner in which the honourable member has couched his question, but I think that it is a bit of kite-flying. I am not aware of any such occurrences. If the honourable member wishes to tell me of any instances, perhaps he could refer them to me before the Committee as the local member or outside the Committee, and I would be prepared to have a look at any

problems or queries he may have. I am aware of some of the allegations that were abroad regarding to the CFS, and any allegation that was made has been thoroughly investigated. None has been left in doubt.

The board has contacted people who have complained and asked them to be more precise in their allegations. That has not been forthcoming. I am very anxious to ensure that the purchasing policies of the State Supply Division conform totally to the Act, and I am confident that they do. Any allegation that they do not is very serious and is treated very seriously.

The honourable member asked about the purchasing authorities of Government departments and statutory authorities. We may have to obtain that detail for him, but certainly some statutory authorities do not have to purchase through State Supply but purchase under their own Act. The Department of Transport, ETSA and the South Australian Housing Trust are three statutory bodies that have their own purchasing authorities.

I am not too sure to what extent the authority is granted to chief executive officers of other Government departments, but the Chairman of the State Supply Board would be able to advise us of that. If as a result of my answering this question the honourable member still requires some detail, we will obtain it and supply it to the Committee.

The Hon. T. CHAPMAN: I wish to add one other to that list. While asking about the irregularity of the maximum figures up to which departments may expend, I particularly require some information regarding the Department of Marine and Harbors, if it falls into the general departmental question over which the Minister's Supply Division may have control. Notwithstanding a decade long lead-up, the Department of Marine and Harbors indulged in a major State project commencing in November 1985 when it decided to build the *Island Seaway*. I am not aware whether the Department of Services and Supply was involved in the calling for or letting of tenders in relation to that project or whether it was negotiated purely on behalf of the Government. The Minister's division may not have been involved at all. If it was not, on the surface it would appear that the maximum figure with which the Department of Marine and Harbors could negotiate was in the multi-millions. I will not try to fix a figure, because that in itself is a little controversial.

The Public Works Standing Committee Act provides that anything over \$2 million shall be referred to the committee when it involves structural expenditure on behalf of the State. Would you take that situation into account when it applies to the construction and supply of the *Island Seaway*?

The Hon. G.F. Keneally: The authorities for different departments and, I expect, individuals within the departments, vary according to the level of expertise within departments. The information will need to be addressed by the department and a considered reply will be provided.

The Hon. R.G. PAYNE: At page 259 of the Program Estimates a number of points are made in relation to printing and supply services. One of the specific targets and objectives is to provide a 48 hour maximum delivery service for urgent telephone/facsimile orders by use of private courier payable by the client. I take it that that relates to the printing service. What is actually proposed?

The Hon. G.F. Keneally: That point relates to the supply area and not to the printing area.

Mr Bridge: Along with all the other divisions in our department, we are striving to provide a better level of service to our customers and, during this year, we have extended a guaranteed seven day delivery cycle to most of the health agencies in the metropolitan area. We believe

that it is very important to be able to respond quickly to customers who may have an urgent need for some item which is available from the store. If we cannot provide that, then arguably, they will go elsewhere and we would lose the custom. I think that in many instances they will pay more for the item than would have been the case if they had shopped with us. We are developing a package to provide a better and more timely service to customers.

The Hon. R.G. PAYNE: On that same page mention is made of Government initiatives relating to supporting the women's budget and social justice strategy. Could you provide amplification for that statement?

Mr Bridge: The Government has made statements and has implemented policies in respect of the women's budget and social justice and, along with other Government agencies, in framing its activities this year State Supply has endeavoured to provide support for those policies. We are conscious of the fact that, in the supply area, many customers of our warehouse and users of the products that are on Government supply contracts are women, but they are not represented on many of the technical advisory committees which make choices and recommendations to the State Supply Board in relation to items which should appear in the contract. We will endeavour to have a higher proportion of women represented on the advisory committees.

In relation to the social justice strategy, we are conscious of the fact that many people in the community find it difficult to access Government agencies. We run auctions at Seaton, so we will endeavour to make it easier for those who find it difficult to access Government activities.

The Hon. R.G. PAYNE: I refer to page 184 of the Auditor-General's Report which mentions the provision for long service leave representing the total liability for employees with four or more years service. I have not seen that statement appearing in the notes to and forming part of the financial statements in many of the other departments. Can you provide additional information in relation to that point?

Mr Miller: In order to operate on a full cost recovery basis, the department recognises long service leave as a cost when it actually accrues. In order to fully cost after four years, we expect that people will go on long service leave and therefore we recognise that part they have actually accrued at this point. It is four years and more. We are fully costing the services of the GCC.

Mr INGERSON: In relation to the Cullinet data base software, I understand that this particular type of software has been purchased by at least half a dozen departments, including the Government Computing Centre. I have been informed that the program is more difficult to use than was expected. Is that true and what will the Government Computing Centre and other departments do about it in the future?

Mr Jones: The Cullinet data base system was acquired by the Government Computing Centre some two or three years ago as a result of a multi user committee. Our customers looked for such a facility. A group of about seven departments was involved in putting together a tender specification. Those organisations were then involved in the evaluation and final decision.

At that time the unanimous choice was for Cullinet, which was subsequently installed by the GCC. Subsequently, a number of other organisations, such as the Motor Registration Division, the Justice Information System, the Housing Trust, Sagasco and a couple of private sector organisations in Adelaide have implemented that product.

Going into what is called a fourth generation system for the first time was a little more difficult than most people expected, and our experience was not unique. At the Gov-

ernment Computing Centre a number of systems are being developed using the Cullinet product, and we are continuing to train and develop people in that system. In particular, an electoral roll maintenance system has been developed using the Cullinet product. The Departments of Engineering and Water Supply and Education have used the product. As I have said, it is also being used successfully in other parts of Adelaide, particularly the Housing Trust and Sagasco, and has been very successful interstate.

In looking at such a product, the biggest issue relates to the people who support and develop it. They need special skills in this data base environment. They are some of the initial problems in relation to this product. Over this two to three year period the GCC has been training people, and now has a number of people experienced in the use of this product and does not anticipate any problems.

Mr INGERSON: According to page 258 of the Program Estimates, during 1988-89 it is proposed to ensure that the Government Printing Division in conjunction with the Government Computing Centre will continue to introduce information systems utilising the latest technology which will satisfy customer needs. Is there any chance in future that the Government will consider having Acts of Parliament put onto a computer system in such a way that Parliament will have a continuous process of updating them? It seems to me that that is a simple word processing procedure and would be of benefit not only to members of Parliament but also to judges and people involved directly with our legal system.

The Hon. G.F. Keneally: There have been discussions between the Government Printing Division and the Government Computing Centre about the better introduction of information systems. I think they call it 'desk top technology', but I will ask the Director to more fully answer the question.

Mr Bridge: Technology to do what the honourable member asks is now available or, if it is not available, can be easily introduced. The Government Printing Division and the GCC are happy to work closely together to provide that sort of service. It is prevented from going that one step further by the legal ramifications of consolidation of the various statutes and legislation to be able to put them up on an initial data base and then have regular updating. This is an issue which the Government Printing Division, in particular, is discussing on a continuing basis with the Attorney-General and the Parliamentary Counsel: it is not a specific issue that this department can address in isolation from the other players of the game.

Mr INGERSON: I point out that that question was asked last year and the year before, and I hope that at some stage in the future we will be able to get a few heads together and work it out. It is a major problem for everybody in the system and, it seems to me, that being a simple word processing exercise we ought to be able to do it fairly quickly.

My next question relates to the Centre of Remote Sensing. I understand that the State Government won a contract in conjunction with a Canberra firm to do a biomass assessment of Ethiopia using satellite remote sensing photographs for future afforestation. That contract was lost and there seems to be two stories—and I say that guardedly—floating around the community. The first is that we had difficulties with Ethiopia because of the Crown Law involvement, and the second story is that, despite the problems at the negotiation stage, there was some intervention and the Minister had the opportunity to accept by a certain date but that was not done. Can I have some general comments from the Minister in relation to that statement?

The Hon. G.F. Keneally: The South Australian Government through the Centre for Remote Sensing was selected by the World Bank over a number of other remote sensing capacities throughout the world, including Sweden, Canada, USA, Great Britain, and France, who all had expertise in remote sensing. South Australia was selected because of its technology for that part of the Woody Biomass Project which required remote sensing. That project was to identify the forest resources of Ethiopia, which, as we all know, are extensive. Ethiopia not only consists of some desert plains, about which we have heard the most horrific of circumstances, but also large highlands of heavily forested areas and heavy rainfall. The Centre of Remote Sensing in South Australia was regarded as being the best equipped technically to provide these services. So, a tender was put in by the Centre of Remote Sensing on behalf of the Government, which was chosen as the most successful. An announcement to that effect was made at that time.

We then had to be involved in the negotiating process with the Ethiopian Government, which proved to be a lot more difficult than imagined. A number of visits were made to Ethiopia by a negotiating team from South Australia, which included expert commercial officers from the Crown Law Office. I heard a statement that the Ethiopian negotiators were a bit unhappy that the Crown Law people were protecting the commercial interests of the South Australian taxpayers. I make no apology for that and I believe that in the long run it was a wise thing to do. However, during that process the Ethiopian Government withdrew from negotiations.

I (as Minister), the Director of the department, and the Director of the Remote Sensing Centre contacted the Ethiopian Government and negotiations were restarted. From the outset of my discussions with the Ministers of the Ethiopian Government it was acknowledged that, once the negotiating teams had completed their work, the two governments—that is Ethiopia and South Australia—would make the decision as to whether the contract was suitable. So, it was not left to the negotiating teams, and that was clearly understood.

The Ethiopian Government finally withdrew from the negotiations because I, as Minister, was not prepared to sign a blank cheque for costs which could accrue to the South Australian Centre for Remote Sensing but be directly under the control of the Ethiopian Government.

We were quite happy with the normal rise and fall that applied to inflation or to currency exchange, etc, but what I was not prepared to accept was that we could contract to provide a product that would be dependent upon the Ethiopian Government providing housing and vehicles, etc, and then find that for some three months or so those items were not supplied in accordance with the contract and that we had to pick up the costs. On the other hand, the Ethiopian Government was not prepared to agree to fixed costs in relation to those areas that were totally under its control.

The other matter that on which the Ethiopian Government was holding fast was that it should have provided a bank guarantee to it. I took advice from Crown Law and Treasury on this matter. South Australia has a triple A plus credit rating, and we felt that it was a bit incongruous that, with a triple A plus credit rating, accepted world-wide, we needed to be guaranteed by a bank, particularly as it was our own bank, the State Bank of South Australia. This was explained to the Ethiopian Government but, nevertheless, it insisted that we provide that guarantee. We were told that there were some commercial risks in doing so—to be seen to be guaranteeing the South Australian Government by the South Australian State Bank. However, the Premier felt that

if this was a point on which the contract would fail we should accede and provide that guarantee, that is, to get the State Bank, an instrumentality of the State Government, to actually guarantee the State Government—and we did so.

However, the Ethiopian Government was not prepared to accept fixed costs over a range of areas, where taxpayers of South Australia were exposed. We fought very hard to achieve an acceptable basis on which the contract could be agreed, and during that process the South Australian Government made considerable concessions. I cannot recall the Ethiopian Government making too many. However, when the final negotiations were signed by the two negotiating teams, the Ethiopian Government did agree to make some changes, as did the South Australian Government. However, we could not reach an agreement. It was not a matter of intervention by the Minister.

The Minister was very much involved right from the start. It was very much a Government to Government matter, each Government being directly involved with the negotiating team. It was not on a day-to-day basis; I was not ringing the South Australian officers in Ethiopia and directing them how to negotiate, but certainly I was very much involved in giving Government directions concerning what the Government wanted the negotiating team to do. Unfortunately, the Ethiopian Government withdrew from the negotiations: it was not the South Australian Government that withdrew from the negotiations—we had offered to continue with them.

On the matter of the Minister not agreeing to negotiations within a certain timespan and the negotiations falling through as a result, that is not correct. The negotiations did not stop at that point. The difficulty we had in contacting the Ethiopian Government within the timespan provided was in relation to contacting the negotiating team or the director of the department or the Minister. The Director-General of the department could tell the Committee about the quite horrendous lengths to which he had to go to actually contact someone in Ethiopia in order to actually advise them of our position.

The point has just been made to me that the Committee should be advised that the original contract contained clauses to which changes were made which favoured the Ethiopian Government—and they were agreed to, because we felt that we could sustain those changes—but that no changes were made where the South Australian Government was advantaged. These negotiations were difficult indeed. The reason why the South Australian Government was anxious to hang in there when there were very good reasons for walking away months earlier from the whole of the negotiations was that we wanted to ensure that our technology was placed through the World Bank into the world markets. Whilst that opportunity is still available to us, the fact that we were not able to obtain the contract because the Ethiopians withdrew certainly did lose an opportunity for us in those world markets.

Mr TYLER: There has been significant publicity recently regarding the use, in criminal matters, of DNA for the identification of body fluids. What is the Forensic Science Division doing to develop this technology?

Dr Kobus: Briefly, the use of DNA technology is at the forefront of the whole molecular biology revolution that is occurring at the moment. The use of this technology offers a far more specific way of typing human body fluids, both in their liquid state and as stain material. Currently, one of our scientists is at Flinders University doing a PhD on the subject. We are generating expertise at the forefront of research in this area. We also have a scientist away at the moment in North America who is visiting laboratories that

are also working in this area of molecular biology, and particularly in the application of DNA techniques to blood typing. We also have contact with biochemists throughout the world. We have maintained our expertise in the area by personal contact. We intend to introduce DNA techniques in the easiest area first, namely, that relating to paternity testing, and that should be running by January 1989.

The CHAIRMAN: I declare the examination of the votes completed.

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

Transport, \$36 345 000;
Works and Services—Department of Transport, \$435 000

Chairman

The Hon. T.M. McRae

Members

The Hon. T. Chapman

Mr T.R. Groom

Mr G.A. Ingerson

Mr J.K.G. Oswald

The Hon. R.G. Payne

Mr P.B. Tyler

Witness:

The Hon. G.F. Keneally, Minister of Transport.

Departmental Advisers:

Dr D. Scrafton, Director-General, Department of Transport.

Mr D. Ryan, Director, Support Services.

Mr J. Bettcher, Chief Finance Officer.

Mr I. Lees, Director, Road Safety Division.

Mr D. Mitchell, Director, Transport Policy Research.

Mr J. Hutchinson, Director, Motor Registration Division.

The CHAIRMAN: I declare the proposed expenditures open for examination and ask the Minister to make an opening statement.

The Hon. G.F. Keneally: The 1988-89 budget for the Department of Transport maintains existing functions, continues to implement several new initiatives commenced in 1987-88, and commences implementation of photographs on driver licences.

Major initiatives for 1988-89 include: the development of photographs on driver licences; the establishment of the rider-safe program for motor cyclists in rural areas; the addition of another 10 cabs to the taxi service for the disabled; and the establishment of an improved road safety accident data base, whilst the O-Bahn and On-Line projects continue as high priority activities. Rather than take up the Committee's time it would be appropriate to deal with these programs if they arise in response to members' questions.

Mr INGERSON: Regarding the registration of the MV *Troubridge*, last week, in answer to a question from Mr Arnold, the Minister of Marine made the following statement:

Before we proceed, earlier this afternoon the member for Chafey was asking some questions about the M.V. *Troubridge*. Prior to the break I was advised that on 5 April 1988 the company paid, by transfer to the Highways Department, the amount of money agreed for the purchase price and the ship was transferred to Gold Copper Incorporated on 6 April. The Registrar of Shipping advised on 13 April 1988 that he had received the notification from the department. I understand that the honourable member could have contacted the Commonwealth Registrar of Shipping and for \$20 all this information would have been made available.

The inference from that is that the MV *Troubridge* was no longer on the register of shipping under the name of the Government. On 2 September, upon request by one of my constituents to the Australian Shipping Registration Office, he received a total printout from the Registrar of Shipping, and on that day, referring to the *Troubridge*, it is stated that it is registered with a rating of GSTL. Upon investigation of the codes, G represents a Government vessel, S represents the fact it is registered as a South Australian vessel, and the T and L refer to tonnage and length. It is my understanding that in the documentation to transfer the vessel to the new owners was an agreement that the seller, the Government, would in fact remove from the register its ownership. I understand that was to be done within 21 days. I also understand that under the Australian Shipping Code, as long as a vessel is registered with a particular owner, there are some very specific liabilities relating to insurance.

Is the vessel insured and by whom, and why has not the South Australian Government, as part of its agreement in the original documentation, removed its registration from the Australian register? That document was printed on 2 September 1988 and it seems to be in direct conflict with the comments of the Minister last week.

The Hon. G.F. Keneally: The overview, if you wish, of the services provided by the *Island Seaway* and those previously provided by the *Troubridge* was with the Highways Department, not the Department of Transport. It would be more appropriate if that question was raised under the Highways lines so that the information that the honourable member seeks will be available. Whatever may have been the position on 2 September is certainly not the position now in terms of ownership. It is clear that the sale took place at the time mentioned, so if the honourable member wants to pursue that question he should do it when the Highways Department budget is being questioned.

Mr INGERSON: What is the total Government expenditure on Cabcharge, and does the Government intend to continue the sole patronisation of the private interstate company Cabcharge, when there is a comparable local and cheaper cooperative facility in Adelaide?

The Hon. G.F. Keneally: The Department of Services and Supply meets Cabcharge expenditure, not the Department of Transport. That information is not available to me on these lines. I will take that question on notice and obtain the information from the Department of Services and Supply.

Mr INGERSON: In relation to the on-line computer in the Motor Vehicles Registration Division, what level of testing of hardware and software has been undertaken or is planned to be undertaken to ensure the capacity of the equipment will meet the peak loads placed upon it?

The Hon. G.F. Keneally: It might be better if I give a brief history of the on-line system. Approval was given in 1985 to proceed with the development and implementation of an on-line computer system: the first stage to cover the vehicle registration function, the second to handle driver licensing. The reason for that approval was that the on-line system would provide a much better level of service to the customer in South Australia. That has not been challenged by the Public Accounts Committee or the Auditor-General, so it can be taken as a fact that the on-line system would provide a better service to the customers of the Motor Registration Division.

The cost of development and implementation of the system was estimated at that time to be \$4.5 million of which \$3.5 million was capital funding for hardware. Since that time, an additional approval for \$500 000 capital expenditure on hardware has been approved. This proposal was

estimated to be capable of realising in excess of \$2 million in savings per annum. The original cost justification of the project was based on a \$10 million saving over a five year period comprising \$7.2 million in staff costs and \$2.8 million in avoiding expenditure on replacement programs and production charges. In addition, numerous intangible benefits were identified: improved service to the public, better control and disbursement of revenues, enhanced security and privacy and better provision of data for road safety purposes. These benefits are still valid and will be achieved, and by themselves justify the decision taken to proceed with the project.

However, I share the PAC and the Auditor-General's concerns about the costs associated with the project and the time being taken to deliver the system. Indeed, it is because of the protracted implementation period that costs have grown to the current level. This in turn means we are unable to reduce the workforce to the level put forward in the original proposal and, therefore, to achieve the projected level of savings whilst at the same time maintaining the on-line implementation team. Nevertheless, during the period since approval of the project, that is, 1985 to 1988, the MRD staffing level has reduced by 27 full-time equivalents. Over the same period the level of business has increased by 5.6 per cent. This is indicative of increased efficiency and reflects the rationalisation of processes associated with the introduction of the on-line systems.

A number of factors have contributed to the delays. These have been drawn to the attention of both the Public Accounts Committee and the Auditor-General. The most significant of these reasons are: under-estimation of the complexity and scope of the task being undertaken; introduction of sophisticated techniques and technology into a relatively 'naive' environment; lack of adequate project management expertise; and inability to attract and retain suitably qualified and experienced personnel. These are reasons, not excuses, and are I understand not exclusive to this particular project or indeed the public sector.

Appropriate monitoring and reporting controls have been put in place. They take the form of weekly progress meetings between Motor Registration Division management and the on-line team. Weekly project progress schedules are reviewed and weekly reports are received from the individual work units within the on-line team. At the same time, the long-standing project steering committee will continue to meet on a regular basis. This committee includes representatives of the Under Treasurer, the Auditor-General and the Commissioner for Public Employment.

Although the management of the project is now in a sound condition, I am aware of the need to keep the situation under review, and every possible step will be taken to ensure the optimum implementation date. Although the project is still encountering difficulties in recruiting suitably qualified technical personnel, satisfactory measures have been taken to ensure that the project is under control. An interim system is currently being introduced. This is designed as a 'stepping stone' to the final on-line system. It will enable on-line inquiries to be made for both registrations and licences and will facilitate processing through the Olivetti terminals of registration renewals. The interim system is a cost neutral situation but does have the benefit of reducing the number of data entry staff required and eliminates the computer charges currently being paid to the Government Computing Centre.

Whilst that does not specifically address the honourable member's question about computer hardware and whether it is still appropriate, it is my belief that it is still appropriate. Also, in relation to the hardware, we are still within

budget. Some of the difficulties we have had are within the software packages. If the honourable member has any further questions that he wants to ask on that line I will take the opportunity to ask Mr David Mitchell to respond.

Mr INGERSON: What level of testing has been done or is likely to be undertaken with future software and/or hardware?

Mr Mitchell: The introduction of the interim system has had the benefit of transferring our processing of the existing system from the GCC to our Fujitsu mainframe. It has also given us the opportunity in real terms to test not only the mainframe hardware but also, in particular, the printing and terminal facilities. In the light of our experience currently being encountered in implementing the interim system into our branch network, we will take the opportunity to assess and reassess the capacity of all hardware components, that is, the computer mainframe itself and, particularly, the terminals in our branch office network, because the number of transactions continues to grow fairly steadily, particularly in metropolitan branches. Bearing in mind that the assessments were made some time ago, a need exists for us to keep it continually under review. The interim system has given us the opportunity to do that in very real and practical terms.

Mr INGERSON: What further systems or subsystems are planned to be installed over the next two years and how will this impact on the current hardware/software computing staff levels?

Mr Mitchell: As far as the Motor Registration Division is concerned, the first phase is registration. Following the successful implementation of the registration phase, we will move to implement an on-line driver licensing system. The Motor Registration Division is the only system that is proposed currently.

Mr INGERSON: Apart from the time and cost overruns on the way to a computer system development, the acceptance by the end users of the new system is critical to its success. If the system does not function as he or she expects or has been led to believe, there can be considerable resistance leading to inefficient use and potentially considerable software maintenance costs in changing the system to meet the real needs. What actions have been taken in the development and implementation stages to ensure that the system is user acceptable.

The Hon. G.F. Keneally: As I understand it the terminals are already in operation within the Motor Registration Division and the customer is responding positively to it. The whole idea was to have a customer friendly system operating.

Mr INGERSON: Not only customer but also staff.

The Hon. G.F. Keneally: The staff is being appropriately trained. There is no doubt that the system will be received well by the community and the taxpayer. It is a more sophisticated system than that put into all other State Government registration divisions, and for that reason other States are very interested in the progress that has been made here. On all the evidence available to us, both the customer and the staff will respond positively to it.

Mr Mitchell: We have a number of levels of user acceptance. The division has been at pains, through the duration of the project, to ensure continuing user involvement—so much so that the initial design phase entitled 'User design' is staffed by people from the MRD itself. They are all officers with direct experience of counter service, and therefore incorporated within the intrinsic design of the system is considerable user involvement. For some time now we have been using the Olivetti terminals throughout our branch network to receive and receipt cash transactions, and it has

been extremely well received. All staff are familiar with using that form of equipment and technology. It has been extremely well accepted by the staff and the most important people, the general public.

Throughout the length of the project the department has participated in or organised a management improvement program which originated under the auspices of the office of the Government Management Board and which involved a number of officers from that organisation. It extended right down through the organisation to the shopfront personnel and in that sense was very much associated with the design of not only the work stations but also many of the ergonomic conditions surrounding the workplace. So, I would say that at all levels there has been considerable user involvement and, at this stage, certainly a high degree of user acceptance.

The Hon. G.F. Keneally: The member for Bragg has a standing question for each of the departments that we will be addressing this afternoon. The original question he asked related to how many officers would have private plates, the incidence of and conditions relating to sick leave, and the sale of properties. Because some of these matters come out of the Auditor-General's Report, and because the Auditor-General reported from the records that the department itself had prepared, I wish to respond to that standing question and have it on the record, as I have the information here.

The CHAIRMAN: I am quite happy for you to respond now.

The Hon. G.F. Keneally: First, in terms of the private plates, there will be only one officer with a private number plate, and that will be the Director-General of the department. I will have my officers check to see whether any of our inspectorate staff have private plates, although I do not believe that they do. If they do, I will advise the Committee, and if they do it is because of policing functions.

In regard to sick leave, the reply is as follows. During the financial year ended June 1988, the Department of Transport recorded 4 645 days sick leave taken by its employees. The department has been monitoring the sick leave taken for the past two years. The Department of Transport's monitoring system was initially set up because management believed that there may be a problem in this area. It is this information that the Auditor-General has used in reviewing the department's sick leave.

The information now available on sick leave in the department suggests that there are areas of concern. For the 1987-88 financial year 4 635 days sick leave were granted to its 538 employees. This represents an average of 8.6 days sick leave per employee. The department has been monitoring sick leave taken with medical certificate and sick leave taken without certificate. Days taken with certificate total 1 907, an average of 3.54 days per employee. Days taken without certificate total 2 727 an average of 5.06 days per employee.

The honourable member asked whether sick leave related to long weekends, public holidays etc., and that information will be obtained for him. The 1986-87 financial year statistics show that sick leave taken per employee averages 7.4 days, average days taken without certificate being 4.9. There has then been an increase over these 12 months. The department has developed a policy which is currently being negotiated with the Public Service Association. The policy's intent is to provide a consistent approach in the granting of sick leave across the department and to ensure all staff and management are aware of their respective responsibilities when applying for or granting sick leave.

The department has also engaged consultants to train managers in assessing attendance and performance prob-

lems. OCAR Services (Occupational Consultancy Assessment and Referral Services), a joint management/union body, has been engaged to conduct the specialised training. All supervisory staff in the department are being trained in counselling and intervention techniques in an attempt to deal with these problems sensitively and humanely. None of this sick leave taken has been in contravention of award provisions, although we are concerned about the extent of the sick leave. We need to try to identify its causes and to provide the support that will reduce its incidence. However, it must be said that unless there is evidence to the contrary—which evidence we do not have—people who take sick leave are taking leave to which they have an entitlement and which is provided under the awards to allow time off to be taken by persons when suffering from ill health. We all know the benefits in such circumstances, not only to the individual but also to the people with whom he or she would be working. However, we are concerned about the extent of it. As the Auditor-General has reported, he is satisfied with the actions that we are taking to address this question. I will get the information about land sales for the honourable member.

Mr TYLER: I refer to the Program Estimates, page 218, and to the program entitled 'Road Safety'. On that page I note that one of the objectives is the introduction of the red light camera program. It is well known that the program has already commenced and that, apart from a few teething problems and one major case of vandalism, the program has been operating pretty well. Can the Minister confirm that that is the case and say whether the system is likely to be expanded?

The Hon. G.F. Keneally: I expect that the system will be expanded, and once again I take this opportunity to express my disgust at the irresponsible behaviour of a citizen of South Australia—one expects that it was a citizen of South Australia, although, frankly, his or her behaviour suggests that he or she may have come from somewhere else—in setting out to destroy the red light camera system here in Adelaide and doing considerable damage which may well have put at risk motorists who are entitled to expect safety on our roads.

The introduction of the red light camera program was planned for 1 July 1988, the first day of this financial year, and I am happy to say that the program commenced on schedule. This means that the stated objective has already been achieved. Five cameras have been purchased and are alternating between 15 intersections. It appears that the cameras, the associated computer equipment and the established police procedures are all working satisfactorily. However, the program is regarded as being on trial for its first six months. After that it will be reviewed, in accordance with Government policy for all such new initiatives, and its performance evaluated.

It is possible that changes to legislation or operational procedures may be required or that further publicity may be necessary. I repeat my expectation that the expansion of the program will take place. However, it will be considered in this review. The decision will be made on the basis of behaviour and survey data being collected by the Road Safety Division of police offence data and operational considerations. However, until we receive this information and the review, I cannot be absolutely positive about the recommendation that will be made to the Government. I want, however, to reinforce my personal view that the red light cameras are a good road safety initiative, and I expect that the Government will want to see the program continued and increased.

Mr TYLER: Supplementary to my question on red light cameras, can the Minister tell me when the six month trial period finishes?

The Hon. G.F. Keneally: It started on 1 July.

Mr TYLER: The Minister will be well aware that Fisher is the baby boom electorate in South Australia. Last year's specific targets referred the compulsory restraint of infants. However, I note that in the 1988-89 specific targets there is no mention of the compulsory restraint of infants. Where will the funding be made, and will the Minister assure me that the Government has not lost interest in the Babysafe Program?

The Hon. G.F. Keneally: The Government has not lost interest. No funding is provided in the lines this year because of the outstanding success of the program. When Cabinet approved the program in 1986, it recognised that the hire scheme should limit the Government's financial commitment. The contractual obligations between the Government and the managing organisation (the Australian Red Cross Society) have now been fully satisfied. The Red Cross is now totally responsible for managing the scheme.

I place on record our appreciation of the contribution and involvement of the Red Cross. I do not think that the scheme would have been successful without the tremendous support and involvement of that organisation, which has branches throughout South Australia. The scheme has been particularly successful, and 75 rental stations are now hiring capsules to the public, with a further eight stations scheduled to open shortly. In 1986 Babysafe commenced with 1 408 Government purchased capsules, and a target of 3 000 was considered necessary for the scheme to operate successfully. I think that that target was aimed at one-third of the capsules that the department considered would be required throughout South Australia. At present, 5 000 capsules are in circulation, with the additional units having been donated through private sponsorship.

I have also been impressed by the interest shown by a whole range of organisations, from the RAA through to service clubs and private organisations in the smaller areas. They have picked up the whole concept of baby capsules as an area of community activity in which they wish to be involved. It has had tremendous support, and I do not believe that any community activity has grabbed the imagination of the community as this one has. Largely because of the scheme's success, legislation requiring mandatory restraints of infants was enacted on 1 January 1988. Members will recall that the Government intended to wait until there was significant compliance with the voluntary requirement to use these capsules before it would legislate to make the restraints mandatory. The usage is now such that it is quite appropriate to make it mandatory, because I think that everybody realises that the lives of young infants are too precious to risk. On the evidence that is available to me, I understand that very few adults are prepared to take such risks. If some people are prepared to take such risks, they should be encouraged to ensure that their children have the safety of the baby capsule scheme.

Mr TYLER: I note that last year one of the objectives of the road safety program was to achieve a major reduction in the incidence of drink driving. Was this objective achieved and, if so, will efforts to maintain this be continued this year?

The Hon. G.F. Keneally: The objective referred to by the honourable member of doubling the random breath testing (which took place in 1987 after several months of preparation) meant that, on average, last year one in three South Australian drivers was tested at a random breath testing station. The increased intensity of enforcement was accom-

panied by an extensive publicity campaign which was aimed at deterring drivers from drinking and driving. In terms of the stated objective, this effort has been spectacularly successful. The incidence of drink driving is best monitored by using non-police roadside survey techniques. Such a survey was carried out before and after the doubling of random breath testing, and was conducted between 10 p.m. and 3 a.m. at representative sites around Adelaide. It was found that at these times the proportion of drivers who had a blood alcohol concentration of at least .8 grams per 100 millilitres was reduced by 42 per cent when random breath testing doubled, which I think is quite a dramatic improvement. This reduction was translated into a decrease of 13 per cent in fatalities in the 12 months following the doubling of random breath testing compared with the previous two 12-month periods. In 1988-89 the level of random breath testing expenditure and related publicity will be maintained.

Recent evidence suggests that the improvement is being maintained. Whilst I have mentioned that there has been a 13 per cent reduction in fatalities, it is also important to state that a more indicative measure of the benefit relates to the number of road accidents, which has shown a significant decrease in each of the past three years. The initiatives taken by the Government have been successful in reducing fatalities and crashes. However, I also hasten to say that the success of any of these initiatives depends on the support of the motoring public and I think that South Australian motorists should take a significant degree of the credit for the improvement in road safety.

The Hon. T. CHAPMAN: Would the Minister accept my gratitude for the efforts of an officer of his department in relation to a serious road accident which occurred on Victor Harbor Road on 24 June 1987. I was involved in that accident but, some weeks after the accident, I sought to establish the pattern of accidents which occurred at or around that scene. It was as a result of quite extensive cooperation from the Minister's department that statistics were produced to demonstrate the number and nature of accidents which have occurred on that stretch of road. Has it been the practice of the department to consolidate that detail in a way which might lead to appropriate road works being undertaken in order to avoid further accidents on stretches of road where serious accidents have occurred?

The Hon. G.F. Keneally: I am happy to convey the honourable member's appreciation to the officer for providing that assistance. However, that cooperation is not unusual, because officers from the Road Safety Division and the Highways Department are very anxious to be involved in any matter that deals with road safety.

In fact, that is their responsibility. The honourable member asked some interesting questions about the type of information obtained by the department and its use where records suggest that accidents are likely to happen. I am advised that accidents are random events and likely to happen anywhere, but I think it is sensible to consolidate evidence which suggests that certain roads have a higher accident record than others. I will ask Mr Ivan Lees, the Director of Road Safety, to point out to the Committee the information contained in the new accident data base and the purposes for which it is used.

Mr Lees: A data group of the Road Safety Division collates information on all accidents in which people are injured, whether minor or serious injuries or fatalities. All sorts of information is recorded, such as the location, the types of vehicles, the weather, and the age and sex of people involved. That information is readily available to any interested organisation after personal details have been removed.

It is used by local councils, the Highways Department, and the Road Safety Division.

The data is analysed to look for trends and to see what types of people are injured, whether they are young males or females or adults. We also look at the locations of accidents, because they tend to be randomly distributed, but there are locations where accidents tend to group. I know that the Highways Department has an effective program called 'The Black Spot Program' whereby low-cost treatments are carried out at specific locations. My division is trying to build up similar information on non-Highways Department roads.

Mr INGERSON: The computer system in the Motor Vehicle Registration Division began in the 1980s, but there has been a considerable blowout in the cost of this system. The Auditor-General stated in his report that emphasis has been placed on the ability to attract and retain suitably qualified and experienced personnel, and referred to the lack of program management expertise and methodology. How has the inability to retain staff and the lack of project management expertise caused this blowout, and is the project management expertise obtained from within the department or from consultants?

The Hon. G.F. Keneally: I will ask Mr Mitchell to address the latter part of the honourable member's question. I pointed out in answer to an earlier question that there has not been any blowout in the capital cost, particularly hardware. There has also not been any blowout to date in the cost of software, but we are reviewing the system to determine any future action. We will continue to implement the system, but future decisions will have to be made in relation to software packages. However, I point out that the blowout is in the operational costs which reflects directly on project management and the level of expertise available to the department. To some extent that has been brought under control by the administration of the management of the project.

One of the problems that governments have suffered in the introduction of sophisticated and complex systems is the inability to attract and hold people with the necessary skills to successfully implement fourth generation computer systems. It is generally understood that the range of salaries available to people with these skills within the public sector is sometimes not high enough to attract the best people, and that matter has to be addressed. At the same time we have to train our own people. The report from the GCC indicates that we are in the process of training our own people to perform the necessary tasks. I understand that we have had extensive use of consultants and in-house staff. As Minister I am not in the business of laying blame at the feet of consultants or in-house staff, but unfortunately there has been this lack of capacity which has affected the progress of the project.

Mr Mitchell: An establishment of 19 is on the total on-line project team, of which five positions are vacant. That situation has pertained from time to time. We find difficulty in attracting competent and relatively senior people with the necessary fourth generation expertise. We are not only competing with other Government departments in this respect, we are competing at a disadvantage with the private sector. South Australia has particular difficulty in competing with the Eastern States.

Partially to redress the shortfall in qualified staff, from time to time we use consultants. We have not used consultants in any project management capacity, but we have to make up the shortfall in systems design and analysis and, at the lower level, in terms of coding up the system. We

need to do that to maintain the productivity of the total team.

Mr INGERSON: Is Mr Mitchell saying that the principal reason is one of dollars and cents in that salary is the reason why the department cannot get the expertise?

Mr Mitchell: That is partly the reason, but there is also a shortage of that sort of expertise.

The Hon. G.F. Keneally: The project has been hindered by the inability to secure the right people: there has never been any secrecy about that matter. This difficulty is not peculiar to the MRD, the Government, or South Australia. Those sorts of skills are in very short supply and high demand; they have a high cost attached to them and are more readily available to big markets.

Mr INGERSON: On page 16 of his report the Auditor-General recommends a streamlining without jeopardising achievement of the essential objectives. How does the department see that being done in this case in the light of problems with staff and general planning?

Mr Mitchell: Currently, with the Director of the Motor Registration Division and the two senior members of the on-line team I am rigorously assessing a suite of programs that will comprise the registration system, with a view to stripping the system to its essential elements. I guess it is easy to say this with hindsight, but as it currently stands the system is unnecessarily complex. Some of the changes to be made in an attempt to streamline the system may well necessitate some sort of legislative amendment. So, this does not just involve consideration of the system, as there are other broader considerations to take into account.

Mr INGERSON: Is the Minister virtually saying that the system that we had previously was a Rolls Royce system but that we now need to get back to practicalities, with a system designed principally for motor registrations, licensing, and so on, without necessarily all the other flow-ons that we were attempting to achieve?

The Hon. G.F. Keneally: I am not saying that it is a Rolls Royce system at all. I am saying that the system we set out to introduce was a customer friendly system which enabled a very high level of service to be provided for the customer. In a sense, on the Australian scene it was a unique system. On the advice available to us it was not a system that could not be implemented. As Mr Mitchell has said, in hindsight the system has proved to be a complex, and in some aspects, a difficult system to implement. But as the Auditor-General has said, the basic purpose for the introduction of the system should not be lost sight of and he would support the system. Certainly, the Government supports it, and I am absolutely certain that the customers will support it when it is in place.

It is not that the system was a Rolls Royce system; nevertheless, it was more complex than we thought previously. However, I must point out that it is certainly not unique to the Motor Registration Division. It involves a problem that is faced constantly by Government agencies, and by the private sector, particularly in relation to large private sector activities, when they are introducing new computer systems and particularly when they are involved in the fourth generation computing systems. So, I wish the situation was otherwise. I am certainly not saying that I am happy with the time that it has taken to introduce the system, and neither are any of my officers or anyone in the Motor Registration Division. However, the taxpayers of South Australia can be assured that we will continue to do what we can to introduce the system as quickly and as cost effectively as possible, in order to provide the best possible facility for consumers.

Mr GROOM: First, I want to congratulate the Minister on the very fine way in which he handles this portfolio and the management of the department. A 1987-88 specific target/objective, referred to at page 217 of the Program Estimates, is 'the successful implementation of a Vehicle Security Register'. Will the Minister outline the workings of the Vehicle Security Register? Also, will he explain the benefits and any apparent deficiencies in the operations of that system?

The Hon. G.F. Keneally: At the outset, I would like to note that the figure of \$178 000 does not include the salaries cost of \$161 000. The cost of running the Vehicle Security Register for the next year will be \$339 000, as indicated on page 212 of the Program Estimates. The Vehicle Security Register is a public record system on which financiers can register interest that they have in a motor vehicle. This allows an intending purchaser to formally inquire about the financial status of a vehicle, thus offsetting a problem encountered in the past where a buyer, having purchased a vehicle, discovers later that there is a large encumbrance. I think that every member of Parliament would at some time or other have had cause to be concerned about constituents having faced such a problem.

Costs are recovered from credit providers through a fee for registering the security interest and from dealers and the public through a charge for a certificate that evidences the security status of the motor vehicle. A telephone advisory service is provided six days a week. Members of the public, financiers and motor dealers are able to search the register by quoting the registration and engine numbers of a vehicle. Since the register was opened for public inquiries, over 120 000 checks have been made. Applications to register security interests and cancellations of discharged interests are received daily and are processed by departmental staff on a same day basis.

Since implementation of the register, 131 000 security interests have been recorded, and of those, 43 000 have been discharged and removed from the register. Since 15 June 1987, over 24 000 certificates have been requested by the motor and finance industries and by the general public. At present, some 146 finance organisations are operating credit accounts, together with 172 individual accounts for the State Bank branch offices and 405 accounts operated by motor dealers. In accordance with the Goods Securities Act, any money standing to the credit of the Goods Securities Compensation Fund may be invested in such a manner as is approved by the Treasurer. Receipts derived during 1987-88 amounted to \$473 000. Expenditure for the year, including depreciation and interest charges on the purchase of the computer and accessories, amounted to \$269 000.

Software has been developed to allow for the validation of data against the registration masterfile. Financiers will be advised weekly of any mismatches between the data supplied by them and the data held on the registration masterfile. Regular reports will also be supplied highlighting changes to registration numbers, as well as other vehicle data. Software has also been developed to enable the recording of stolen vehicles on the Vehicle Security Register.

To assist the finance industry and to protect the purchaser against the possibility of having a vehicle repossessed by a credit provider, all interstate vehicles that are registered in South Australia are checked against the interstate security registers. Encumbered vehicles are recorded on the register for a 14-day period, in which time the interstate credit provider is required to make his intention known as to whether the security interest should be retained on the South Australian Vehicle Security Register. The system has been an outstanding success, and income has been generated from

it. It was appropriate that the honourable member draw this matter to the attention of the Committee.

Mr GROOM: At page 219 of the Program Estimates a specific target/objective for 1988 is 'Review Airport Planning (including an alternate site to serve the Adelaide region) through the State Aviation Committee'. What is the intention in relation to this review?

The Hon. G.F. Keneally: Just to show how perceptive the honourable member is, he really has me on the hop to some extent. I will take that question on notice to see what developments have taken place. We are still continuing to use the committee established to report to Government on the airport. I am not certain today just what is the present position. I will certainly get a reply for the honourable member within the time constraints provided by the Chairman.

Mr GROOM: At page 223, the Program Estimates state that there is a marked increase in the sale of State Transport Authority tickets owing to the introduction of multi-trip tickets. What benefits have flowed from this system?

The Hon. G.F. Keneally: This is probably a question more appropriately addressed when dealing with the State Transport Authority later on this evening, but it is clearly within the lines of the Department of Transport as a significant initiative and objective. The financial lines will be dealt with at the time the STA is questioned. I am quite happy to provide the member with a brief response, because I expect I will be further questioned during the STA lines.

The multi-trip ticket has secured for the STA considerable financial benefits in the sense that everybody now pays for every trip that they take within the system of providing 10 trips for the price of 6.4 or 6.6 rides. The multi-trip also is a more economic method of selling tickets. It reduces the number of transactions and improves access to the public transit system, which saves time and makes for a more efficient system. Because of the multi-trip ticket and its attachment to the Crouzet system, we have a more accurate assessment of rides taken. Those rides are related more accurately with the financial returns of the STA. As part of the Crouzet system, it has certainly made a significant contribution to the turnaround that has been effected with the STA. The Director-General of Transport, who is more of an expert on ticketing technologies than I, would like to add a few comments.

Dr Scrafton: In relation to the line that relates to the Department of Transport sales of those tickets, at one time, other than the STA's own outlets, the DOT was the only seller of tickets. For some time we continued to perform this function on behalf of the STA. However, since the STA has now started to sell tickets through post offices using them as agencies, we anticipated that this was one function that the department might discontinue. However, as noted in the issues and trends on page 223, the sales have increased remarkably in the Elizabeth and Wakefield Street offices. Whereas before we were contemplating discussing with the STA the possibility of withdrawing from this function, we will maintain it for the time being and see how the sales continue in those two offices. It should be on the record that sales in other MRD offices in the metropolitan area are not that great.

Mr OSWALD: As a supplementary question to that of the member for Hartley, in preparing the reply, could the Minister have regard to the limited international air travel that operates out of Adelaide? At page 219, it is stated that a broad objective of the department relates to limited international air travel. It has been reported to me that there are the difficulties in fuel loading on aircraft with Adelaide being used for direct flights, either in or out of the country.

It has also been put to me by those in the tourism industry that the strip is inadequate to take a fully laden aircraft. This fuel constraint is having an effect on the tourism industry.

The Hon. G.F. Keneally: The Director-General of Transport, who takes an interest in all forms of transport in South Australia as his portfolio responsibility would suggest, will respond in part, and we can provide the details later.

Dr Scrafton: The original decision to investigate an alternative site for an Adelaide airport, north of the metropolitan area as it turned out, was partly due to the problem raised by the member. The present situation is that the frequency of services presently provided at West Beach and the size of aircraft fairly well handle traffic to Auckland, South East Asia and Europe through those South-East Asian gateways. The real problem for the tourism industry and for State development interests is the need to have fully laden and fully fuelled aircraft taking off to more distant destinations such as East Asia and so on, and the State Airfields Committee is addressing that matter. However, whether or not simply making sure that the infrastructure would accommodate such aircraft and services would not ensure that they would be provided, so the pressure to get such services continues to be a function of the State Development and Tourism portfolios.

Mr OSWALD: It has always been an enthusiastic project of mine to see Adelaide as a central point for the whole of Australia. Perhaps all international air flights could be funnelled out of Adelaide, similar to the situation in the United States. At page 218, a road safety objective is to have a trial of lower residential area speeds. What speeds is the Government envisaging in those areas? Will all approach roads to those speed zones be sign posted to warn motorists that they are approaching a lower speed zone? Will local government be receiving financial help to set up these speed zones?

The Hon. G.F. Keneally: The whole question of speed limits on local roads is a contentious one. I noted recently that the New South Wales Government has indicated its support for reducing speeds on local roads. In doing so, the New South Wales Government will be reducing some speeds to those currently existing in South Australia, anyway. As the Minister, I have always resisted the desire by some local government authorities to have the power to establish these speed zones within their own authority area, because that would result in a whole proliferation of differing speed zones within environments that are similar. Therefore, as you move from one speed zone of 60 into another with a limit of 40, and the road environment is the same, all motorists will not take heed of the lower speed limit.

All evidence available to me as Minister would suggest that merely signposting streets which are, for all intents and purposes, a 60 kilometre an hour zone, although signposted 40 kilometres an hour, will mean that motorists will take little heed. We would need to establish an extensive policing capacity to detect those who were in breach of the law. The Government has always been very much in favour of encouraging local authorities to treat local roads in a different way by introducing speed restriction traffic management devices such as speed humps, roundabouts, and so on. Within the department we have done considerable work on research and development. It is available to local authorities and has been widely circulated throughout Australia and other States, which have shown considerable interest in that work. However, we have not had a specific inquiry from any local authority, although we know that interest has been expressed in asking the State Government to assist in providing lower speed zones within local government.

I have already announced that, whereas the Government has the legislative power to reduce the speed limit in a certain street (say from 60 km/h to 40 km/h), it does not have the authority within the legislation to declare a zone as a lower speed zone. That would require an amendment to the Act. Legislation will be placed before the House this session to achieve that. I suspect that Government funds will not be available to assist local government in introducing lower speed zones. A lot of technical advice is available and we will give whatever assistance we can. However, the initiative remains with local authorities, and we have to wait until we hear from them. We will give whatever cooperation we can.

Mr Lees: We are aware that two local authorities are interested in this exercise, and people from the Road Safety Division have been liaising with them. For a scheme to be successful it will depend on such things as education, publicity, signposting, physical traffic control devices, and some sort of police enforcement in the early days. Unfortunately, the physical control devices tend to be very expensive. We are hoping that at least one council will come forward with a proposal which we will look at seriously and with which we will try to cooperate in a trial.

Mr OSWALD: I am glad that the last explanation was given, as it clarifies the matter. I refer to page 220 of the Estimates of Payments under the targets and objectives for 1987-88. I was interested to read the following point:

Reviewed the potential for electrification of the Gawler to Noarlunga rail line.

It also refers to a review of rail operating strategies aimed at making the best use of the Adelaide-Gawler line as a component of the public transport system. Obviously it is tied up with transport economics. What was the outcome of the deliberations on the electrification of the line? Did the department find any other lines that were quite uneconomic, for example, Port Adelaide, and what will be done with them in future?

The Hon. G.F. Keneally: All lines are uneconomic if judged on commercial criteria. It is more important to judge the public transport system on the number of passengers carried on each of the modes. Certainly we would like to see more people use the rail system. The Government is committed to the rail system as part of a multi-modal public transport system. When we asked that investigations be made of electrifying the metropolitan rail system I did so because Western Australia recently made such a decision. I talked to the Western Australian authorities about that. It left Adelaide as the only metropolitan rail transit system in Australia that had not been electrified, and I wanted to know whether the economics were in favour of so doing.

The department looked at the Adelaide to Gawler rail link. It was not necessary to look at all links—we needed to address only one to get a good response. A comprehensive report was undertaken, and that has been made public. The advice given to me by the department as a result of that work is that the economics are not in favour of electrifying, particularly in view of the diesel electric rail cars that are currently being provided through the contract with Comeng. Because they are diesel electric, if some future Government decides to go to full electrification it will have rail cars that are suitable for conversion to electrification.

It was important not to compare the new electrified rail cars with existing red hens. We had to compare the economics of the new electrified rail cars with the diesel rail cars. We had to compare apples with apples in a sense. The advice is that no justification exists for the Government to move to electrification. It would be a political rather than an economic decision. I ask the Director-General to pick

up the second point in the honourable member's question. I am not sure whether the shadow Minister has a copy of that report, but it is certainly available.

Dr Scrafton: The reason for the second study—the alternative operating strategies on the northern corridor line—were complementary to the electrification study. It was a matter of determining not just what form of propulsion one might use on a track but the sort of operating strategies that were available to improve the performance of those lines. That study was to demonstrate the difference between the present systems, with about 20 stops between Adelaide and Gawler, with one that had more express running and fewer stops, in order to see what was the impact of such improved performance on potential ridership and the impact that it would have on the need for provision of more local bus services, feeder buses, and so on. The two studies were complementary.

The Hon. R.G. PAYNE: I refer to page 220 of the Estimates of Payments, where, under the heading 'Specific targets/objectives', it states:

Complete a review of all tow truck and taxi regulation in cooperation with the Government adviser on deregulation.

I am not particularly concerned about that, but that point reminded me of a situation with respect to the number of taxi licences currently in existence in Adelaide. I have had a number of inquiries at my electorate office from prospective licence holders, persons who wish to make application, and so on, on the basis of what has been partly rumour in the press and partly other comments. If the Minister was in a position to make a definitive statement as to the Government's present position it would be of help to my constituents and, I suspect, to the Committee.

The Hon. G.F. Keneally: A discussion paper, which was put out by the Government for public comment, was undertaken by Travers Morgan and resulted from a request by the Metropolitan Taxi Cab Board and two sectors of the industry for increases in taxi fares of 20 per cent or more. The honourable member will recall that the Government accepted an increase of 10 per cent but undertook to look at the economic regulation of the industry to see whether such regulation was appropriate, whether the fares were being adjudged in the appropriate manner and whether there should be additional licences. All these things impact upon economic regulations. That work is currently awaiting comment, and the closing date for responses is 16 October.

In the meantime, I have issued what I consider to be an appropriate course of action in relation to the licences. I have said that, because of the goodwill that attaches to these licences, between 10 and 15 new licences should be issued. Back in 1985 when the Government decided to abolish the two plate system and introduce the one plate system, the cost of a white plate was approximately \$40 000 and of a green plate approximately \$38 000. Today, three years later, before I made the statement about additional licences—and I do not know what the latest sales have been—there were two sales of in excess of \$100 000.

That is an increase in cost to the industry which must be met within the industry and which puts pressure on fares. I thought I should signal that I would recommend to the Government that it should consider the introduction of new licences. The method of introduction has not been determined, nor has a decision been made about new licences. Indeed, it will not be made until I have had an opportunity to see the responses to the discussion paper and am able to prepare a submission to Cabinet for its consideration. I will then be in a position to announce publicly the Government's intention.

At this stage, if there is speculation within the community as a result of my statement that I think additional licences

should be issued, the impact on the industry should be monitored to see whether it has any deleterious effect. It is my experience in other States that an increase of that nature in the number of licences would be swallowed up almost immediately, and there has been no adverse economic reaction to it, except that more licences are available for hire. I do not argue that some areas of Adelaide may receive adequate service at some times, but it is also clear that parts of Adelaide do not have adequate services at any time. That is a worry to the Government, which has the responsibility, because this is a regulated industry, of ensuring that all people in the metropolitan area have access to adequate taxi services.

Whilst the industry and the Government believe that a certain degree of regulation (for instance, the regulations dealing with safety and standards) should stay, the question of economic regulation is one at which we need to look. I do not believe that the industry wants to deregulate—it never does. I do not think that the Government is looking at deregulation, but it is certainly looking at the provision of more plates. The honourable member will have to advise his constituents and other inquirers that at this stage no decision has been made, and it will not be made until I am able to assess the responses to the discussion paper and am in a position to make a recommendation to Cabinet.

The Hon. R.G. PAYNE: I thank the Minister. It would be far to say that this is one of the few times that I have been offered an inducement in my electoral office if I could be of any assistance in that field. I very quickly disabused the person involved in relation to the system and how it would work: any system would run on a fair and equitable basis and would have nothing to do with whether or not one knew one's local member of Parliament. I dare say that that constituent will not be back to see me for some time, and that will probably benefit both of us. I refer to page 218 of the Program Estimates, and the program entitled 'Road Safety'. On that page is a reference to the Rider Safe program which, I understand, involves pre-licence training of motor cyclists, and which has been funded for the past two years or so. What is the state of the program and have there been any early indications of success or otherwise?

The Hon. G.F. Keneally: The program has been successful to the extent that I have been roundly criticised in my home town of Port Augusta because we have not established a training facility there. Three training centres have been established in the metropolitan area, as well as centres at Port Pirie and Whyalla. By January centres will also be operating at Berri, Murray Bridge and Millicent. We believe that these will effectively service 90 per cent of all licence applicants. The Rider Safe program was brought into effect with the full cooperation of the Motorcycle Riders Association of South Australia which was and still is concerned about the number of accidents involving young riders.

We all know the very high incidence of fatality in those accidents, particularly amongst young riders. We now have the added problem of so many of these people involved in accidents being unlicensed, so there is a considerable area of concern in relation to motor cyclists. That is not to say that motor cyclists are not entitled to their own safe area on the road: they are, and motorists ought to be as considerate of motor cyclists as they are of other motor vehicles, because motor cyclists are as entitled as others to a safe space on the road. All costs incurred in the establishment of courses are well within anticipated expenditure. However, there are fewer applicants for motor cycle licences than were expected, which has been a surprise to us. Initially the response was quite positive but, in view of the fact that we have many people on the road who are unlicensed, that

would answer the question of why there are fewer applicants.

When we tighten legislation in relation to those unlicensed motor cyclists, I expect that more people will apply for this training. The reduced number of applicants is having some effect on the anticipated revenue, and the Road Safety Division is examining the situation. It will report to me in due course on this matter.

During 1986 and 1987 there were considerable reductions in the number of casualty accidents involving motor cyclists, but it is too early to say to what extent the rider safety program contributed to this reduction. I always hesitate to say that Government programs have been directly responsible for reductions in the number of fatalities or road accidents, but the evidence would suggest that that is the case. However, accidents are such random events and they can happen so quickly and disastrously that it is hard to establish some sort of pattern, except that it is reasonable to concede that, in recent years, Government initiatives have been effective.

Rider Safe is a good example of the Government and local communities working together. All training is carried out by local motor cyclists who work to a program developed by Road Safety Division field officers. We have found great interest and plenty of potential trainers at all locations, and I encourage prospective motor cyclists to be involved in this off-road training. A person who is learning to drive a motor car has someone sitting alongside them during the learning stages but, if a learner motor cyclist wants to gain experience on the road, they are immediately at some risk. However, I think that the program is worthwhile.

The Hon. R.G. PAYNE: Page 218 of the Program Estimates states that one of the 1988-89 specific targets and objectives is to change the defect vehicle system. The Minister will recall that, during the period in which I was his ministerial colleague, I was very outspoken on this question. Present regulations impact on a certain group of the population and in a much more severe way than on other groups in society. I do not suggest that that was the intention of the regulations but, in practice, they affect the lower socio-economic group who often can only afford to buy a rather old vehicle, which seems to attract the attention of the police, and this results in a high incidence of defecting. What changes are being considered?

The Hon. G.F. Keneally: I accept that an FJ Holden is more likely than a Mercedes Benz to be inspected. If a vehicle is defecting, the owner should be given the opportunity to lift the defect as quickly as possible. If that is not possible, at least people who need access to a vehicle, especially for work, should have a reasonable time available in which to have the defect lifted. This particularly applies to country areas. People working in Port Augusta may live at Wilmington, Quorn, or places further afield and, if their vehicles are defecting, they may not be able to attend work for two or three days while the defect is being lifted.

Mr Lees: In South Australia we do not carry out regular inspections of all types of vehicles, as is the case in most other States. Those inspections are carried out at considerable cost to the vehicle owner, and I do not believe that annual inspections of private vehicles are necessary.

The Hon. R.G. PAYNE: In New South Wales rosters are about to emerge.

Mr Lees: In New South Wales and perhaps in Victoria. We believe that the ability that the police have to defect vehicles is a very useful controlling mechanism. Vehicles are generally defecting only by police. Inspectors in the Department of Transport have that power, but they rarely use it. Inspectors see the vehicles after they have been

defected. We believe that the police use their powers very sensibly, and we rarely see a defecting vehicle which we do not think should have been defecting in the first instance.

A cost is involved to have the vehicle inspected in order that the defect may be lifted. I think it costs \$35 for a passenger car and \$50 or \$60 for a truck, and it is Government policy to try to recover that cost. Another cost could be involved, in that the vehicle might be off the road for some time while it is awaiting inspection. Recently, the legislation was changed so that people can obtain approval to drive their vehicle while it is awaiting inspection. We believe that move was helpful, particularly to members of the public, but also it has helped us to reduce our costs. Someone from Coober Pedy may have a vehicle defecting, and could then telephone and want to be cleared. In such a circumstance we had to send somebody to Coober Pedy quickly, but now we can give approval for that vehicle to be driven for 10 or 12 days, which means that we will perhaps wait until two or three vehicles need to be inspected in that area, and that helps to reduce the costs.

Mr INGERSON: Page 218 of the Program Estimates states that the review and draft consolidation of the Motor Vehicles Act and Road Traffic Act has now been completed. When can we expect that to be presented to Parliament?

The Hon. G.F. Keneally: I think that the statement is 'completion of review and draft consolidation of Motor Vehicles Act and Road Traffic Act'. I emphasise the word 'draft'. As yet, it has not been presented in a form which can be considered by Cabinet. This is another example of a very complex task. It involves extensive legislation, and the consolidation has involved one officer almost exclusively now for a considerable time. There has been no delay in the process, but it is not ready because of the complexity of the work. The officer involved in the task is required from time to time to do other work so, on occasions, the review and draft consolidation has to be put aside. It is still one of the department's priorities, and I hope that it is not too long before I am able to take a submission to Cabinet seeking support for the printing of a new Act.

Mr INGERSON: I refer to the hire car industry inquiry. I have a copy of a letter which has been sent to the Chairman of the Taxi-Cab Board detailing three serious comments with respect to the inquiry. The first comment is that the report, which was presented to the board on 24 August 1988, bears little resemblance to the report produced by the hire-car subcommittee. The second comment is that the subcommittee questions why the report was changed to such an extent. The inference is that it was changed because of the possibility of litigation against the board. The third comment is that, although it is labelled a majority report, it is the work of one person and is not the report of the subcommittee. In other words, there have been very serious comments about the report.

The Hon. G.F. Keneally: The report that the honourable member questions was submitted to the Taxi-Cab Board, and it was prepared by a subcommittee of the Taxi-Cab Board. I think the subcommittee comprised three members of the board. Therefore, to be a majority report it required the concurrence of two members. I cannot understand how a report to the board by two of the three members of the subcommittee could be in any way regarded as not being the report of the subcommittee. The third member of the subcommittee tendered a minority report; so there is a majority report and a minority report.

I have heard the allegation that the report submitted to the Taxi-Cab Board was not prepared by the subcommittee, but I point out that a majority of members of the subcommittee signed the report and submitted it. So I reject that

allegation. I also reject the allegation that the original report was changed because of the threat of litigation. As I understand it, the report was completed and submitted to the Taxi-Cab Board. One member of the subcommittee disagreed with the findings and submitted his own minority report. If the report that finally reached the board was not submitted by the subcommittee, why was a minority report submitted at the same time? In those circumstances one would have thought that a minority report would not have been appropriate. In fact, it would have been a report signed by three members of the subcommittee. That was not the case.

It is alleged that the report is the work of one member of the subcommittee. I do not know how the subcommittee operated. It reported to the Taxi-Cab Board. No disquiet has been expressed to me by the Chairman of the Taxi-Cab Board about the performance of the subcommittee. It is a very sensitive area and a number of concerns about the inquiry have been expressed to me as the Minister. It was not an easy inquiry for the subcommittee. I do not have any evidence that would support any of the allegations that the honourable member has heard. I appreciate that he is not making the allegations but that he is merely reporting them to the Committee as they were made to him. As I understand it, a majority report and a minority report were available to the Taxi-Cab Board. The board is considering the reports at present and in due course it will report to me as Minister. The Taxi-Cab Board is responsible for what is a private enterprise system. However, it is heavily regulated, and for that reason the Government is involved, and the Taxi-Cab Board has a responsibility to the Government. By and large, the Taxi-Cab Board is responsible for managing the industry within the terms of the regulations, and I believe that it does that very well. I have confidence in the Chairman of the board and in the way that the board operates, and I believe that that confidence is well placed.

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

Highways, \$56 397 000; Works and Services—Highways Department, \$68 340 000

Chairman:

The Hon. T.M. McRae

Members:

The Hon. T. Chapman
Mr T.R. Groom
Mr G.A. Ingerson
Mr J.K.G. Oswald
The Hon. R.G. Payne
Mr. P.B. Tyler

Witness:

The Hon. G.F. Keneally, Minister of Transport.

Departmental Advisers:

Mr R. Payze, Commissioner of Highways, Highways Department.
Mr T. Argent, Acting Assistant Commissioner, Project Design.
Mr J. Ledo, Assistant Commissioner, Operations.
Mr G. Foreman, Assistant Commissioner, Administration and Finance.
Mr B. Atwell, Manager, Finance.

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

Mr INGERSON: At the Estimates Committee on Marine, in answer to a question from the Hon. Peter Arnold, the Minister replied:

Before we proceed further, earlier this afternoon the member for Chaffey was asking some questions about the *MV Troubridge*. Prior to the break I was advised that on 5 April 1988 the company paid, by transfer to the Highways Department, the amount of money agreed for the purchase price, and the ship was transferred to Gold Copper Inc. on 6 April. The Registrar of Shipping advised on 13 April 1988 that he had received a notification from the department. I understand that the honourable member could have contacted the Commonwealth Registrar of Shipping and for \$20 all this information would have been made available.

I have in my possession a copy of a printout from the Registrar of Shipping dated 2 September 1988. In that printout the Registrar lists the *Troubridge* with a rating of GSTL. According to the code supplied by Mr Kevin Cross, G refers to a Government vessel and S to South Australia. So, the registration is that it is owned by the South Australian Government. T refers to the tonnage and L to the length, which is standard. There is no question about whether the vessel has been sold—that has been accepted from the comments made by the Minister. My major concern is that, if that vessel is still listed—and it is as at 2 September—under the ownership of the South Australian Government, there are some serious ramifications in terms of insurance and breaches of the Australian Shipping Code.

I understand that it is normal for the vessel to be still insured or under the control of the person who is registered and/or listed as owning the vessel, irrespective of whether he owns that vessel. I want to have the situation explained to the Committee because it is my understanding that the original contract in which the vessel was sold to Gold Copper, which was done under the Norwegian Ship Brokers Association, contained a clause stating that the seller would not only transfer the vessel to the owner, but would also remove the ownership from the register.

The Hon. G.F. Keneally: I will respond to the question by giving the Committee the sequence of events that occurred with the sale of the *Troubridge* and the correspondence and advice that flowed from that sale. On 5 April 1988 a cheque was received from Tamlay Limited in full settlement for the sale of the *Troubridge*. That cheque was sent by telegraphic transfer to the Highways Fund Bank account. On 6 April 1988 the Highways Department sent a letter to Tamlay acknowledging receipt of the settlement moneys, enclosing the signed bill of sale document, the ship registration certificate and protocol of delivery and acceptance. Tamlay was advised by registered mail that these documents needed to be lodged with the Registrar of Shipping within 21 days. Also on 6 April 1988 the Highways Department sent a letter to the Registrar of Shipping advising change of ownership. On 13 April 1988 facsimile advice was received from the Registrar of Shipping, Canberra, acknowledging receipt of the Highways Department letter and advising that no documents had been received from Tamlay, but stating that the Registrar would follow it up with that company.

The Highways Department has followed up the matter on two occasions through the Registrar's Adelaide office to ensure that the registration has been transferred. On both occasions the Registrar's office has confirmed that the registered owner of the vessel, as at the latest list which is dated 23 August 1988, is Torres Strait Navigation Limited, and has been since May 1988. This company has the same registered office address as Tamlay Limited, the original purchaser. Tamlay Limited is a subsidiary of Gold Copper Incorporated, which has been widely publicised as the purchaser of the *Troubridge*. In fact, it was purchased by its subsidiary, Tamlay Limited. I am not sure of the status of Torres Strait Navigation Limited, but it seems to be another

subsidiary of Gold Copper. That advice is not available to us; however the address would suggest that it is.

The Australian Register was set up under the Australian Shipping Registration Act in the early 1980s, with the *Troubridge* first included in March 1984. It is this original entry on the register to which the honourable member must be referring. Had he asked the Registrar for a list of transactions in relation to any changes of ownership since that time he would have found that the Government is no longer the owner. Lloyds has also been advised of the change of ownership.

I am not sure of the status of the information that the honourable member has. My colleague the Minister of Marine has already given an assurance that the Highways Department has complied with all the necessary requirements in terms of the sale of the vessel and of the registering with the Registrar of Ships that sale within the time limit that has been applied. The Highways Department has followed up this matter with the Registrar on two occasions, on both of which the Registrar has confirmed that the Highways Department is not the registered owner of the ship but that it is registered to Torres Strait Navigation Limited. There seems to be some confusion in relation to this matter, but I can assure the Committee that the Highways Department has complied completely with the requirement of the Registrar of Shipping as pertaining to the sale of vessels.

Mr INGERSON: I accept the Minister's comments. My only question is that the file that has been sent to us is listed as active, and the *Troubridge* is listed on it. At some stage we had better get it off that active list—which is a print-out supplied to us direct from the Registrar of Shipping.

The Hon. G.F. Keneally: What is the date of that?

Mr INGERSON: 2 September 1988. This matter should be clarified because, as I said earlier, there could be some serious ramifications involved in this.

The Hon. G.F. Keneally: I understand the point that the honourable member has made. If the Highways Department or the Government was at fault, these ramifications to which the honourable member alludes, would need to be considered, but the Highways Department quite clearly has discharged all its statutory requirements in this matter. If the active list, to which the honourable member refers, still lists the *Troubridge*, that would be an error of fact by the person who constructed the list, as it is quite clear that the ownership has changed.

Notification has been given by the Highways Department within the appropriate time. We have checked this, as the honourable member would appreciate, as he did give us some notice of this question. This was checked again today with the Registrar of Shipping, and we have been assured that the *Troubridge* is not on the list. I want to reassure anyone who might be listening or has an interest in this debate that there is no problem with ownership or with the requirement of the Highways Department to advise the appropriate authorities, or for those authorities to acknowledge that the ownership has changed.

Mr INGERSON: As the Minister would be aware, there is significant concern in the construction, building, and engineering community generally about the future road funding problem for the State. What does the Minister see as future possible options in terms of road funding? Can he comment on the possibility of having tolled roads, whether that might be in relation to the South-Eastern Freeway, the third arterial road, or any other possibility? Has the Government considered this matter? As the Minister would be

aware there is considerable concern following a reduction in Federal funding in particular.

The Hon. G.F. Keneally: The Government has not considered the introduction of tolled roads, although I have been approached by two private organisations who have advised me that they would be most anxious to build roads for the Government, either as tolled roads or on lease. I think they call this 'innovative methods of financing Government assets'. I am also aware that other Governments within Australia are moving heavily into privately funded roads. However, certainly this matter has not been considered by the Government here. My response to the two private organisations who contacted me was that we had no proposal to fund tolled roads.

Leaving philosophical issues aside, before we could move into having tolled roads at least two requirements have to be met. First, commuters or potential users have to be provided with an alternative, so that they are not constrained to use the tolled road. I believe that that is the practice all over the world, or at least in most countries and States. The alternative must be viable. People have to see that by using a tolled road and paying a toll there is an economic benefit in it for them. Secondly, there must be adequate volumes of traffic. As to maximum volumes of traffic in South Australia, once the private concerns who lobbied me were aware of the statistics they became somewhat less interested.

I am aware of the article in today's press in which the honourable member has asked why a toll could not be charged on the South-Eastern Freeway. However, the South-Eastern Freeway is not a State road but a national road. I am advised that the Federal Minister for Transport has already stated that he would not approve of the South-Eastern Freeway becoming a tolled road—or for tolls to be applied on any national highway, for that matter. So, as to the South-Eastern Freeway, that is not a decision for this Government to make. The successful application of tolls is related to high volumes of traffic and to commuters having a viable alternative available to them if they do not want to pay the toll. I do not think that tolls will ever be considered during the life of this Government, and that it would be some years ahead before that ever became a reality.

Mr INGERSON: At what stage are the plans for the redevelopment of the Mount Barker Road, at the lower end of the South-Eastern Freeway? Also, what is the proposed timing for the third arterial road?

The Hon. G.F. Keneally: Regarding the status of the Mount Barker Road, particularly relating to what the Highways Department describes as the short-term improvements (and in this answer I am responding also to the speech made in the House a week or so ago by the member for Heysen who sought similar assurances and in fact reflected upon the program of the Highways Department and totally misunderstood the nature of national roads and the authorities responsible for national highways), I will report on the progress to date.

Dealing with the street lighting from the Old Tollgate to Crafers, the work is to be done by contract, and it commenced in February 1988. The lighting from Crafers to Measdays is operational, and work on the Measdays to Eagle on the Hill and the Tollgate to Mount Osmond Road sections has now been completed. In relation to the median barrier installation from Mount Osmond turnoff to Devil's Elbow and from near Eagle on the Hill to the start of the freeway, a contract for the supply and delivery of precast units was awarded in January 1988. Contracts for the installation of barriers and associated road widening are to be called in October 1988. As to the resurfacing of the 9

kilometre winding section of the road with an asphaltic open graded friction course to improve skid resistance, about half of that section was completed in April 1988 with the remainder to be completed by the end of the present summer season. The upgrading of shoulder barriers was completed in June 1988.

The improvement of drainage, including placing the Glen Osmond Creek in a culvert from Devil's Elbow to Mount Osmond Road has now been completed. The installation of emergency phones has commenced, and they will be progressively installed in conjunction with street lighting. Relating to the provision of truck parking bays on the South Eastern Freeway at Mount Barker summit and Brinkley, the contractor for the first location commenced in May 1988 and that will be completed in October 1988. Tenders have now been let for the second location at Brinkley, and it is expected that that work will be completed in March 1989. The estimated total cost for these works is \$7.9 million.

The long-term improvements relate to the major upgrading of the road from Glen Osmond Road/Cross Road intersection to the start of the South Eastern Freeway. Maunsell and Partners were engaged by the Highways Department in April 1986 to undertake an investigation into the need for an improved connection between the end of the South Eastern Freeway at Crafers and Glen Osmond. The Maunsell investigation has now been completed. The study included evaluation of several upgrading alternatives, an extensive public involvement phase, and completion of an Environmental Impact Statement. The results of the study have been assessed, and a recommendation has been forwarded to the Federal Government to seek approval to proceed with design.

It is important for members to understand that, as it is a national highway and is therefore the responsibility of the Federal Government, the Highways Department is acting as agent for the Federal Government and we need to seek Federal Government approval at each stage. We are now seeking Federal Government approval to proceed with the design stage. If that is forthcoming and the design stage is completed, we would need again to seek approval of the Federal Government to construct the major realignment of that road. So, the South Australian Government and the Highways Department are completing as quickly as possible all of the responsibilities that we have in relation to this task. We are now awaiting Federal Government approval for the design stage.

I made a statement some 12 months ago that because of funding restrictions and the commitment of the highways resources to major projects like the Salisbury underpass, the South Road widening, the major western bypass of Gawler, and the impact of the Golden Grove development upon the Highways Department's resources, it was not possible, despite the commitment given, for the Government to proceed with the third arterial road within the time frame originally anticipated. However, I believe that the work that the Highways Department was able to complete within the corridor was of great reassurance to the people within the lower end of the third arterial whose use of the third arterial would not have been as significant as that of people further south, although as the member for Fisher would tell me, the more people you take off at the lower end, the more space is provided on the northern end of South Road and its busy arterials, and I accept that.

I said that the whole matter would be reassessed in 1993, and it is my expectation by then that the need would have clearly been identified, and hopefully resources will be in place to meet that commitment. This Government is firmly

committed to the construction of the third arterial. It is not a question of 'if': it is a question of 'when'.

Mr INGERSON: If there is a go ahead (which we assume) from the Federal Government for the design stage of the South Eastern Freeway, what is the time frame for the possible completion of that road?

The Hon. G.F. Keneally: This is a technical matter that I would like the Commissioner of Highways to respond to.

Mr Payze: From now to a point of completion of that project is a very difficult question to answer, because it is very much fund-related. The more funds per year placed on that project, the more quickly it can be completed. The answer cannot be given in quantifiable terms without implicating a funding scenario with it, and I am not in a position to do that. In physical terms, if the go-ahead to commence with detailed design was given today or in the very foreseeable future, it is not likely that we could get a contract up and running within 18 months to two years, and probably longer, and I would suspect in terms of the practical connotations associated with that project, a construction period of 3 to 5 years would be my estimation.

Mr TYLER: In the debate surrounding the *Island Seaway*, very little appears to have been said about the comparative costs of operating its forerunner, the *MV Troubridge*. What are those cost differences?

The Hon. G.F. Keneally: The decision to build a new vessel, which became the *Island Seaway*, was made, I believe, on two bases. First, the *Troubridge* was fast reaching the end of its commercial life and would need considerable funds expended on it.

Secondly, and more particularly, the *Troubridge* was a very expensive vessel to operate and was being so operated at considerable cost to the taxpayers of South Australia. The Government in discussion with if not with the total support of, the people on Kangaroo Island, devised a new system of funding the operations to Kangaroo Island. The Government would provide under that system the capital subsidy for the operation of the vessel to the island and to Port Lincoln, but the customers on the island and at Port Lincoln would have to fund the annual operational costs. It was not proposed that the full operational costs would be met in the first year as that would have required a considerable increase in freight charges. A method of moving towards full cost recovery was devised. There would be CPI adjustments every six months plus 5 per cent. That was proposed to move to full cost recovery within 10 years.

Because the staffing levels of the *Island Seaway* were reduced from 29 to 17 people, because fuel costs were more than halved and its carrying capacity was 65 per cent greater, considerable cost savings ensued for the people on the island and at Port Lincoln who were to use it. Costs for the last full financial year of normal operation for *MV Troubridge* amounted to \$4.3 million in 1988-89 prices. In calculating the subsidy rate for the *Island Seaway* for 1988-89, the operator has advised that estimated operating costs, excluding lease payments, will be \$2.9 million, assuming 150 voyages with 45 to Port Lincoln.

This represents a decrease in operating costs of 33 per cent, which would ultimately be recovered from the users of the service after staged tariff increases are complete. The most notable area of savings between the operation of the two vessels is fuel. The fuel cost for the *Island Seaway* is \$235 000, compared with \$718 000 for the *Troubridge*. The *Island Seaway* has a 65 per cent greater cargo carrying capacity than that of the *Troubridge*. The view was that we needed a new vessel but one that met the needs of the island at a price that islanders could meet if full operational cost

recovery was contemplated, as it was, and that system has now been introduced.

Mr TYLER: I asked that question because of Opposition attacks on the vessel. Does the South Australian Government own and operate the *Island Seaway* and does this new vessel have the same relationship with the Highways Department as did the old *Troubridge*?

The Hon. G.F. Keneally: The relationship is somewhat different. The *Island Seaway* was built by Eglo Engineering and at that time Government responsibility rested with the Department of Marine and Harbors. As the honourable member would appreciate, any matter dealing with Marine and Harbors involvement with the *Island Seaway* was addressed exhaustively last week and I do not intend to go over the same ground, particularly as it does not come under the Department of Transport lines. When the vessel was completed it was sold, as the Auditor-General has related, to a nominee of the National Bank. With the approval of the Minister of Transport, the vessel was leased to R.W. Miller Marine, a subsidiary of Howard Smith. It is operated by R.W. Miller (S.A.) Pty Ltd. The vessel was purchased by a nominee of the bank which then leased it to R.W. Miller Marine.

Neither the Minister of Transport nor the Highways Department have a day to day responsibility for the operation of the *Island Seaway* and it would be wrong for us to do so in the circumstances. I do not know many private companies that would lease an asset from the Government and then have the Government looking over their shoulder in the day-to-day operations—they would not want to be involved. That is not to say that I as Minister or the Highways Department wash our hands of the matter. I have to be satisfied that Howard Smith or R.W. Miller Marine provide an adequate service to the island. If I am not so satisfied, it is within the terms of the leasing arrangement for me to cancel the lease and seek another operator.

I cannot say that I am happy with the service currently being provided to Kangaroo Island and I suspect that neither is R.W. Miller or Howard Smith satisfied. We hope to be in a position shortly of improving that service or bringing it back to the standard agreed between Howard Smith, the transport committee on Kangaroo Island and the Highways Department. That will depend on the results of the investigation currently taking place. This vessel is the most thoroughly investigated vessel in the water anywhere in the world at the moment. A different arrangement exists than existed with the *Troubridge* and the Opposition and other people have some difficulty understanding that. However, the Government is not trying to distance itself from its rightful responsibility of ensuring that the people on Kangaroo Island get a satisfactory service. We will certainly honour that.

When the *Troubridge* was in operation the Government owned it: the operators in a true sense were agents for the Government, and the Highways Department met the bills. That is a different arrangement from that which currently applies. The operators of the vessel are not the agents of the Government but the operators of the service. As Minister, I have a responsibility to ensure that that service meets the needs of the Island and the Government and, as I said earlier, I do not think that anyone suggests that that is happening at the moment. That is the difference between the *Troubridge* and the *Island Seaway*, and I thank the honourable member for giving me the opportunity once again to explain that. This time I hope that people understand it.

Mr TYLER: I thank the Minister for his very clear and articulate answer. I am sure that even the member for

Alexandra now understands the operation of the *Island Seaway*. I would like to turn now to road funding. The Federal Government's new five-year road program, called the 'Australian Centennial Roads Development Program' (ACRD) is to commence from 1 January 1989. What are the funding arrangements under this program and what impact will they have on road funding in this State?

The Hon. G.F. Keneally: The ACRD program replaces the Australian Land Transport Program and Australian Bicentennial Roads Development Program. The ACRD program will be funded from a share of Excise and Customs duty on motor spirit and diesel fuel, which will be designated as a road user charge and paid into the trust fund. The ACRD program will introduce a new road category of national arterial roads, which category will concentrate on projects yielding high economic benefit and assist structural adjustment by reducing costs through reduced travelling times, and by concentrating new construction or the upgrading of roads carrying high volumes of industrial traffic.

Under the ACRD program, road funding is allocated to the following categories: national highways construction and maintenance, national arterials construction, State arterials construction and maintenance, local roads construction and maintenance, road safety activities, land transport research, urban public transport and main line railway upgrading through the optional use of part of the funds allocated to national arterial or State arterial roads.

For 1988-89 total Federal road funding to the States, the Northern Territory and the ACT is \$1 215 million, representing a reduction in funding over the previous year. In real terms the reduction will be about 7 per cent or 8 per cent. It is of note that for 1988-89 the Federal Government increased local road funding by \$13.8 million in order to maintain the level of spending for this category in real terms. The effect of this is to reduce even further the real level of Federal funding for the other road categories.

The 1988-89 level of Federal funding is guaranteed in real terms for the two years 1989-90 and 1990-91. It is noteworthy that for 1988-89 the overall level of road funding has been reduced both in real terms and monetary terms; that for the local roads category the funding has been maintained in real terms; and that for the national roads and arterial roads categories the funding has been reduced. The reductions in funding are of some concern as they will have an impact on this State's national road and arterial road-works programs.

In recent years, while Federal Government funding for roads in South Australia has decreased, State funding has increased at a considerably higher rate than hitherto occurred, but the State Government is unable to make up the shortfall in Federal road funding, which is the reason why pressure has been put on our road program in South Australia.

Mr INGERSON: I wish to query one of the answers the Minister just gave, when he said that the cost to the Government for the *Island Seaway* would be \$2.9 million per year. According to the Auditor-General's Report at page 111, the cost to the Government of the *Island Seaway* for seven months was \$2.9 million. Where do we get the yearly cost of \$2.9 million compared to the seven months cost of \$2.9 million?

The Hon. G.F. Keneally: That is the operational cost. The Auditor-General put the full costs, operational plus capital, whereas I excluded the capital costs. That is the capital subsidy that the Government will meet and it will not be a charge to the people on the Island; the operational costs are distinct. The operational costs over a full year we anticipate to be \$2.9 million.

Mr INGERSON: What will be the capital cost and will that payment be made direct to the leasing agents?

The Hon. G.F. Keneally: The cost is about \$1.6 million per annum.

Mr INGERSON: That is paid to the agents?

The Hon. G.F. Keneally: Yes, as part of the subsidy, because we also pay the shortfall in the operational subsidy until there is full cost recovery.

Mr INGERSON: My next question relate to the Auditor-General's Report on the *Island Seaway*. The Auditor-General pointed to quite a few areas, including the fact that there were some modifications which had not been paid for by 30 June 1988. What is their estimated cost? He also mentioned that there were some outstanding contractual matters relating to the construction. What are those estimated costs? Those are the areas of disagreement between the original builder and the Highways Department. Finally, when will the report on the *Island Seaway* be made public and what is its expected cost?

The Hon. G.F. Keneally: I admire the persistence of the Opposition in trying to ask similar questions at every opportunity that is available to them. I can assure them that I have checked the responses given to them by the Minister of Marine, and they are correct. I find it amazing that the Opposition keeps wanting to question the Auditor-General, who has confirmed the advice given to the Opposition in terms of the cost. The questions they now ask about the cost of modifications relate to a matter which was asked of the Minister of Marine—and quite properly, because it comes under the Department of Marine and Harbors lines. It is part of the warranty provisions and is not a matter for which the Highways Department or the Department of Transport has responsibility.

We operate the vessel: we are not the constructing agents, and we are not involved in that capital works program. I cannot answer the first two questions because they relate not to our lines but to those of the Minister of Marine. My recollection is that she has answered them. The last question related to when the report would be received. I had hoped that it would have been available before the end of August, which was the timetable I set for the completion of all the inquiries. In the event, that could not be done because of the technical nature of the independent studies—and I want to reinforce and underline 'independent'. We do not know what the final costs will be, but they will be considerable because of the nature of the work, particularly that undertaken by Marin, who are, if not the leading marine institute in the world, certainly one of the leaders, and they do not do those things cheaply. Whether those costs will be met by the Department of Marine and Harbors, by the Highways Department or by a special vote of Treasury has yet to be determined.

I expect that, rather than being a special vote of Treasury, it will be either the Department of Marine and Harbors or the Highways Department. Those studies will cost in excess of \$100 000, and I hope that the people involved in the implementation of those studies understand the cost of that campaign.

The Hon. T. CHAPMAN: Why do the Minister and his colleagues continue to confuse the public and the Parliament about the history associated with this less than one year old vessel, the *Island Seaway*? He would be aware of his reluctance—and, indeed, his recent denial in the Parliament—in relation to being the Minister responsible for operating the *Island Seaway*. Today I listened carefully to an answer that the Minister gave to a question from the member for Fisher. On that occasion he said, 'We don't operate the vessel. The vessel is an article involved in another interim ownership

and/or leasing arrangement for which agents of that company (Howard Smith) are responsible.' A few minutes ago, in answer to the member for Bragg, the Minister said, 'We operate the vessel, but we are not responsible for the warranty' and other factors which he attributed to the Department of Marine and Harbors. That comment may well have been a slip of the tongue, and now might be a good opportunity to clear that up. The Parliament, the Opposition, the public and the island community are still very confused as to whom they should deal with directly in relation to this ship.

Over some period the Premier has not even acknowledged the receipt of correspondence on this topic. He has referred in Parliament to the fact that it has been received, but no written acknowledgment has been received. Following the disposal of the MV *Troubridge*, I ask why the Government has adopted this course of action to sell the *Island Seaway* and have under the new owner's (presumably the National Bank) umbrella of ownership a joint venture arrangement involving the lessees (Howard Smith Limited) and the same Port Adelaide agents as used by the Government for the *Island Seaway*.

Apparently, subsidies are envisaged and provision has been made for them, but this extremely clumsy arrangement has never really been explained. I refer particularly to how it works and why it was adopted in preference to the Government's upholding its long-standing non-Party political undertaking to the island community that it will ensure the ongoing provision of a vehicular ferry sea transport link between mainland South Australia and the island community.

The Hon. G.F. Keneally: I think the truth is that the honourable member has not listened today, and the pity of it that he has not listened (and I suspect neither have his colleagues) to the statements made by the Government over a period of time. They really did not want to understand what the Government had done and what it was doing in relation to the *Island Seaway*. The method by which the *Island Seaway* was leased was clearly explained in the previous Estimate Committees by the Premier, the Minister of Marine and me. In response to the member for Fisher's question I stated the Government's relationship with the *Troubridge* (quite clearly, the Government was the owner) and Howard Smith or Millers acted as agents for the Government. In that sense, through our agents, we operated a service. In the strict legal sense, that situation does not apply with the *Island Seaway*. In the strict legal sense the service provided to the island is provided by Howard Smith, whose agents (R.W. Miller) are the operators, and they are not responsible to the Government: they are responsible to Howard Smith.

The reason for selling the vessel was to bring significant financial benefits to South Australian taxpayers, and it did. Those benefits are continuing; they are strictly legal and approved by the Federal Treasurer. It is what one could call innovative funding, and the South Australian Government is not the only Government involved in that. I do not deny that there is a degree of confusion, because the Opposition has never quite understood the relationship between the Minister, Howard Smith and the *Island Seaway*. One of the conditions of the lease is that, if the Minister is unhappy with the level of service that is provided by the lessee, the Minister can arrange for that leasing arrangement to be terminated and for someone else to take over the lease. The Highways Department is not the operator but, as the Minister. I am responsible for arranging the operation and for determining the subsidy for that service. In cooperation

with the operators, I am also responsible for determining the timetable.

As I said earlier, I am not trying to distance myself from any Government responsibility of ensuring that the people on Kangaroo Island have an appropriate and adequate service. Because of a number of reasons, of which we are very well aware, that is not to say that the service they have at the moment is adequate. However, most of those problems will be addressed very shortly. In the strict legal sense of the current arrangement, the operation is performed through Howard Smith's agents (R.W. Miller).

I have carefully not said today or at any other time that the Government is the operator, because it would be inappropriate for the Government to approve a leasing arrangement of this nature and then, on a day-to-day basis, try to interfere with the lessee's rights to operate the service. However, the number of schedules operating have been agreed to in conjunction with the transport committee on Kangaroo Island, the operators and the Highways Department.

The Hon. T. CHAPMAN: The Minister has told us what the department did, but not why.

The Hon. G.F. Keneally: We did it to provide significant financial benefits to the people of South Australia in their leasing arrangements with the *Island Seaway*, and that occurred. It was cheaper finance.

The Hon. R.G. PAYNE: My first question is, in the true sense, supplementary to a matter that I raised in the House, before the Estimates Committees began, in relation to the road widening program on South Road. At that time the Minister was kind enough to advise the estimated starting dates for the section from Anzac Highway to the Glenelg tramline and further south to the overpass. What is the estimated completion date in respect to the section of South Road between Anzac Highway and Daws Road?

The Hon. G.F. Keneally: The Government—or certainly the Highways Department—believes that this is the most critical piece of road reconstruction in South Australia. The full length of South Road is an increasing problem and inevitably the length of clearways will need to be extended and parking restrictions considered so that we can free up as many lanes of traffic as possible. Before anything like that is done we will need to talk with the local communities, business people and local governments. So, we are not precipitating any action. The best way to provide better use of road space is by freeing up that road space rather than always moving into extensive reconstruction and widening. However, the widening of South Road is important and urgent work for the Highways Department.

The proposed reconstruction consists of two parts: first, Anzac Highway to Cowper Road and, secondly, Castle Street to Daws Road. A future part is South Road to Anzac Highway. The widening of the section between Anzac Highway and Cowper Road, which will connect into the northern end of the Emerson project, is in the pre construction phase. Acquisition of land and design drawings have been completed. The existing Telecom and ETSA installations are being relocated, including the undergrounding of a 66 kV line. The honourable member would be well aware of the difficulties that we have had trying to achieve agreement with the local authorities to be able to get as far as we have. That has been one of the major reasons for the delay.

The Hon. R.G. PAYNE: I think that the department and the Minister have been very skillful in finally getting agreement.

The Hon. G.F. Keneally: As Minister involved, the member himself was very helpful. The Unley council has installed drainage between Anzac Highway and the tramline crossing. Further drainage work is dependent upon ETSA completing

the undergrounding of the 66 kV line. Roadworks are tentatively scheduled to commence in early October 1988 at an estimated cost of \$4.5 million and will be completed in July 1989.

The second part of the program is from Castle Street to Daws Road. Preliminary design for alignment of the intersection has been completed. The final design for the section from Castle Street to Caulfield Avenue has been completed. Street lighting design has been completed and is subject to formal agreement with ETSA. All service information has been received, the ETSA underground corridor has been determined and drainage is well on the way to completion. Traffic control and tree removal plans have been completed subject to checking and council agreement.

Construction is tentatively scheduled to commence in December 1989 at an estimated cost of \$7 million and will be completed in December 1990. This is an important piece of road reconstruction which is receiving the appropriate priority from the department.

The Hon. R.G. PAYNE: I refer to page 226 of the Program Estimates. There is a large variation in the estimate of capital expenditure for national highways. In 1987-88, \$24 million was proposed and just under \$16 million was spent. On another page there is reference to a \$9 million variation, but I find that somewhat difficult to follow. I would appreciate any amplification that the Minister can provide with respect to that large variation, although an increase is proposed for the current year.

The Hon. G.F. Keneally: I will ask the Assistant Commissioner, John Ledo, to provide the information for the honourable member. If further information is required it can be obtained in detailed form.

Mr Ledo: This program was put together before the Commonwealth decided on the precise amounts allocated so there was a reduced level of Commonwealth funding which amounted to \$7 million. During the course of the year there was a swing away from national highway construction work towards national highway maintenance, specifically the rehabilitation work carried out on the South Eastern Freeway. The decision was taken to increase the expenditure in that area on the basis of preservation of the asset which was falling away somewhat. So, apart from the \$7 million reduction in Commonwealth funding there was a swing from one category of national highways expenditure to another.

The Hon. R.G. PAYNE: At page 234 the Program Estimates state:

Ongoing coordination of traffic signals and their linking to the ACTS system.

That statement, brings to mind something that comes clearly under this reference in relation to traffic signals. One of the things that I have noticed recently, now that I am doing more of my own driving, is that it is not uncommon for one or more of the traffic installations to be inoperative on the green, amber or red. Are statistics kept by the department concerning the reason for these failures? Is it due to lamp failure, relay failure or electronic failure in general?

I hope that it is not entirely due to lamp failure, because well back in my career, before I was ever a member of this place, certainly in the services, it was possible to obtain lamps that were virtually incapable of failing. It was necessary to pay a premium, because they were produced by NATO and other specifications for pan-climatic use, involving maximum extremes of temperature, and so on. However, they normally carried a guarantee of some several million operations on and off without failure. Certainly, such lamps are more expensive than standard lamps but, because of the importance of a high degree of reliability of

traffic signals and the way in which motorists need to rely on them from a road safety point of view, I would appreciate it if the Minister or his officers could provide some information on this matter.

Mr Ledo: It is certainly true that occasionally there is the odd system failure, but these are relatively few and far between. By far the most common occurrence is the failure of a globe. We have been grappling with this problem for quite some time. There are many hundreds of these globes around the place, and we have had a difficulty with the general standard of globes. In order to try to minimise the problem, we have instituted a program of regular replacement of globes, based on statistical information that we have.

There is a problem in terms of the quality of globes. I guess one can get anything if one is prepared to pay for it, but basically it is a question of trying to strike a reasonable balance in providing a high level of performance while still expecting the occasional failure. The situation has improved over the past couple of years. I recall that a couple of winters ago things were particularly bad when we were having trouble with the seals on lamps which were letting in water and causing premature failure of globes, but that problem has been corrected.

The system of routine replacement of globes has improved the situation quite a lot. We are conscious of the need to deliver a good service. I might mention that at each intersection there are at least two sets of lights for motorists to go by and so if a globe is not operating there is always another set of lights. Within a matter of a hours the problem is reported and the globe is replaced.

The Hon. T. CHAPMAN: Given the Government's basic responsibility to ensure a service by sea to the Kangaroo Island community, as outlined by the Minister, will he undertake to compensate those people who can establish specific losses that have followed from the irregular pattern of that promised service? Will the Government consider recovering the compensation from the lessees? For the nine months of operation of the *Island Seaway*, from research undertaken, it appears that, to date, the vessel has failed to travel on schedule on more occasions than the *SS Karatta* for the 45 years of her service, *MV Parndana*, for the short few years that she was in service to the island, or for the 26 years of the *MV Troubridge*. From the research graphs prepared, so far the *Island Seaway* has failed to travel on her scheduled days of operation on more occasions in nine months than did her three predecessors over some three quarters of a century. Further, the *Island Seaway* has failed to depart from the Port Adelaide and Kingscote berths within 30 minutes of her programmed and advertised schedule time on more occasions than did her three predecessors collectively over that three quarters of a century. The research undertaken so far appears to stack up clearly in that direction.

Because of this situation considerable losses have been incurred by individuals. I refer to a schedule of losses provided by but one Kangaroo Island based carrier. This material came to hand a matter of days ago; it could be that the Highways Department or the Department of the Premier and Cabinet already has these details. The carrier to which this submission relates claims that, on Monday 16 November 1987, 10 sheep were lost as a result of suffocation, which resulted in his incurring expenditure of \$200. Whether or not that amount is ultimately recoverable from another source, I am not sure. Further, on Monday 30 November 1987 this carrier had to return two loads of stock to farmers because the *Island Seaway* could not carry those livestock. On Monday 23 May 1988 he returned a semi-

trailer load of sheep to the source farmer. On Monday 23 May he had two tippers damaged and the cost of repair of the twisted chassis is now \$6 000. On Tuesday 24 May 1988 the *Island Seaway* did not travel at all. On Monday 6 June a load of sheep was dropped back at the saleyard, following a false start. On Tuesday 7 June a further load of sheep had to be collected due to a late rescheduled trip.

On Wednesday 8 June, the seamen were on strike—a matter over which the Minister may not have any direct control. On Monday 27 June 1988, as a result of the *Island Seaway* running late on its schedule, a further load of sheep had to be taken back to the source farmer. On Tuesday 19 July 1988 a further load of sheep had to be returned to the farmer, for the same reasons as outlined above. On Wednesday 20 July, no vessel arrived at all, notwithstanding the scheduled program. On Monday 25 July 1988, again, there was no service—it was too rough and indeed the sheep were left behind and had to be returned to the source farm. On Wednesday 18 August 1988, there was another strike, but subsequent to the resolution of that strike engine failure occurred, which meant yet another day of delay, with considerable financial impact on those involved.

On Wednesday 3 July 1988 the vessel did not sail as a result of a gale warning, even though the conditions were in fact flat calm throughout that period. Other delays and hiccups, according to the carrier who prepared this schedule, have resulted in losses totalling \$10 825 to date. In asking the Minister to consider how this sort of loss should be fairly picked up, I point out to him that, on the days that the ship does not run at all, she picks up the delayed loadings and the handful of passengers that may be still hanging around desiring to go to the Island via that service. Accordingly, particularly during this somewhat slack cargo-carrying period of the year, the company operating the ship saves on travelling costs to and from Kangaroo Island as a result of not travelling for whatever reason, whether it be a strike by seamen or engineers, gale warnings, an engine problem, or whatever.

It appears clear now that, as a result of not travelling, the vessel can still easily handle the volume of cargo which is stacked up and, as a result, the company saves money. In view of that situation apparently prevailing, will the Minister financially assist those who have incurred direct losses of some considerable magnitude and at the same time seek to recoup those losses from the agency or lessees who are directly saving money on each occasion that the vessel does not travel for whatever reason?

The Hon. G.F. Keneally: The honourable member has asked a number of questions and has made a number of assertions that need to be addressed. First, he wants to know whether I as Minister will undertake to compensate people on Kangaroo Island for losses that he claims have been incurred as a result of the sailing pattern of the *Island Seaway*. I will give no such undertaking, but the honourable member can advise his constituents (although I am sure that he has already done so), that, if they have a legal claim against the Government or the operators, they should process that claim, and it will be looked at. However, those claims need to be substantiated. I am not able—and neither would he expect me—to give such a *carte blanche* undertaking to him, the Committee or the people of Kangaroo Island. Those matters need to be processed and they need to be proven. If that is the case, the appropriate legal redress would be available to them. I point out that the Premier has made a commitment to go across to the Island. My suspicion is that the honourable member raised some of these matters in a question in the House.

Secondly, the honourable member made some assertions about the *Island Seaway's* having sailed to the scheduled time less than the three previous vessels, and he said that he has some research on that. I dispute that sort of information because, ever since the *Island Seaway* was launched, we have had these sorts of allegations and accusations from members opposite. It seems to me that, in more latter days, the member for Alexandra is doing the old Pontius Pilate bit. He has washed his hands of any responsibility that he and his colleagues may have had in creating a climate in South Australia that has made the operation of the *Island Seaway* extremely difficult, if not impossible, in certain instances. This has been a political campaign by the Opposition, and that is absolutely beyond doubt. That it has been a tremendously successful campaign is also beyond doubt.

I point out to the Committee and the honourable member that some months ago I had discussions with the seamen who operate the *Island Seaway*. It was just prior to their decision not to operate the vessel to Port Lincoln or to the Island when gale warnings had been issued. I tried to persuade them that they should not take that action. They said that they were sick and tired of being what they described as the political meat in the argument between the Opposition and the Government. They acknowledged that the political nature of the debate was essentially the responsibility of the Opposition. In those first months, as the Premier has acknowledged, the member for Alexandra kept his counsel and was not involved, but that cannot be said of the member for Chaffey, who led the charge, the Leader of the Opposition and some other members of the Opposition front bench who made as much political capital as they could out of the *Island Seaway's* difficulties. Similar difficulties have been faced by other Australian vessels, including the *Princess of Tasmania* which operates between Devonport and Melbourne. Over a number of years that vessel has had to overcome similar politically motivated attacks.

We are still trying to provide a service in what is a political, rather than an economic, atmosphere. Responsibility for that rests fairly and squarely upon the shoulders of the members of the Opposition, and I do not think that anybody is persuaded by their latter day conversion to any semblance of fairness and reality. They have campaigned vigorously against the *Island Seaway* and that campaign has been significantly responsible for the breakdown in the services to Kangaroo Island and Port Lincoln. So, there can be no washing of the hands with respect to the responsibility of members opposite. That needs to be clearly placed on the record. It is true that the people who operate the vessel, particularly in relation to the 23 May incident, were concerned, but it related to the roughest weather that had been experienced by those seamen, many of whom have operated in South Australia's waters for 30 years or more. It was their roughest night at sea.

The Hon. T. CHAPMAN interjecting:

The Hon. G.F. Keneally: Here again, a factual account of the discussion that I had with the people who operate the vessel is treated with a sneer and laughter by the member for Alexandra. It is related to the sailing of the vessel which has been affected dramatically by the political point scoring—

The Hon. T. CHAPMAN interjecting:

The CHAIRMAN: Order! I ask the honourable member for Alexandra, who was listened to in complete silence during his very lengthy question and explanation, to give the same courtesy to the Minister.

The Hon. G.F. Keneally: It is point scoring by the Opposition. The honourable member says that it relates to the

structure of the vessel. That matter will be addressed in the very extensive investigations currently taking place. It should not be too long before we have a report. In terms of giving that undertaking, the honourable member would know that it would be inappropriate for any Minister to give such an undertaking. If people are aggrieved and feel that they have grounds for compensation, they should make a claim—no doubt the Government and the operators will look at that. However, any claim needs to be substantiated. I reject the honourable member's wild allegations and his comparison of the *Island Seaway* with other vessels.

However, I accept that the *Island Seaway* is not providing the level of service that it was meant to provide and is able to provide. We will not be in a position to convince the people who operate the vessel that that is the level of service that should be provided until the report has been completed and they are able to consider it. The honourable member says that, because the vessel is not sailing, the operators are making considerable savings. However, wages must still be paid. There would be savings in fuel, but those savings do not exist if the vessel does not sail on one day but sails the next and over a month the number of sailings are equivalent to the scheduled sailing program. If that is not the case and on one or two occasions it did not sail at all, that would be the limit of the fuel savings achieved by the operators. They must still pay wages, whether or not they sail.

The Hon. T. CHAPMAN: For months now the initial contractual arrangement with the Government to service Kingscote and Port Lincoln has not been upheld as far as Port Lincoln is concerned and presumably there has been a massive saving to the lessees in that respect. If there has not been and the Government has saved as a result, in what way will it use those substantial savings?

The Hon. G.F. Keneally: The honourable member is incorrect again because no subsidy was provided with respect to the freight component between Kingscote and Port Lincoln. The people at Port Lincoln are not subject to the Kangaroo Island subsidy because Port Lincoln has an alternative transport corridor. So they would have been charged the marginal cost of the Port Lincoln service. The operators are not making any savings.

Mr INGERSON: When will the Pedlar Creek bridge be re-opened and why has the project been extended? Were there unforeseen problems with the project?

Mr Ledo: The Pedlar Creek bridge is a rather complex structure which requires modification and repairs. As best we could we specified the nature of the repairs, but as work proceeded more repair work was identified. As a result, there have been a number of variations to the original specifications, and that has thrown out our timetable somewhat. I hesitate to give a finishing time, but I hope that it will be within a couple of months—possibly around the end of October.

Mr INGERSON: What were the variations, if any?

The Hon. G.F. Keneally: I will take that question on notice and bring back a detailed response.

Mr INGERSON: The Leader of the Opposition would like to know whether the Crystal Brook depot is likely to be transferred to Port Pirie. He understands that several rumours have been floating around and he would like the position clarified.

The Hon. G.F. Keneally: Many years ago there was a fear that the Highways Department depot at Crystal Brook would be transferred to Port Augusta. I still have most of Port Pirie and Port Augusta in my electorate, so I have a personal interest in the question. I have just approved the construction of new Highways Department operational headquarters at Crystal Brook. It would be better to describe the work as

modification of the existing Highways Department regional office at Crystal Brook. Not only will the depot remain but we will build a new office to give the workers better conditions under which to operate.

Mr TYLER: Last year I expressed concern about Flagstaff Road once the road link between Black and Chandlers Hill Roads—to be known as Happy Valley Drive—was completed. I note that it is now open and I have driven along it a couple of times during the past week. It is a superb facility and I place on record my appreciation to the Highways Department and the people who worked on the project. Last year I raised a concern about the likely impact on Flagstaff Road, and I suggested that reversible flow lanes could operate on that road. On page 46, under the capital works program for this year, the Highways Department proposes to spend \$500 000 on Flagstaff Road, stage 1. I assume that much of that expenditure will be on the South Road/Flagstaff Road intersection and I imagine that most of it will complement the reverse flow proposal. What development work is proposed for stage 1 of the project?

Mr Payze: The Flagstaff Road project has been divided into two separate sections: the lower section between South Road and Bonneyview Road, and the upper section between Bonneyview Road and Black Road. The \$500 000 shown in the capital works program is an estimate of the cost of the works associated with implementing the reverse flow operations and extensive road widening associated with a new lane arrangement at the intersection of Flagstaff and South Roads.

The benefits to be gained from reverse flow have yet to be proven. We intend to undertake a trial commencing early next month to gauge the likely benefits that could ensue from such an operation. If the trial is successful, we will certainly proceed with the works required to implement a permanent solution. So the \$509 000 expenditure relates to the more permanent operation, including the road widening and lane rearrangement at the South Road intersection. With respect to the upper section from Bonneyview Road to Black Road, we have engaged a consultant to undertake a preliminary design of the various options that we see as being feasible for that section. When we have tested those options we intend to call for public comment before making a more formal recommendation to the Government on which option should be adopted permanently.

Mr TYLER: I understand that Tuesday 11 October is the date we have set down for the commencement of reversible flow lanes. I take on board the comment made that it is a trial period and needs to be fully assessed. Most people in the area anticipate that it will free the traffic on that road but, as the Commissioner said, it remains to be seen. My next question relates to the advice the department received from the Public Accounts Committee, which recommended in 1986 that 'far greater emphasis would have to be given in the future to road maintenance and, therefore, swing the whole emphasis away from road construction.' Is that the attitude that led the department to produce after much consultation, I am told, the document entitled 'Strategy for Improvement of Unsealed Rural Arterial Roads'?

The Hon. G.F. Keneally: The two questions are unrelated, and I will ask the Commissioner of Highways to enlarge on what I am about to say. The Highways Department, as with other Government departments, has become increasingly aware of the importance of maintaining the existing asset and that there needs to be a move away from new construction work into maintaining the existing assets; otherwise within a short span of years our total infrastructure could break down. That is a possibility in terms of our road system, which, despite some of the more recent criticisms,

I would argue is still the best quality road system of any State in Australia.

That is not to say that we should not maintain the asset, and we will do so. The work of the Public Accounts Committee was very much in line with the consideration of the Highways Department. However, I believe that the Public Accounts Committee has acted as a catalyst for the Government. It was a good report and the Government has taken account of it along with the report of the Task Force on Asset Maintenance, which came to similar conclusions. The strategy on rural roads has been developed by the Highways Department in response to the reduction in resources that are available to the department to provide road construction programs and maintenance throughout the full network of State roads.

As a result of the relative priorities of country roads as against the more heavily trafficked roads in the metropolitan area, country communities felt that they were not getting adequate funds and that the funds going to country roads in some respects were not going to the appropriate roads. This was the view of many country councils. The Highways Department and the Government were concerned that a number of unsealed rural arterials were not high enough on the priority list to warrant sealing, and annually we were receiving requests from local authorities and other people for the sealing of unsealed highways such as the Morgan to Burra road, the Burra to Spalding road, the Orroroo to Hawker road, the Kimba to Cleve road and the Lock to Elliston road.

Most of those roads, incidentally, are in the electorate of the member for Eyre. We sympathise with him and acknowledge that there is a problem, but the amount of traffic on those roads is very low and we are monitoring it carefully. We wanted to be able to show the councils of South Australia that we did have a strategy; that that strategy was designed to complete roads that had been substantially sealed before moving resources to roads which were not substantially sealed; and that we would then seal the remaining roads in accordance with their priority in terms of economy and traffic. The country councils acknowledged that, for the first time, they had some idea of the Highways Department's policy. Although they did not always agree with the priority given to their roads, they appreciated that they had some idea of what the Highways Department was doing. Both the asset replacement program and the rural road strategy involved important decisions in their own right, but the two are not related.

Mr INGERSON: In relation to the last question as to the strategy for country roads, how far back is that strategy now being put?

The Hon. G.F. Keneally: The strategy is current. Is the honourable member asking whether any funding will be provided for rural roads? In a visit to Eyre Peninsula 12 to 18 months ago, I said that I did not believe that the funds would be available for sealing those major rural arterials within something like 10 or 20 years, and I do not believe that the situation has changed. It would change only if the nature of the traffic changed. As Minister, I am prepared to concede that there has been a gradual build-up in the traffic on the Orroroo to Hawker road, which is an important link not only for tourism but also in commercial terms.

There is an increasing tendency for interstate traffic to use the Morgan to Burra road link but, even allowing for that, the actual figures are still very low. The Highways Department is improving those roads as major unsealed arterials by improving the corners and addressing areas that are subject to flooding. As a result, the department is insur-

ing that an all-weather road is available, but we are some way off being able to provide funds for sealing.

Mr Payze: In terms of the unsealed rural arterials, the length of unsealed road about which we are speaking in incorporated areas or areas within local government jurisdiction is 486 kilometres, compared to 8 218 kilometres of sealed rural arterial road. In terms of a travel dimension, it is fair to say that three-quarters of travel is on the 8 218 kilometres of sealed arterial roads. The traffic volume on those roads to which we are referring varies between 50 vehicles a day on the middle of the Elliston to Lock road link, with the volumes being slightly higher on the two extremes of the link, to 400 vehicles a day on the Mount Crawford to Mount Pleasant unsealed road link. The estimated cost to complete the sealing of the 486 kilometres of road is about \$100 million and, when one works that out in terms of the benefits to be gained from such an expenditure, I think it is fair to say that the priority to maintain the sealed road asset is far greater than sealing most of the unsealed arterial roads.

However, provisions have been made in our current schedule of works to make some very marginal inroads into that problem. About \$200 000 has been set aside to seal small sections of the Mount Crawford to Mount Pleasant road link, and other smaller provisions have been made for roads where work prior to the completion of that strategy was such that sealing maintained the work that had already been done in terms of preparing that road formation.

Mr INGERSON: When will the Highways Act review be presented?

The Hon. G.F. Keneally: Work is continuing on the Highways Act. The honourable member would be aware that one of the key people in the preparation of the Highways Act was the late Mr Knight, whose illness and tragic death has delayed the completion of the work. The new Commissioner of Highways is now having some input into that review, which is still a matter of priority. I cannot provide a definite date, but it will be as soon as possible.

Mr INGERSON: In relation to the North-East Busway, has the contract now been finalised for the Grand Junction to Smart Roads section and, if so, at what cost and what is the reason for the delay?

The Hon. G.F. Keneally: Negotiations are still continuing with the contractor. I will advise the honourable member of the details of that as soon as I have them available.

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

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

Minister of Transport, Miscellaneous, \$120 440 000;
Works and Services—State Transport Authority,
\$6 350 000

Chairman:

The Hon. T. M. McRae

Members:

The Hon. T. Chapman

Mr T.R. Groom

Mr G.A. Ingerston

Mr J.K.G. Oswald

The Hon. R.G. Payne

Mr P.B. Tyler

Witness:

The Hon. G.F. Keneally, Minister of Transport.

Departmental Advisers:

Mr J.V. Brown, General Manager, State Transport Authority.

Mr J. Rump, Chairman.

Mr I. Fitzgerald, Finance Manager.

Mr G. McLaughlin, Financial Planning Accountant.

The Hon. G.F. Keneally: I will obtain information on the standing question of the member for Bragg in relation to sick leave, sale of land and private number plates on vehicles.

Mr INGERSON: I refer to page 467 of the Auditor-General's Report where a figure of \$6 013 000 has been added to the accounts for reassessment of annual leave, retirement and death gratuities, and workers compensation third party claims. Why was this reassessment necessary, how was it identified as being possibly under-funded and why was it not included under the new Government rules of meeting these debts in the accounts?

The Hon. G.F. Keneally: Mr Fitzgerald will respond to the honourable member's question.

Mr Fitzgerald: During the year a reappraisal of the STA's provisions was undertaken in conjunction with actuarial assistance. The actuarial assistance and our vastly improved information availability from computer systems within the STA and Australian National enabled a complete and more accurate reassessment to be made. The end result was an increase in provisions of \$10.026 million. Of this amount it was determined that \$6.013 million did not relate to expenses in 1987-88, but was an adjustment to what should have been expended in prior financial years. This amount was added to the accumulated deficit in the STA's financial statements. The treatment of the amount of \$6.013 million, in accordance with accounting standards, was subject to scrutiny by the Auditor-General and received his concurrence. The amount of \$4.013 million is part of the net cost of providing services in 1987-88.

The Hon. G.F. Keneally: This is part and parcel of the efforts of the State Transport Authority to show within its accounts all the transactions and amounts that make up the balance sheet. I think it is appropriate that we should do so, and it is for the benefit of Parliament and those people who want to view the STA accounts that this full information has been provided.

Mr INGERSON: I support that comment. It is good to see that all these things are being brought into the open. The department has increased its accumulated shortage, and at some stage the Government will have to fund that or make a decision to write it off. It has increased that line and that is of concern to me.

My next question relates to borrowings from SAFA. I refer to an increase by \$10.3 million to \$187.92 million last year. What is the expected increase for the year 1988-89 and what effect will this have on the proposed deficit for that year?

The Hon. G.F. Keneally: Additional borrowings this financial year will be \$6.350 million which will increase our interest debt by \$700 000 annually. This is probably the lowest net borrowing within the STA for the past five years. It reflects a number of matters: the better financial performance of the authority, the accrual accounting system and the fact that the authority has been provided by the Treasury with funding for non-cash items, which has allowed the authority to reduce its borrowings. That in turn, reduces the interest burden. It has been an advantage to the authority for the Treasury to approach its accounts in this way.

Mr INGERSON: What does the Government intend to do about the accumulated shortage of \$69 million, because

that is a significant and important factor in the future costs of the STA, particularly in relation to interest levels?

Mr Fitzgerald: The accumulated shortage shown in the accounts as at 30 June 1987 of some \$55 million, which is a significant part of the figure referred to by the honourable member, was caused by the introduction of full accrual accounting at the commencement of the 1986-87 financial year. The expenses currently funded in the recurrent budget reflect only the expenses for that year. The figure of \$55 million, which is further increased by \$6 million, involves a lot of long service leave. We will be having discussions with the Treasury in the next two or three months as to whether that will be funded by eliminating that sum of money from our borrowings or by making some other financial arrangement.

Mr TYLER: What is the timetable for the draft STA business plan and what does the Minister anticipate that this plan will achieve? I assume that he will be looking at the area of operating costs of the authority. By how much does the Minister hope that this plan will reduce those operating costs?

The Hon. G.F. Keneally: Certainly, the business plan is designed to reduce the operating costs, and also the capital or the ownership costs, of the State Transport Authority. From last year, in five years time the accounts of the authority will show a subsidy in real terms the same as it was in 1987. For the first 12 months following the preparation of the business plan we have an indication that the authority has taken the necessary steps to meet the proposed timetable. However, the business plan is currently out for public comment. We are particularly concerned that the industrial organisations respond positively to it. It is vital that they understand the importance of the business plan to the future viability of the authority. It is very important to get costs down so that we can move to an efficient and effective public transport authority. We can only begin to move in the area of effectiveness if we have a good grip on the costs of operation of the STA. Unfortunately, for many years the cost of the STA had escalated.

I am pleased to advise the Committee once again that in the past two years, and certainly in the next financial year, there will be significant reductions in real terms in the operating expenses of the authority. In comparing the 1982-83 financial year figures with those for the 1988-89 financial year, in real terms there has been a reduction of 1 per cent in operating costs. We are also very anxious to have consumers participate in the public discussion period, and we are also interested to have local government as well as other interested bodies respond to the discussion period for the business plan. At this stage we have had initial discussions, particularly with the unions, and I now anticipate that we will receive considered responses from them. To this stage, no such response has been received.

The draft plan included eight proposals to reduce the net cost of the operation. The first involves greater flexibility of peak bus service delivery. The STA has already moved in this direction, and the business plan takes it further. It is taking advantage of the train system strength, involving a commitment to the continuation of the rail service as part of the modal systems that the authority operates. The next point involves increased and more equitable user contribution to costs. This recognises that in South Australia we have, if not the lowest, certainly one of the lowest fare cost structures in Australia. This is largely because of the very significant concessions available to people entitled to them. Next there is streamlined passenger boarding and, of course, part of the Crouzet ticketing system will enable us to do that. We need agreement from the appropriate unions to

achieve those streamlined boarding procedures, which would result in significant savings.

The next proposal involves allocating vehicles to depots to minimise unproductive time. Under this system the depots themselves would, in a sense, own their route systems. This could have significant benefit. The next involves extensive use of part-time employment and multi-skilling. As part of the 4 per cent national wage proposal, an agreement was reached whereby part-time employment and multi-skilling options would be looked at. As to the next proposal, concerning the control of overhead costs, the authority has already gone a long way down the track of reducing overhead costs, both in the engineering section and, equally importantly, in the administrative section, and improving return from capital expenditure. The most significant increase over the past few years has been in relation to ownership.

As I pointed out just recently in the House, the two most significant capital expenditures were for the O-Bahn and the signalling equipment. As I reported then, these were both initiatives of the previous Liberal Government. I agree with them, but, whilst necessary to provide better and safer transport for commuters in Adelaide, they are expensive and must be paid for. Whilst we all take some pleasure in the benefits that these two initiatives bring to South Australian commuters, we must also acknowledge that they are expensive and that we must service the capital involved. The business plan is important to the STA's future viability and its capacity to provide the level of service that we all want.

Mr TYLER: I appreciate the Minister's reply, and I sympathise with the STA, which certainly plays a major role in our community with the delivery of transport services. I understand some of the structural changes and pressures on the STA. Rapidly growing areas such as those that I represent, in the outer metropolitan area, have contributed to the headaches, because it is true that, whilst concessional travel patronage has risen, the number of full fare paying passengers has declined and also peak patronage has increased, with greater demands for peak services from the outer areas—and those services are the most expensive to run. So, I understand some of the structural changes which are occurring and which have come about due to the sprawling nature of Adelaide. I do not want the Minister to anticipate the contents of the Fielding report, but will the Minister briefly comment on the role of that report in recommending some of the structural changes that might occur in Adelaide in the 1990s and beyond?

The Hon. G.F. Keneally: I cannot preempt the findings of Professor Fielding, but that important study should be available within a few weeks. I must clearly distinguish between the task of the business plan and the Fielding report. The business plan deals with the STA as it is today and is designed to reduce the operating and capital costs of the STA to make it a more financially efficient organisation. It would then free up space for it to be able to provide a more effective level of service in areas where that can still be achieved. I should have said earlier that I believe that the State Transport Authority is one of the success stories of the Bannon Government.

This is evident to anyone who takes off their political hat and looks at the accounts of the State Transport Authority and who understands the improvement in the authority's performance and its reduction in the draw on taxpayers' funds. This has been brought about by its taking many hard decisions, and making the right decisions not only to improve the quality of its capital stock but also to put services where they are most required, and by doing so having to reduce services where demand does not warrant such services. Such

decisions are always very difficult for the authority to make and for the Minister to support.

However, I do not think that either the authority or the Minister should shirk that responsibility because, after all, we are providing a service to the community at taxpayer expense and we owe it to the taxpayer to do that as efficiently and economically as we can.

I believe that the State Transport Authority is one body that has really met the stringent financial constraints placed upon agencies in the past few years, and it has done it very well. The Fielding report sets out to recommend opportunities or strategies that Governments may be able to follow after the business plan period in some four years and certainly in the mid 1990s and into the 21st century. With all the transport studies that we have had in South Australia (and I believe that all of those studies were appropriate in the sense of their timing and the issues that were involved at the time), what we have not had is a study that recommends a strategy that looks ahead. The Fielding report is designed to do that and, until it is available to the Government, I am not able to contemplate what it will contain. I certainly expect that it will provide the basis for policy decision making for many years to come.

Mr TYLER: I understand completely the difference between the Fielding report and the business plan. The business plan is a great initiative for which the Minister and the STA ought to be congratulated. I am sure that it will address the problems outlined by the Minister. As I understand it, the Fielding report is designed to address some of the structural changes that are occurring now and will continue to occur into the future, especially towards the end of this century.

I note that recently the Opposition has been less critical of the Crouzet ticketing system. Following its introduction there were quite a few bleeps in the system, but recently the Opposition has been fairly silent. Perhaps that indicates that some of the teething problems which accompanied the introduction of the system have now been sorted out. Can the Minister indicate what the fare box revenue from Crouzet has been compared with the original budget for 1987-88?

The Hon. G.F. Keneally: The fare box revenue as against the budget is almost lineball; in fact, I think it was about 0.4 per cent less than the budgeted figure. That is a fairly significant performance when one realises that it has taken longer than anticipated for the Crouzet system to settle in. As the honourable member said, there is no doubt that considerable difficulties accompanied the introduction of the Crouzet system and, as a result, significant revenue was lost. While that revenue loss was anticipated, it lasted longer than we expected. That means that over 12 months revenue increased to bring the final figure in line with that which was budgeted. I will ask the General Manager to comment shortly, but it seems likely that most of the early problems related to a poor batch of tickets rather than a breakdown in the system or problems with the hardware or software.

Mr Brown: The authority anticipated technical problems with the system even before it was introduced because a major logistics problem was involved. A total of 1 500 or 1 600 pieces of electronic equipment were to be introduced into a fleet of about 800 or 900 vehicles—bus, train and tram. We were geared to handle those technical problems but we did not anticipate the delivery of a batch of what proved to be faulty tickets from a subcontractor to Crouzet.

Those tickets were sourced from West Germany. When those tickets arrived, we assumed that they would work just like the first batch of tickets. History now tells us that that was not the case. The problems that arose did not give us the opportunity to identify the underlying technical prob-

lems with the mechanical and electronic equipment that made up the 1 500 or 1 600 pieces of the system.

As I reported to the Auditor-General, if we had not received that batch of faulty tickets, we would not have had the same level of criticism about the system and there would not have been the same level of inconvenience for the travelling public. The system itself was and is technically sound, and the problems that arose which were the subject of criticism can be directly related to that batch of tickets supplied to the STA. There were about 10 million tickets in that batch—as we say, a jumbo load of tickets. If those tickets had not been in the system, we would have identified the technical problems and dealt with them in the normal way. We were geared to do that, but the technical problems were hidden by the problem with the tickets. Crouzet covered the cost of those tickets so there was no cost to the authority, but it was an inconvenience to both the authority and our patrons.

Mr TYLER: As a supplementary question, what progress has been made with respect to the introduction of the ticket vending machine?

The Hon. G.F. Keneally: We have had a mixed response to the question of vending machines, particularly within the industrial organisations. There is a willingness to move to vending machines within the community. Vending machines are commonplace in other parts of Australia. I am confident that we will be able to introduce vending machines but, as all members would understand, vending machines have industrial connotations. So we will seek the support of industrial organisations in conjunction with their introduction rather than risk a confrontation and accordingly put at risk, albeit for a short time, the reliability of the system.

It is important to understand that part of the 4 per cent agreement included the introduction of vending machines at locations such as northern Elizabeth/Gawler, Noarlunga/Glenelg and the busway. We do not have agreement to put vending machines in the Adelaide Railway Station, but we are working on that and I believe we will be successful.

Mr INGERSON: Page 465 of the Auditor-General's Report states that he had difficulty in identifying the modification costs of the Crouzet system. Mr Fitzgerald said that we have an excellent computing system in the STA which enables it to clearly identify many of its costs. I find it surprising that we are not able to accurately identify the modification costs and that the Auditor-General should make that comment. I understand that costs relating to the separate divisions within the STA are easily apportioned by the computer system. It is interesting that important modification costs cannot be identified.

The Hon. G.F. Keneally: I understand that the authority can identify those costs, and I will ask the General Manager to do so.

Mr Brown: The authority does not keep account of every hour, half hour or day that individual staff members spend on every facet of the authority's operations. If the authority had anticipated the degree of problems with the tickets, it would have set up a system to monitor the time and level of involvement required to resolve the problem. Our accounts system is excellent, but no organisation operates on the basis of allocating administrative time to the resolution of such problems. Accordingly, the Auditor-General was not able to dissect from our accounts the costs incurred by the authority in working with Crouzet to resolve the issues that arose between September and December last year. We cannot identify those costs exactly.

The Hon. G.F. Keneally: My advice to the Committee that we could identify the costs was incorrect and the Auditor-General's Report is correct.

Mr Brown: The Auditor-General did not express any dissatisfaction with the fact that he could not identify those costs but simply highlighted the fact.

Mr INGERSON: I find that staggering because the STA accounts for—supposedly accurately—all of its train and rail services along with administrative costs, and almost nothing is left out. I turn now to the Crouzet system and its operating cost of about \$4 million a year. What was the operating cost of the old system and how can he justify the statement that we would save about \$1 million a year with the new system?

The Hon. G.F. Keneally: The Crouzet system will improve the managerial information area and the capacity of the authority to schedule and manage its services more efficiently. They will be long-term benefits. That has always been the case. Certainly, immediately the system changed there was a saving of \$1 million with respect to the detection of fraud. The honourable member is right to ask about the costs of the old system. I point out that they were considerable because the system broke down frequently.

A workshop was dedicated exclusively to repairing the machines, the old machines, and often they had to be replaced at significant cost. At the time we were asked why we did not purchase the Western Australian technology, as did the New South Wales Transport Authority. Those who asked that question are now silent because New South Wales has found that the Western Australian system does not provide either the quality of service or the backup information required. I would not be surprised if the Western Australian authority purchased new ticketing equipment. I am not saying that it will necessarily purchase the Crouzet system, as did the Tasmanian and South Australian Governments, but it will be looking for ticketing equipment with many, if not all, of the benefits offered by Crouzet. Not too many options are available.

There is a saving of \$1 million with respect to fraud detection and \$1.9 million has been absorbed, with long-term benefits, within the operation. An amount of \$1.1 million is estimated to be much less than the cost of supporting and maintaining the old system, the full cost of which is not available. Benefits that will accrue as a result of the implementation of the Crouzet system include savings on maintenance of the old system. The old system was at the end of its useful life and needed to be replaced, whether by Crouzet or some other system. Other benefits include the faster loading of vehicles; the ability to reduce the on-board sales of tickets; the ability to make savings by fine tuning the STA's operation as a result of vastly improved data from the Crouzet system; and the ability to improve security at a cost close to \$2 million by utilising Crouzet and in-house technology compared with \$10 million for an off-the-shelf security system.

We do not, therefore, have all the benefits that system can provide now in September 1988, but over the life of the system it will more than repay itself in benefits to the authority and to the taxpayers. The performance indicators coming out of the Crouzet system are invaluable in helping the authority to operate its service more efficiently.

Mr INGERSON: It is intriguing that we have replaced a \$1 million system with a \$4 million system and that those \$4 million costs will go on and on. I am intrigued with the whole system. Also in relation to the Auditor-General's Report, at page 466 the Auditor-General states that problems were encountered with the supplier. What were the problems?

The Hon. G.F. Keneally: I will ask the Chairman or the General Manager to respond to that, but the General Man-

ager has already canvassed some of the problems which confronted us in relation to the defective batch of tickets.

Mr INGERSON: It is not only the tickets: there are other problems.

The Hon. G.F. Keneally: I will ask the Chairman or General Manager to respond to that, but before doing so I want to answer briefly the almost throw-away line of the member for Bragg when he said that we have replaced a \$1.1 million system with a \$4 million system. The honourable member has conveniently overlooked the answer I just gave to the Committee. There was a minimum cost of \$1.1 million under the old system. We suspect that it was more, although we do not have accurate costings, and that is one way in which the STA is better placed today than it was then. The Crouzet system has contributed to that. So it was more than \$1.1 million: the fraud was at least \$1 million, and we have reason to suspect it was substantially more than that.

We are not saying that we have solved it completely. There are always attempts to defraud a system, but we have significantly reduced the opportunity for people to defraud the taxpayer and the authority. I think that that ought to be applauded. In addition, there are management benefits coming out of the Crouzet system that enable decisions to be made which result in the system operating at a much lower cost to the taxpayer. The proof of all this is in the accounts. Criticism of the STA by selectively quoting instances which seem to support the criticism but which on closer study do not ignore reality and can present a picture of the STA that is designed to do nothing more than reflect badly on it. Too many people are doing that.

It is an easy exercise in South Australia to rubbish the STA: it is an easy mark, particularly for the media, which accepts that it is an easy mark. Editorials talk about the 'struggling STA' or the 'trouble-racked STA' when, in fact, if someone looks at the STA's performance industrially in the past 12 months, he would find that, to the best of my knowledge, not one day has been lost through industrial strife in the past 12 months. We do not hear that trumpeted through the media. We do not hear people trumpeting that the STA has significantly reduced by 1 per cent in real terms its operational budget in the past five years.

It costs 1 per cent less today to operate the STA than it did in 1982-83. We do not hear that trumpeted around the place. There has been significant improvement in the operation of the authority, and that is ignored because people want to quote selectively. Having said that, I will now allow either the Chairman or the General Manager to respond to the honourable member's question about the difficulties we have had with the supplier.

Mr Rump: We have had difficulties with Crouzet, and we were disappointed that it did not perform better than it did. By the same token, there were problems about which Crouzet did warn us. We make no secret of the fact that we have a very complex system, because onboard validating on trains involves a difficulty that is not experienced in many other parts of the world where tickets are validated going through railway stations and not on board vehicles. Notwithstanding that, we believe that we have now ironed out most of the difficulties, and Crouzet has responded to our complaints.

Only time will tell, but it is probably true to say that we think the fraud was much greater than originally estimated. We will know when the results come through in the next 12 months to two years. We know that schoolchildren are still trying to beat the system, as are probably some others, but we now have the ability finally to impose a traffic infringement notice, even though it is only \$20. We will

now be able to take some positive action whereas in the past we had to back off from any action because we could not impose a penalty.

The other side of the coin is that, although we met our targeted figures within .4 of 1 per cent, if the fraud was greater it is possible that we recouped more in that area and lost a little more in the teething troubles. If that was the case, it was a once-off thing which happened. As I say, we believe that there may be a few surprises when we see our results over time, because we are now starting to get out the data. We will eliminate the areas of fraud. As we find these inventive children and others (it is not always children), we will take steps to correct the problems and overcome the difficulty. I think we will finish up with a system with which everyone will be very pleased.

Mr Brown: We could not have done it with the old system.

The Hon. R.G. PAYNE: I have a degree of concern as to an item on page 465, of the Auditor-General's Report, where I note, after the opening statement by the Auditor-General, that interest on loans increased by \$4.3 million to \$24.9 million, representing 13.5 per cent of the cost of providing services. I think that all members of the Committee would agree that that is quite a difficult scene to be facing. Would the Minister care to amplify that statement? I have not even canvassed whether an LRT would be better than a concrete caisson or whatever. I think in the circumstances I am being very fair, and I look forward to anything the Minister has to say in this area.

The Hon. G.F. Keneally: The increase of \$4.3 million in interest relates to the capital works program which has to be funded by the authority. As I said earlier, the two major capital cost areas are currently the completion of the O-Bahn and the introduction of the signalling equipment. So, it is the increase in the servicing of capital or ownership costs, as we call them, which runs counter to the efforts of the authority to reduce its operating costs which, in total, have in recent years disguised, if you wish, the real improvement in performance by the authority.

In answer to the previous question, I think I mentioned that, if the past five years were compared in constant dollars, in operational terms there would be a reduction of 1 per cent. If one looks at the total accounts over the past three years and takes into consideration the financial year 1988-89, when one combines operating and ownership costs, there will be a reduction in real terms of 4.3 per cent. All indicators are good, and it is quite clear that the authority has both its capital and operating costs well and truly under control. That is not to say that there may not be a need for further capital expenditures. We are certainly interested in more diesel electric rail cars and there will always be a need for capital expenditure. However, the accounts are in such a condition as to ensure that those capital expenses are not likely to place them in the very difficult situation that they were in a year or two ago.

Using 1987-88 constant dollars, if one compares the performance of the STA with the CPI, one sees that in the 1988-89 budget, where we have anticipated that the CPI would be 6 per cent, the operational costs will increase by 3.4 per cent and the ownership costs by about 8.2 per cent; this will mean a total increase of 4.5 per cent, which is less than the inflation rate. In 1987-88, when the CPI was 6.7 per cent, the operating costs increased by 5.4 per cent and ownership costs by 13.6 per cent, with a total 7.2 per cent increase overall. In 1986-87 the inflation rate was 9.2 per cent, and operating costs increased by 3.4 per cent.

I would like members to understand the rather dramatic improvement in operational costs. During that same year

ownership costs amounted to 29.1 per cent and the total increase was 8.1 per cent, less than the inflation rate. That trend will be continued and I think that, rather than criticising the STA, it should be commended. It should be acknowledged that, when compared with other transport authorities around Australia that are looking at overruns of some billions of dollars, the STA is unique. I would welcome those people of goodwill towards the authority to acknowledge its performance.

The Hon. R.G. PAYNE: Being a fair person, I acknowledge the performance of the STA as outlined by the Minister. Page 240 of the Program Estimates contains a line designated 'Executive, professional, technical, administrative and clerical support'. The proposed change for recurrent expenditure probably relates to salary movements over that period of time. In relation to recurrent expenditure, the amount spent has increased from \$62.172 million actual in 1988 to \$63.977 million, proposed in 1988-89. The proposed capital expenditure during 1987-88 was \$1.353 million, and \$2.244 million was actually spent. However, the proposed capital expenditure for 1988-89 is only \$791 000. What is the reason for that rather dramatic change?

The Hon. G.F. Keneally: We would prefer to take that question on notice and to provide a detailed response.

The Hon. R.G. PAYNE: Page 465 of the Auditor-General's Report states:

Long-term borrowings from SAFA increased by \$10.3 million to \$187.9 million. No repayments of principal were required by SAFA during the year. The impact has been to increase interest payments.

Has that circumstance been taken into account by the authority and has it been satisfactorily absorbed?

Mr Fitzgerald: The additional interest payments of \$4.3 million between 1986-87 and 1987-88 were fully allowed for in our budget. It is interesting to note that in the 1987-88 financial year the capital program was about \$39.7 million and, because it was the first full year of the introduction of the full funding of the non-cash items as previously referred to by the Minister, the net borrowings were only \$10.3 million. The \$4.3 million additional interest might appear to be a little out of line with the \$10.3 million borrowings, and the reasons for that are threefold: first, the interest rates from SAFA increased during the year; secondly, the additional borrowings which are referred to caused additional costs; and, thirdly, and most importantly, we had a full year effect of the additional borrowings, which were very significant indeed in the 1986-87 financial year. These are normal commercial arrangements which SAFA has with any statutory authority or Government agency, and it is still very much afloat.

Mr OSWALD: I refer to the capital works program. Some money has been set aside for the expansion and reconstruction of and improvements to various depots, one of which is the Hackney Bus Depot. What is the future of the Hackney Bus Depot and what is the future of the Keswick property which the STA bought some time ago?

The Hon. G.F. Keneally: The STA has plans to develop and move into the buildings at Keswick. Part of the Hackney depot will move to Mile End or Keswick and rail infrastructure will also move from Vinegar Hill to Keswick. There will be movement of a number of buses and personnel from Hackney to St Agnes. In the meantime we will have to consolidate the Hackney depot in order to give back to the Botanic Gardens that area currently used as a car park so that we can better structure the moves to St Agnes and Keswick.

The Hon. R.G. PAYNE: What is the proposed date for the move from Hackney?

The Hon. G.F. Keneally: I will ask the Chairman to respond in further detail.

Mr Rump: The program calls for reducing the size of the Hackney depot in the short-term with ultimately complete removal of operations from that site. Out of the capital allowance a figure of \$500 000 will be used to fund consolidation of the site to enhance the area available for the tropical conservatory. Part of our operation was moved to enable that to be built. In about 12 months we will move out of the temporary car park that was built in Botanic Park. It is proposed that in July or August next year we will vacate that site. The buses will move to St Agnes and the subsequent reduction in operations from Hackney will enable the temporary car park to be released, in addition to another small area—and I discussed this last week with officers of the Botanic Gardens—to enable the new sculpture, which has been donated and which is currently on exhibition at the Queensland expo, to be located south of the tropical conservatory.

As the Minister said, Mile End will be used partly for rail operations, which will enable us to reduce the maintenance area currently occupied at Vinegar Hill and the Adelaide yard. We are currently involved in surveying our operational requirements to decide how many buses should be relocated to Mile End. Some of these buses may be relocated to other depots. The time frame for the ultimate removal from Hackney will be subject to financial constraints, but my personal view is that, subject to funding, it will take three to four years to build the requirements at Mile End. Part of the area will be released during the next 12 months. Some of the Adelaide yard will be converted into parklands. That will occur once the ASER development is tidied up and more land west of the Morphett Street bridge can be made available for conversion to parklands.

Mr OSWALD: I refer to page 242 of the Program Estimates and the broad objective to 'reduce services where demand does not justify retention, so releasing resources for use elsewhere'. My mind goes straight to the evening bus service that are used by very few people. I also refer to the draft business plan where no mention is made of the use of the private sector. When Professor Fielding was giving lectures, on every occasion I heard him speak he brought up the matter of the use of private sector transport at night—in particular, taxis. How has the Minister received that idea and how well received has it been by the hierarchy of the STA? I believe that it has a fair amount of logic and would give the Government an opportunity to use a very efficient part of the private sector part of its business plan for the running of the STA.

The Hon. G.F. Keneally: The Government has no intention to privatise the STA's services. I am aware of some of the opportunities canvassed by Professor Fielding. He was given a brief to look at the total metropolitan Adelaide transport scene—not just the STA, but taxis and private buses as well. In that context he suggested utilising the private sector to supplement the STA. That suggestion needs to be put into the context of whether or not there is a role for the private sector as there is in Sydney and Melbourne where it is part of an expanded public transport system. That matter may be addressed by some future Government. This Government has no intention of going down that track within the existing STA service area. If you move outside that area and services need to be provided, they can be looked at in the context of cost and efficiency. There is no reason why the authority ought not to be able to provide those services as effectively and economically as can other providers, particularly if it is able to continue to reduce the

cost of its operations as it has shown over the past two or three years that it has the capacity to do.

I am well aware of the concept of using taxis, particularly in late night periods, to replace bus services. That concept has been discussed with me by the Taxi Cab Board for obvious reasons. The Chairman of the board will look at the best utilisation of the taxi fleet in Adelaide and I have no problem with his doing so. I also have no problem with his talking to the STA about such matters, but ultimately that decision lies with the Government. It is a matter that I have not brought forward to Government and I do not intend to do so.

Outside the service area of the STA innovative methods of providing public transport can be looked at. However, I am not privy to what Professor Fielding will recommend in his report. I prefer not to speculate, but to wait for his report to be made available and consider it on its merits. I do not think that it contributes to the public transit discussion to anticipate recommendations that may or may not occur.

I am not saying that what the honourable member suggests is an initiative that has not been tried elsewhere. I am aware that it has been tried elsewhere with varying degrees of success. There are some cities in the US where it works; there are some where it does not. It tends to work more effectively where people have a great concern about late night personal security. As an addition to the transport infrastructure, people in some cities of North America prefer taxis because they feel more secure. There would need to be considerable change in Adelaide before I as Minister would recommend that as an initiative.

Mr OSWALD: Surely the transport economics area perhaps in the Department of Transport has done an exercise of costing the proposal to use taxis at night rather than run STA buses empty.

The Hon. G.F. Keneally: Studies have been undertaken on this matter in the past. One of the difficulties is that we already have the buses and the people employed. I understand that the added cost of running those buses for the last few hours of the normal schedule is not so extensive as to make the taxi option economically attractive.

Mr INGERSON interjecting:

The Hon. G.F. Keneally: I am not aware of that figure, but I am aware that studies have been done. It is certainly cheaper, but not sufficiently cheaper to warrant the change in the nature of the service being provided. The STA would have to charter those taxis and provide the subsidy to them and so significant costs would still be involved. It is not as though by providing the taxis we would be able to provide the service without requiring subsidies. The experience of the authority and the Government in the past in running services in conjunction with private services has been that the private sector has increasingly demanded higher subsidies to provide a service. The results of that in relation to private bus services has been that, inevitably, the Government has been required, by request in the overwhelming number of cases, to take over those services. I am not saying that the experience of the past would necessarily be reflected in future. However, this matter has been discussed. I can assure the honourable member that it is not my intention to recommend to Government that we replace existing bus services with taxis.

A suggestion has been made that where services do not exist at all the authority could provide services through the use of taxis. That is a completely different question because we would not be replacing buses with taxis but simply using taxis where services did not previously exist. While I am aware of that suggestion, I do not have the information

before me that would encourage me to support that proposition, either.

Mr INGERSON: I now refer to page 475 of the Auditor-General's Report. First, I point out that in looking at the income figures for the past three or four years, one could have predicted, reasonably accurately, the sort of income that has been received. In the past three or four years it has been about \$4 million a year. The Government did not really need a new system to predict that. I just make that comment initially. I am more interested in the fact that this is the first time in the past three or four years that no customer traffic figures have been provided in the Auditor-General's Report. Why could we not accurately predict the number of customer journeys that have been made? Historically those figures have been included in the Auditor-General's Report and, whilst I recognise that such figures are guesstimates, they have been guesstimates within some consistent guidelines, using similar practices. Why have those figures been omitted from the Auditor-General's Report?

The Hon. G.F. Keneally: The Auditor-General decides what he puts in his report. That information was provided, but the Auditor-General, for reasons of which I am not aware, did not include it in his report. It is not as though the information was not available. I checked the previous Auditor-General's Reports and, as the honourable member has said, it has been the practice to include patronage figures.

I also want to take up the point that the honourable member has made that in previous years guesstimates have been made as to the total number of journeys and the total number of boardings; more particularly, they were guesstimates when there was no charge at all for concession riders. At that time the authority had to totally estimate the number of boardings and passenger journeys. Even for this 1987-88 year, with the operation of the Crouzet system, because of the difficulties that we had in the initial months of its operation, we do not have accurate figures. In the coming financial year we will have for the first time accurate figures about patronage. From that base we will be in a better position to judge movements in relation to passenger journeys and boardings. It is clear that, while there has been an increase in patronage during peak hours, there has certainly been a decrease in the off-peak or inter-peak hours.

This decrease showed up dramatically in the 1984-85 period, when we put a charge on concessional riders. So, in 1987-88 in total there were 52.8 million journeys. That was 2.5 million fewer than in 1986-87, but the number of boardings—and it is the boardings that determine the number of vehicles that the system has to operate—increased by 2.2 million. So, the number of journeys is down while the number of boardings is up. However, I caution members about making assessments about comparable ridership figures until the system that we now have provides us with more accurate figures. I would think that the figures for 1988-89 should provide us with the base for comparing patronage. However, the information that we have available to us—in the estimates and guesstimates that have been made—indicates that, whilst total boardings are up, total journeys are down. That sort of contradiction indicates the difficulty that we have had over the years in being able accurately to assess what our real patronage figures are.

Just to end on the point I started with, we do not know why the Auditor-General did not include those figures. I suspect that he intended to include them because, in the explanation at the bottom of the graphs, he states:

Passenger journeys as determined by the authority are defined as travel on public transport from origin to destination. They do not take into account passenger transfers.

Whilst you can look at the information obtained as some assessment of what he was getting at, I have the view that the intention was to include it.

Mr INGERSON: That just proves that the drop in patronage of 2.5 million was pretty accurate.

The Hon. G.F. Keneally: Yes. Journeys are down but the boardings are up.

The Hon. R.G. PAYNE: I was interested and intrigued, but not surprised because I have my own feelings about the announcement some 12 months ago about the degree of fraud in relation to tickets, and so on, with respect to travel on the public transport system. It was estimated that \$1 million would be saved as a result of a lowering in the incidence of fraud. Has that prognostication been vindicated, or is the Minister in a position to make any statement at all?

The Hon. G.F. Keneally: It is always very difficult to determine the extent of fraud because you really do not know how extensive it is. There is always a degree of estimation. If you knew the real extent of fraud and the methods used, you could take the necessary action to address it. Certainly, taking into account the loss of revenue that we felt would accrue during the introductory stages of Crouzet, the budget figure for 1987-88 has been realised. We estimated a net gain to revenue of \$1 million as a result of the reduction in fraud. That \$1 million seems to have been realised but, as the Chairman of the board said, if experience shows that we lost more in revenue than anticipated during the implementation of Crouzet, that shows that the reduction in fraud is even greater.

We have to wait another 12 months and be vigilant in the meantime to continue to reduce the incidence of fraud, but, on all of the evidence available to me (and I guess much of that evidence is hearsay from the people who operate the system as much as anything else), nowhere near as much fraud currently exists within the system as there was prior to the change of the ticketing system. I do not believe that we will ever be in a position to provide accurate figures because someone will always work out a system to evade paying the fare on public transport.

The Hon. R.G. PAYNE: I refer to 'Bus and tram services' on page 239 of the Program Estimates. I point out that I have no quarrel with the current expenditure. In 1987-88 it was proposed that \$15 941 000 be expended. In the event, \$13 444 000—which is quite substantially less than the amount proposed—was spent. However, in 1988-89 a substantial increase on actual expenditure is proposed to the order of \$20 098 000. This is quite a jump in the order of more than 50 per cent on what was actually spent last financial year. What is the reason for that increase?

The Hon. G.F. Keneally: I acknowledge that we should have that information available; I undertake to provide it at a later date.

The Hon. R.G. PAYNE: I refer to 'Appropriation from Consolidated Account' and 'Payments of a capital nature' on page 241 of the Program Estimates. The appropriation from consolidated account for 1987-88 was proposed as \$28.915 million. About \$11 million was actually spent—a substantial variation. I note that a change of about 300 per cent is proposed for 1988-89 with \$6.350 million appropriated from consolidated account. If I were the Minister, I would be pleased to be taking so much less from consolidated account. Will the Minister explain this very organised and commendable proposal from the authority to take much less from consolidated account?

The Hon. G.F. Keneally: Yes. I am pleased to be responsible for an authority which is able to reduce in real terms its draw upon consolidated account, as the figures indicate.

I refer to payments of a recurrent nature. As the honourable member was a member of Cabinet when the decision was made, he is aware that the method of funding the authority has changed over the past two years. Previously the authority would be given a budget and at the end of the financial year funds would be made available from Treasury to cover whatever subsidy was required. It is called 'deficit funding'. I tend to disagree with the terminology because it is a subsidy in much the same way as education, health and many other Government facilities are funded. Last year the method was changed and the Treasurer told the authority that a certain amount of money was available to operate the public transport system for the financial year. Agreements or expenditures to be met during the year were to come from the authority's own savings, except any wage increase to be paid out of the round sum.

The authority was able to come in under that target, as the figures indicate. We were given \$116 320 000 and the costs were \$115 615 000. This year the authority has been given \$119 150 000, which is less than \$3 million more than was provided last year. Having regard to inflation, I think it is clear to everyone that the authority has been given a very difficult task to meet that figure, but it is confident that it will meet the budget provided to it, as it has done in every other year. For that it will require tough decisions and some resolution, but I think that there has been evidence that the authority has been prepared to make those decisions and had the resolve to see them through.

In terms of payments of a capital nature, there has been a reduction from the figures proposed for 1987-88 to the outcome of 1987-88 and to the proposed figures for 1988-89. Those changes are significant, and I will ask Mr Fitzgerald to state the reasons for them.

Mr Fitzgerald: The payments of a capital nature area has undergone quite a number of changes as a result of the Public Finance Act, under which Treasury runs the State's finances. In particular, members will notice that the ABRD program shows \$2.425 million, yet the outcome for 1987-88 shows nothing when, in fact, we received over \$7 million. That is included in the \$18.110 million, the very top figure.

The Hon. R.G. PAYNE: Then the question was at least worthwhile, because these figures did not show.

Mr Fitzgerald: Yes. As the Minister was pointing out, at the bottom of the page it shows that our initial target for capital works expenditure was an estimated \$39.7 million. We actually spent only \$35.753 million, and our program for 1988-89 is an anticipated target of \$34.230 million, involving new loan funds only. This shows in the top line as the appropriation of \$6.35 million from the Consolidation Account.

The Hon. R.G. PAYNE: By way of supplementary question I suggest to the Minister that he now come out from underneath his bushel and show his light, because he has been able to work the oracle and draw in a very tight rein on a tight operation, as has been demonstrated by the figures we have been shown.

Mr INGERSON interjecting:

The Hon. G.F. Keneally: I would certainly be prepared to come out from beneath my bushel because, contrary to what Opposition members are now saying, we do not have any trust accounts or hollow logs to draw on.

Mr INGERSON interjecting:

The Hon. R.G. PAYNE: The honourable member has to wait for his actual question, so do not be distracted, Mr Minister.

The Hon. G.F. Keneally: The underlying issue in the honourable member's statement is one with which I wholeheartedly agree. It is a matter of trying to convince those

people who are opinion makers in South Australia that the STA is not a disaster area and has not been a disaster area for a long time if, in fact, it ever was. Public transit systems, by their very nature, confront hundreds of thousands of commuters every day and, if a small percentage of them are unhappy with the service, for whatever reason, then the media and other people are very ready to magnify the numbers of unhappy commuters in such a way as to suggest that the whole system is falling apart. The system in South Australia is not falling apart. The overwhelming majority—99.9 per cent—of commuters are content with the service, although that means that there may still be a significant minority—.1 per cent who may have some concerns.

We will try to ameliorate those concerns. The underlying factor is that the State Transport Authority has achieved quite significant improvements in its performance in recent years and it will continue to do so. Sooner or later the people of South Australia will realise the improvements which have been effected and the benefits which have accrued, particularly to the commuters in Adelaide, through the quality of our system.

Mr INGERSON: As a supplementary question, could you explain the trust accounts?

The Hon. G.F. Keneally: Because the honourable member has again raised the matter of trust accounts, I will ask Mr Fitzgerald to answer that point.

Mr Fitzgerald: The honourable member asked about the meaning of items of a recurrent nature and payments of a capital nature when trust and deposit accounts are referred to. This is a Treasury document and I understand that, in terms of the recurrent payments, they take the revenue that the authority earns from passengers, concessional reimbursements and all other forms of income and then call them trust and deposit accounts. We term those items as revenue which we receive from all those various sources. On the capital nature side, the trust and deposit accounts are the non-cash items for amortisation, depreciation of assets and unexpended provisional type items. We have no hollow logs. The money is turned around and invested in that current year's capital works program.

Mr INGERSON: Page 471 of the Auditor-General's Report states that insurance includes self-insurance; in 1987 it was \$3.3 million and \$7.4 million in 1988. What is the reason for an increase of over 100 per cent in insurance costs?

The Hon. G.F. Keneally: The \$7.472 million consists of workers compensation of \$4.225 million; third party, \$2.313 million; and general insurance, \$934 000. The increase in these accounts is due to increased provisions as a result of an actuarial review which was carried out in 1987-88 on the STA's estimated future liability; that is to accurately reflect the commitments of the authority. This is another example of the STA's insistence to declare accurately all its costs and revenue, so that these figures are available for anybody who wants to study them and understand how the authority operates financially.

Mr INGERSON: I ask this question on behalf of a group of people who are interested in transport in this State. It also relates to page 471 of the Auditor-General's Report, in which it is stated that the cost of public relations has increased from \$94 000 to \$345 000. The group states:

It would be of assistance to us if you could obtain the full cost (production and media) of the recent STA propaganda campaign. I assume they are referring to the campaign in March. As a supplementary question, what are the promotion costs of the business plan?

The Hon. G.F. Keneally: I want to respond briefly to the allegation that the STA was involved in a propaganda cam-

paign, when the figure for the campaign was about \$20 000—which everyone would acknowledge is a modest campaign indeed. In a small way the STA tried to put the facts to the community to counter the negative statements emanating from some Opposition spokespersons and other vested interests in the community that seemed to be designed to reduce confidence in the ability of the STA to do its job. It was in response to that that the STA involved itself in that modest campaign.

Mr Brown: There has been some reorganisation in the administration side of the STA and next year the words 'public relations' will be expressed as 'information services'. For the year 1987 the public relations account shows \$94 000—and that is just for public relations—but those activities have now been amalgamated with the Telephone Information Bureau, the City Information Centre and the concourse information service at the Adelaide Railway Station. These functions, which offer information to the travelling public, have been put together with public relations and the collective cost is \$345 000 on a yearly basis. There are corresponding reductions in other accounts of the authority because of that reorganisation.

Mr INGERSON: What was the actual figure for the campaign? Was it \$20 000?

Mr Rump: It was within a few hundred dollars one way or the other of \$20 000.

Mr INGERSON: How many board meetings are held in a year; how many have not had a quorum in recent times; and what are the reasons for not achieving a quorum?

The Hon. G.F. Keneally: As Minister I have recently filled a vacancy that existed for three months. So, for that period there were fewer than the required number of board members available to attend meetings. The new member of the board is Mr G.K. Gaston, a consultant demographer in Adelaide. I think that he will bring to the board significant skills that will be of advantage to the board and the authority. I will ask the Chairman to respond to the other aspects of the honourable member's question.

Mr Rump: I cannot give the exact number of meetings, but that figure can be provided. We have been meeting fairly regularly on a fortnightly basis. There have been occasions when, because of the delay in an appointment and leave of absence of some members who have gone overseas we have lacked a quorum, but we have subsequently called special meetings to handle any matters which required a decision and which need a quorum in order to be passed. There has been no problem in carrying on the affairs of the authority, but leave of absence has been granted to two members to travel overseas, and being one member short created problems on a few occasions.

Mr TYLER: Why has the STA introduced \$20 transit infringement notices for juveniles aged between 15 and 20 years?

The Hon. G.F. Keneally: In responding to that question, may I add to some of the comments that the Chairman of the State Transport Authority made in response to a question asked earlier. This is an area that has concerned the authority for some time. Most of the offences tend to be committed by people in that age group. Amendments to the Children's Protection and Young Offenders Act have now been proclaimed. They come into operation on 1 September 1988. A period of grace will commence on 3 October 1988, when offenders will be given a warning. Formal commencement will be on 17 October 1988. The expiation fee to be paid for an offence is \$20. The reason why the authority sought these powers is that 61 per cent of all offences are committed by juveniles aged between 15 and 17 years; 77 per cent of all fare related offences are committed by juve-

niles aged between 15 and 17 years, and, of a total of 20 076 offences committed from 30 July 1984 to 31 August 1988, 14 458 were fare related and 11 068 of those were committed by juveniles aged between 15 and 17 years—with some 30 per cent of journeys being made by juveniles. So, the authority needed this power to be able to enforce the regulations in that age group, where hitherto the authority just did not have the power to apply a penalty.

My view is that, if we are able to control the behaviour of a minority of young people, it will result in providing an improved quality of service to all commuters. I think we are all aware that elderly people, in particular, can feel quite threatened by the behaviour of a young and unruly group of people—even if they comprise only a significant minority of all commuters. Thus, this power will provide the authority with the opportunity to better control those commuters who are responsible for the majority of the offences.

Mr TYLER: What progress has been made on the introduction of an emergency radio call system?

The Hon. G.F. Keneally: The objectives of the project were to improve the existing radio system, to create an effective response to an emergency situation for bus and tram drivers, and also to enable a bus or tram to be located within a defined area, without voice communication. On 23 June 1986 the authority approved the retention of Techsearch to develop a pilot system, at a cost of \$35 000. An amount of \$15 000 was also approved to allow for circuits to be added to the Crouzet ticketing system to allow the emergency radio call system to be used to determine the location of a vehicle.

Some progress has been made, of course. By the end of 1987, Techsearch had given simulated demonstrations to the STA and to the appropriate unions. Arrangements are now being made to construct a working model. Tenders have been called to provide a prototype of equipment to meet the needs of the STA. It is expected that tenders will be called for the production of equipment later this year. The estimated cost of equipping the bus and tram fleet with the emergency radio call system is \$2 million; that has to be compared to the preliminary estimate of \$12 million, or so, for independent radio based security systems, such as the AVM system that is used in Melbourne. The authority has plans to budget for that cost in the following way: \$500 000 in the 1988-89 budget; \$700 000 in 1989-90; \$700 000 in 1990-91; and \$100 000 in 1991-92.

The emergency radio call system and security is a matter to which the authority has given considerable attention, as it has to security within the system at large. It would generally be conceded, through its efforts and initially through the performance of the transit squad, that there has been a considerable improvement in behaviour, particularly on late night services. However, there is always the opportunity for operators, staff or passengers to be placed in situations where security needs to be invoked. For those circumstances (and we certainly hope that there will be few of them, but inevitably and unfortunately there will be some) we expect that the new system will be able to cope quite adequately.

Mr TYLER: What program, if any, does the STA have to provide better bus stops, particularly shelters, and bus stop identification?

The Hon. G.F. Keneally: The State Transport Authority operates in conjunction or cooperation with local councils, and between the STA and the local authorities there has been a program to provide passenger shelters at bus stops in exposed locations in the metropolitan area. Approximately 100 new shelters are erected each year. In addition, bus stop identification is being improved with the use of reflector signs at all stops. I acknowledge that adequate bus

shelters are seen by commuters as essential. It has always been the responsibility of local authorities to provide these shelters, but the STA provides 50 per cent of their construction costs. They give a greater sense of security to commuters and they are certainly an advantage in either inclement or very hot weather.

The Hon. R.G. PAYNE interjecting:

The Hon. G.F. Keneally: As the member for Mitchell and I at our increasing age would understand, they also provide the opportunity for people to sit and wait for the bus.

Mr INGERSON: What work practices were negotiated to take place in the year 1987-88; what effect have these changes had on the cost of the system; what practices are currently being negotiated this year; what economic effect is expected from those changes; and what other practices are likely to be investigated as part of the business plan?

The Hon. G.F. Keneally: I am happy to have the General Manager respond to that as far as he is able, but the matter more properly ought to be taken on notice so that a detailed response can be provided.

Mr INGERSON: What is the current position in relation to the STA award coverage for all employees? In other words, what is the current state of negotiations in the provision of a single STA award?

The Hon. G.F. Keneally: The General Manager may have some useful information for the Committee as a result of a decision made today.

Mr Brown: After many years of negotiation with the Australian Railways Union, I am pleased to advise that this morning Commissioner Nolan ratified an award which enables the authority to directly employ all traffic grades. This excludes the workshops people and train drivers. It will encompass about 500 of the 700 remaining staff made available by Australian National. It becomes effective from the next pay period. Negotiations are continuing with the AFULE and the metal trades unions and we are hopeful that they will be completed before the end of this calendar year.

The Hon. G.F. Keneally: It will provide considerable savings to the authority once all employees are direct employees within the STA award structure. I congratulate the unions involved in these negotiations, because they are not always easy. In the finality, there was a willingness to cooperate which allowed the commission to make a decision this morning.

Mr INGERSON: I refer to the Commonwealth Engineering deal. What is the current status of negotiations for the purchase of the next 20 railcars? What is the future with respect to the manufacture of rail cars in South Australia?

The Hon. G.F. Keneally: The Chairman has been involved in direct negotiation with Commonwealth Engineering, so I will ask him to bring us up to date. The Government placed an order with Commonwealth Engineering for an additional 20 railcars at a price appropriate in terms of the original contract. Commonwealth Engineering was not prepared to build the rail cars at that price. As a result of negotiations, the STA and the Government were prepared to concede that appropriate cost rises warranted a significant increase in the cost of the railcars but not so significant as to warrant the price that Commonwealth Engineering was claiming was the minimum price at which it could build such units. The position is at the stage where Commonwealth Engineering insists that the price of the electric railcars is significantly higher than we believe the original contract would allow it to claim. Negotiations are under way to see what common ground can be found.

Mr Rump: The Minister has outlined the situation accurately. Commonwealth Engineering says that we do not have

an enforceable contract. On the legal opinion we have obtained we believe that it is an enforceable contract, but we are endeavouring, rather than getting involved in an expensive legal fight, to reach common ground to enable a further 20 railcars to be built. The problem confronting Commonwealth Engineering is that some of the suppliers involved in provision of the original 20 cars, now almost complete in its delivery program, have gone out of business.

Electric drive traction motors and things of that nature are no longer available from the original source of Stromberg because of company takeovers in other parts of the world. We received a price from Comeng yesterday which is subject to further investigation, because it includes provisional sums and is not the final price. To be quite blunt, the price is a lot higher than we would like and may well prove to be a stumbling block to reaching agreement. We have asked them to state the added cost for local manufacture, because the price they have given us is for manufacture in Victoria as they are reluctant to continue to manufacture here. However, there will be a cost penalty, the amount of which was indicated a couple of weeks ago as being not a very large sum of money the expenditure of which, in fact, would be well justified if we pursued the order, as the cost of inspection to ensure that we got the product we required would be greater than the added costs that Comeng was asking for manufacture in Victoria.

It would, therefore, be appropriate still to make them in this State, but when I queried it today they indicated that this figure might no longer be appropriate. Until we get the final guaranteed price it is hard to say where manufacture could take place on a sensible, economic basis; whether we will reach common ground that will justify our placing the order without our looking back at the legal obligations of Comeng to honour the original contract; or whether we should look elsewhere.

The Hon. R.G. PAYNE: I note at page 243 of the Program Estimates that it is proposed to upgrade the concessions on the ramp and to redevelop the tavern/cafeteria area. I concentrate on the ramp, and ask the Minister for amplification. This area is almost a heritage area and figures strongly in my memory, at least. I am interested as to what is proposed by way of upgrading.

The Hon. G.F. Keneally: I understand that the work on the ramp has been completed, so that it is now a matter of securing the concessions for those shops, as with the shops which have been constructed on or adjoining the concourse, or which are in the tunnel underneath North Terrace. I am sure that the honourable member has had the opportunity to go down to the Adelaide Railway Station and see the improvements that have been effected within the past 12 months, at the same time respecting the heritage of the building. Those improvements are staggering, as the honourable member says, and there are many to come.

The STA has operated commercially in a most effective way to ensure that those concessions that traditionally were part of the Adelaide Railway Station scene will be able to continue. Perhaps the Chairman, who has been closely involved in some of the negotiations and the work at the Adelaide Railway Station, would like to comment.

Mr Rump: The negotiations are now proceeding and, hopefully, will be finalised shortly (it is subject to a Licensing Court application) to enable a boutique type outlet to be constructed on the concourse. We have negotiated with the Adelaide Brewing Company, which was formerly known as the Port Dock Brewery, and it wishes to install a boutique brewery. It would not actually brew on the premises but would sell those types of ales; further, there would be about eight or nine various types of food outlets. From our point

of view, the negotiated rental is satisfactory and would be the finalisation of the upgrading of that total area. The ramp has been completed, but we must engage just a few more tenants or concessionaire operators in that area. The Adelaide Brewing Company's operation would then complete the concourse and would see the whole of that area finally upgraded and completed.

The Hon. G.F. Keneally: The provision of the new facility is subject to the normal licensing provisions. Other licensed owners may wish to object, so we are not trying to avoid the normal processes.

Mr INGERSON: I understand that \$130 000 has been put aside in the capital budget for urban track work. It has been suggested to me that that is a very low figure compared

with some of the maintenance that may be required. What programs will be implemented?

Mr Brown: The sum allowed for the capital works program is to cover the final works associated with the rationalisation of the track work in the Adelaide yard. Members will be aware of the resignalling project and the track work which had to be amended to suit. This is the final part of the project, and it does not include normal maintenance.

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

ADJOURNMENT

At 9.59 p.m. the Committee adjourned until Wednesday 21 September at 11 a.m.