

## HOUSE OF ASSEMBLY

Thursday 19 September 1991

## ESTIMATES COMMITTEE B

**Chairman:**

The Hon. T.H. Hemmings

**Members:**

Mr P. Holloway  
 Mrs C.F. Hutchison  
 Mrs D.C. Kotz  
 Mr W.A. Matthew  
 Mr E.J. Meier  
 Mr J.A. Quirke

*The Committee met at 11.3 a.m.*

The **CHAIRMAN**: I intend to adopt a relatively informal procedure. Any information the Minister undertakes to supply to the Committee must be delivered in a form suitable for insertion in *Hansard*, and two copies must be submitted no later than Friday, 4 October. There will be a flexible approach with regard to asking questions, based on about three questions per member, alternating sides. I will also be flexible in relation to the asking of supplementary questions.

I remind members of the suspension of Standing Orders to allow members of Estimates Committees to ask for explanation of matters relating to Estimates of Receipts. Questions must be based along the lines of expenditure and revenue as revealed in the Estimates of Payments and Estimates of Receipts. Reference may be made to other documents, such as the Program Estimates or Auditor-General's Report. However, members must identify the page number of the relevant financial papers from which their question is derived.

I ask members to ask one question only, rather than a bracket of questions, because it makes it easier for the Minister and his advisers to answer that question. I will allow a supplementary question if necessary. Questions must be directed to the Minister, not to advisers. I understand agreement has been reached between the lead speaker for the Opposition and the Minister, so I intend to open a number of lines for questioning.

I draw the Committee's attention to Standing Order 273 (3), which provides for the situation of any dissension from a Chairman's ruling. I do not think it will happen but, if it does, members must be aware that Standing Order 273 is quite firm on any further line of questioning in that situation and I draw that to the attention of the Committee.

Minister of Emergency Services, Miscellaneous,  
 \$15 877 000  
 Works and Services—Country Fire Services Board,  
 \$1 538 000

**Witness:**

The Hon. J.H.C. Klunder, Minister of Emergency Services.

**Departmental Advisers:**

Mr W.W. Haby, Chief Officer, Metropolitan Fire Service.  
 Mr R. J. Hoey, Deputy Chief Officer.

Mr B.K. Treagus, Director, Finance and Administration.  
 Mr B.J. McNeil, Management Information Systems Officer.

Mr R. Tidswell, Accountant.

**Mr MEIER**: I will not make an opening statement because of the time constraints. I believe that we will first question the lines relating to the MFS and SES, probably for the better part of half-an-hour, the CFS for the better part of three-quarters-of-an-hour, and the police will take the remaining time.

**The Hon. J.H.C. Klunder**: I do not want to take up the time of the Committee by doing this, but the SES is funded through the Police Department and consequently it should be considered as part of the police. My understanding is that we will deal with MFS, CFS and then the police

**The CHAIRMAN**: I declare the proposed payments open for examination and refer members to page 130 in the Estimates of Payments and pages 353 to 364 in the Program Estimates; page 183 in the Estimates of Payments, page 48 in the Estimates of Receipts, pages 338 to 352 in the Program Estimates; page 183 in the Estimates of Payments; and pages 127 to 129 in the Estimates of Payments, to page 47 in the Estimates of Receipts, and pages 338 to 352 in the Program Estimates.

**Mr MEIER**: On 29 November 1989 it was reported in the *News* that the Government had received a payout of \$271 290 for the compensation cost to extinguish the fire in a Saudi Arabian sheep transport ship at Outer Harbour. During the blaze on the *Om Algora* in March 1989, the MFS and CFS worked jointly to put out the blaze. In November 1989 the *Mukairish Alsades* caught fire, and it was revealed that claims of over \$1 000 000 would be sought and paid out by the owners. By 10 December 1989 the *Sunday Mail* reported:

The money will be handed to the State Government, then divided between the emergency crews that helped battle the fire.

The CFS volunteer groups backed up and stood by around the clock working for a total of 3 800 man hours relieving the MFS during the fire on the *Mukairish Alsades*. Who received the payment of \$271 290 which was the insurance payout for the *Om Algora* fire?

**The Hon. J.H.C. Klunder**: It appears as though different methodologies were followed for each of the two fires mentioned by the honourable member and, rather than trying to get the information through the officer and transmit it to the Committee, I will ask Mr Treagus to fill in the Committee on the matter.

**Mr Treagus**: With regard to the first fire and the sum of \$271 000, the MFS initially received funds but the other emergency services gave accounts to the MFS to then redistribute some of their costs. In the second case, which was more significant because it was roughly \$800 000, through an agreement with the owners of the ship, the Crown Solicitor collated the information in terms of the costs from the various services. The Crown Solicitor initially got funds from the owners; it then distributed them on the basis of submissions from emergency services so we all had our costs recouped from the Crown Solicitor from a lump sum provided by the ship owners.

**Mr MEIER**: So, I take it therefore that the CFS and MFS were both recipients, or did any other emergency services receive payouts?

**Mr Treagus**: I cannot answer for the second ship fire. I believe that the first concerned only CFS and SAMFS but, not being privy to accounts provided to the Crown Solicitor

by other organisations and State agencies, I am unable to say. The CFS and SAMFS certainly submitted costs.

**Mr MEIER:** Would it be possible to obtain those figures and put into the record?

**The Hon. J.H.C. Klunder:** I am not entirely sure whether I am in a position to say that I will ask an officer in another Minister's area to provide information. I will check to see whether it is possible but, if not, I would assume that a question on notice in Parliament might achieve the same end for the honourable member.

**Mr MEIER:** What are the terms of reference under which Mr A.W. Bruce, former Chief Officer, is operating? How is he paid and how much is he paid? Is he to become the chief of a combined fire service, and has Mr John MacArthur been appointed as Chairman of the CFS board for only one year because the CFS and MFS will be amalgamating within one year?

**The Hon. J.H.C. Klunder:** I think that I really must take the strongest exception possible to the inference by the honourable member that we are working towards a single fire service. I have said that on a very large number of occasions. I am not really keen on again having my word dragged into some kind of disrepute by imputations by the honourable member. There will not be a single fire service.

I do not take kindly to the kind of smear tactics used in this place last time around when one of the members here present attempted to tell us that there were 20 white fire trucks with a single fire service logo on them, when he was not able to back that up later. Indeed, when I answered him in the Parliament, saying that there were no such trucks, later he said in Parliament that I was not able to answer the question.

Let me make it absolutely clear: I am not aiming towards a single fire service. The Government is not aiming towards a single fire service. I hope that that will finally lay this matter to rest because the honourable member is doing neither of the fire services any good service by consistently playing that tune.

**Mr MEIER:** I take it from the answer that the Minister is giving a categorical assurance that, while he is Minister, there will be no single fire service in this State?

**The Hon. J.H.C. Klunder:** I have given that assurance on a number of occasions and I am perfectly happy to give it again.

We have some information as to the service of Mr Bruce. Because he was a very senior and well respected officer, I asked him on his retirement whether he would do some consultancy work for me. He has been paid in terms of the amount of work that he has done. In 1990-91, that was \$73 950. An amount of \$90 000 has been approved for the 1991-92 financial year. Mr Bruce is doing an enormous amount of work in trying to get some rationalisation into the communication and training of the two services so that we can save money, while maintaining the quality of both the training and the communication and upgrading both if possible.

**Mr MEIER:** Does the Government propose to keep Brookway Park as the training centre?

**The Hon. J.H.C. Klunder:** Certainly, Brookway Park is funded in the current budget. We are looking at whether or not we should combine the training of the MFS and the CFS at Brukunga, but, certainly, at the moment Brookway Park will continue to be used. I do not know whether there are any plans for phasing it out altogether. We hope that some joint training can take place at Brukunga, and I understand that MFS officers looked at it recently.

**Mr MEIER:** Are the facilities being continually upgraded to the required standards?

**The Hon. J.H.C. Klunder:** They are being maintained at current standards because there is no plan to significantly upgrade Brookway Park while we are sorting out the situation. Brookway Park at the moment is coping with the normal training for MFS officers.

**Mr MEIER:** Seeing that the Minister indicated that there would be training for both CFS and MFS, does he propose any other amalgamation of CFS and MFS in training procedures or any other areas of responsibility?

**The Hon. J.H.C. Klunder:** First, I need to correct the honourable member: we are not amalgamating, we are looking at amalgamating the training of the two services. The reason why it is taking such a long time is that I am concerned to ensure that there is the maximum amount of consultation with the various agencies that have an interest in this. As well, Mr Bruce in his consultancy has had a look at the sharing of communications facilities. I think that it is only reasonable that, where two organisations each have State-wide communications facilities, they should look at whether or not there is greater efficiency from combining them. The objectives of the exercise of considering the sharing of communications facilities are:

To unify the policy for communications planning and funding;

To provide the most efficient communications system and associated operational procedures for both CFS and MFS;

To maximise operational efficiencies during joint emergency operations.

The honourable member will be aware that on a number of occasions the two services combine and that, consequently, to maximise the operational efficiency for combined work is important:

To maximise cost savings by common use of equipment;

To eliminate interservice problems; and

To provide the public with the most efficient system for fire reporting.

**Mr MEIER:** As a further supplementary question, because the Minister has indicated that it is intended to have joint use of communications and training facilities, does he not see a conflict with his earlier statement that there is no intention of amalgamating the CFS and MFS?

**The Hon. J.H.C. Klunder:** It seems to me that if two neighbours share a garden hose that does not necessarily mean that they are putting their two houses on the same title or that they will combine anything else. It seems to me perfectly reasonable that, if you have two organisations that overlap in training, we should be considering whether or not they can combine their effort in the overlap of the training.

Where one has two services with an overlap of communications systems, one should be looking at whether or not it is possible to be more efficient and effective by combining aspects of both. That does not mean that the two services will be amalgamated: it means that they will be using certain parts of their operations in common in such a way as to improve efficiency, to save money and all the other things that I have just stated.

**Mr HOLLOWAY:** I am sure that we are all aware of the recent chemical fire at Coodo Island in Victoria. How is the South Australian Metropolitan Fire Service placed to handle such an emergency?

**The Hon. J.H.C. Klunder:** We all feel fairly unhappy about the fact that there was a major fire at such a concentrated installation. I do not think that we have anywhere near the same concentration of dangerous substances in such close proximity in South Australia. The SAMFS has specific standard operational procedures to cover emergen-

cies in fuel and chemical installations such as the one on Coode Island. These procedures determine the response of equipment and personnel to such incidents. The fire service has a greater alarm system, which could respond with up to 150 firefighters in a relatively short period. There is a mutual aid program between the MFS and the CFS. I should not like any member of the Opposition to argue that that is a combination of the two services, either. They help each other out during emergencies. Under the mutual aid program with the Country Fire Service, stations left unattended would be covered by CFS appliances and crews. The SAMFS maintains a modern fleet of fire appliances that have the capacity to pump foam, which is the most necessary ingredient in chemical fires.

Fire service training is ongoing and covers all types of emergency situations, including flammable liquid fires and the strategies and tactics necessary to ensure satisfactory conclusion of such events. Regular training is undertaken in conjunction with Petroleum Refineries Australia (hot pad training) at Lonsdale and the various oil companies on the LeFevre Peninsula. Regular site visits are carried out by the MFS to familiarise personnel with in-house operational procedures. Exercises are then carried out to determine the effectiveness of built-in equipment and to establish command and control procedures for the particular premises in case there should be an emergency.

**Mr HOLLOWAY:** I assume then that the Metropolitan Fire Service has sufficient personnel and equipment in terms of control, because of the measures the Minister indicated in his answer.

**The Hon. J.H.C. Klunder:** It is the belief of the Metropolitan Fire Service that it can cope with the emergencies that occur. As is the case with the CFS, if there are too many demands on an organisation at a given time it will not be able to cope as well as one would like. There is always a difficulty in terms of financing organisations as to whether one finances them for the most absolute peak horrible situation that might occur or whether one finances them to cope with what are the anticipated kinds of emergencies. Clearly, if we funded every organisation in this State for the unusual peak situation, we would have to go back to the taxpayers and ask for a great deal more tax than we are taking from them at the moment.

**Mr HOLLOWAY:** With the emphasis on the rehabilitation of injured employees and current workers compensation legislation, what steps have been taken by the fire service in relation to the provision of rehabilitation programs?

**The Hon. J.H.C. Klunder:** It is an interesting question because the fire service has a special requirement that many other Government services do not have, and that is the high degree of fitness that is required of the staff of the service. A formal rehabilitation policy was implemented on 1 July this year to ensure that every assistance is available for injured employees to return to employment as soon as practicable. The chief officer has assumed executive responsibility for the rehabilitation of injured employees and a rehabilitation coordinator has been appointed to ensure that formal rehabilitation programs are available to employees in appropriate circumstances. The fire service has also identified a limited number of positions available for use in rehabilitation programs, and that has greatly assisted in the formulation of return-to-work plans.

**Mr HOLLOWAY:** The installation of smoke detectors in homes has been promoted for some years. I note that the MFS is now promoting and supplying these devices. How successful has the MFS promotion been?

**The Hon. J.H.C. Klunder:** It is reasonable, I think, to put some effort into promoting smoke detectors because they have a proven capacity to assist people in case of fires in homes. The difficulty with some smoke detectors is that they are battery-based and, unfortunately, a number of these are left by their owners for too long, the batteries go flat and people think that they have protection when the flat battery in fact indicates that they do not.

An extensive promotion on the installation of single station smoke detectors, in conjunction with domestic home fire safety awareness, was launched in February last year. Publicity was gained through the print and electronic media, with a current community services program being shown on television. An Australian seminar on domestic smoke detectors was held where it was resolved that State Governments be approached with the view of considering legislation.

The promotion of smoke detectors is ongoing, utilising the fire safety lectures to the general public. Maintenance programs are being developed to ensure that the public is aware of the need for ongoing maintenance once a smoke detector has been installed. Feedback from the public indicates that awareness programs had reached a large number of South Australians. Ten per cent of homes in South Australia currently have installed single station smoke detectors, and this is an excellent result. Public awareness was further promoted during the Royal Adelaide Show week which resulted in a further substantial number of detectors being installed in homes.

**Mrs KOTZ:** In 1989-90 there were 268 workers compensation claims with a total cost of \$1 039 300. How many claims were there in 1990-91 and what was the cost of those claims?

**The Hon. J.H.C. Klunder:** The total number of claims in 1990-91 was 231, which compares favourably with 268 in the previous year. The total cost of those claims was \$1 182 290.

**Mrs KOTZ:** In 1989-90 there were 400 hours of training in occupational health and safety. Considering the number of workers compensation claims, is 400 hours of training in occupational health and safety considered satisfactory?

**The Hon. J.H.C. Klunder:** I do not have a definitive answer to a question like that, because nothing is ever enough until you actually get the number down to zero. Given that the numbers in fact decreased between 1989-90 and 1990-91, one would have thought that an appropriate amount of work was being done. I am not even sure that we can give the honourable member an answer by taking this question on notice, because there is really no answer as to how long is a piece of string or when is enough enough! Clearly we need to take every effort possible to try to decrease the number of accidents. The fact that they are on the way down at least indicates that we are heading in the right direction.

**Mrs KOTZ:** Supplementary to that, could the Minister provide the number of hours in the training section of occupational health and safety for 1990-91?

**The Hon. J.H.C. Klunder:** If that can be done, it will be done.

**Mrs KOTZ:** At page 358 of the Program Estimates under 'Commentary on major resource variations', between the years 1990-91 and 1991-92, the recurrent expenditure increase of \$2.75 million is due to award restructuring, carry over and inflationary factors. This represents an increase of nearly 9 per cent in wages. Can the Minister identify the wages bands within the MFS and how many people are employed in those bands? Are these people qualified for the positions they hold?

**The Hon. J.H.C. Klunder:** That is several questions at once. If I have the information here now, I will try to answer it. If not, it will have to be taken on notice. It might save time if I took those questions on notice.

**Mr QUIRKE:** During 1990-91 the Northfield Fire Station came on line. It is a welcome addition to the services available to the people particularly in my electorate. Can the Minister tell us how the services from that station are progressing and how they have improved upon existing services which the Northfield station replaces, as I understand it?

**The Hon. J.H.C. Klunder:** I will ask Mr Haby to respond to the detail of that question. I understand that the Northfield station was opened by a very capable and driving member of Parliament.

**Mr Haby:** Northfield station is a northern command station and the new station allows the ability to actually bring other stations to that location and conduct regular drills and lecture periods. This assists in ensuring that all the stations in that northern command are fully trained to work together. The location of this new station has made it much easier to maintain the six minute response time to all emergencies that the MFS tries to obtain. Under the Cox report, the recommendation was the relocation of the existing Gepps Cross station to the new location at Northfield. This has been successful, allowing for the six minute time frame to be upheld.

**Mr QUIRKE:** Will the Minister provide details of the extent of sick leave being taken within the South Australian MFS and the management action taken to minimise that sick leave?

**The Hon. J.H.C. Klunder:** Because of the staffing arrangements of the MFS, it is crucial that excessive staff absences due to sick leave be minimised as much as possible. The service actively monitors the attendance of staff, and it varies shift rosters to maximise the use of available manpower. An analysis of all sick leave absence is made on a monthly basis as part of the SAMFS management reporting mechanism. Rates of sickness absence are a useful source of information on the health and well-being of the SAMFS work force. This analysis involves the calculation of all sick leave taken as a percentage of rostered hours in total. With ongoing emphasis on employee health and fitness, a steady drop in the ratio of paid sick leave has been achieved.

In the year to 30 June 1988, there was a 4.7 per cent level of sickness; in 1989 it had dropped to 4.5 per cent; in 1990, to 4.4 per cent; and in the year ending 30 June 1991 it had dropped to 4 per cent. In addition, in depth surveys of sick leave taken by all permanent staff are carried out continuously. Surveys are directed towards frequent and short-term sickness absence. Senior management counsel staff who have a high incidence of sick leave to ensure that employee fitness for the position is maintained.

**Mr QUIRKE:** Will the Minister provide details of the increase in proposed recurrent expenditure for 1991-92 of \$3.543 million?

**The Hon. J.H.C. Klunder:** The increase in the proposed expenditure for 1991-92, as has been indicated, is \$3.543 million, which is 7.2 per cent. Principally, that is due to award restructuring and inflationary factors. Award restructuring and wage indexation movements were responsible for \$1.867 million; additional staff, \$50 000; promotions and increments, \$119 000; superannuation commitments, \$424 000; payroll tax, \$275 000; workers compensation insurance, \$172 000; and long service leave, \$391 000.

In relation to the member for Newland's question, my staff have been able to come up with the figure in relation to the number of hours of training in occupational health

and safety. In 1989-90, there were 400 hours of occupational health and safety training, whereas in 1990-91, 1 800 hours were undertaken. Regarding Mr Quirke's question on recurrent expenditure, interest and loan repayments constituted \$325 000 and consumables constituted \$240 000. That makes a total of \$3.863 million. That figure was offset by savings in vehicle provision, \$100 000; interest paid on loans, \$206 000; and minor plant, including non-firefighting vehicles, \$14 000. That brings the total back to \$3.543 million.

#### Additional Departmental Advisers:

Mr. A.D. Macarthur, Chief Executive Officer, Country Fire Service.

Mr T. Crichton, Director, Corporate Services.

Mr B. Barker, Consultant.

**Mr MEIER:** In relation to the CFS board, the August 1991 issue of the *Volunteer* (page 3) stated:

The CFS Board has assumed responsibility for council's obligations for both public liability insurance and professional indemnity insurance on CFS activities. Councils, therefore, no longer need to make provision for such cover.

In July 1991, a newsletter from the Local Government Association Mutual Liability Scheme to all councils stated:

We have received confirmation from the Country Fire Service, subsequent to their circular of 26 June 1991 that they have not nor do they intend to take any public liability or professional indemnity cover in the name of, or to protect member councils.

In the August 1991 edition of *Volunteer*, the board resolved that:

The Local Government Association be formally advised that the CFS Board has now taken over responsibility for public risk and professional indemnity insurance for CFS volunteers and organisations.

The article continues:

It was also resolved that no claims would be paid on volunteer vehicles not carrying comprehensive insurance and that loss of no claim bonus would be met for the first year only.

Has this matter been finally settled with no grey or overlapping areas? Has the Local Government Association accepted the CFS Board position?

**The Hon. J.H.C. Klunder:** Subsidies to councils and CFS organisations in this budget have increased by \$297 000, which is a significant percentage. I ask Mr Macarthur to comment.

**Mr Macarthur:** I believe the grey areas have been resolved. Mr Barker, on behalf of the CFS Board, has had discussions with the insurers of the Local Government Association. I believe councils are more aware that the public liability and public indemnity cover the CFS Board has taken relate to CFS activities only. Councils still have a responsibility for cover within the other activities.

**Mr MEIER:** Supplementary to that, does the Minister think that a failure by councils to exercise their powers or duties as contained in various sections of the Country Fires Act, particularly sections 22(1), 32, 34, 40 and 41, could possibly result in councils being found liable?

**The Hon. J.H.C. Klunder:** I think I am being asked to provide a legal opinion, and I have no intention of straying into that field. I thank the honourable member for assuming, when he mentions sections of the Country Fires Act, that I will automatically know what they are. Unfortunately, I am not quite as good as he thinks I am. I do not even think that I would want to be as good as he thinks I am.

To the extent that the question can be answered, I suppose it has to be answered by the people who have the technical expertise in the field. However, I am a little reluctant to allow any of my officers to answer a question when it may seem that they are giving legal advice. Under the circumstances, it may be better if we take the question on notice

and deal with such aspects of it that, as a Minister, I am able to deal with.

**Mr MEIER:** I am happy to take it on notice. How does the CFS board define a volunteer and do volunteers and/or paid CFS personnel have to register at the scene of a fire?

**The Hon. J.H.C. Klunder:** I think Mr Macarthur can probably give at least a part answer to that.

**Mr Macarthur:** The CFS board maintains a computerised register of all those people who have formally offered their services to the CFS as members of fire brigade groups or fire brigades *per se*. The staff are registered as staff members and they are all covered by workers compensation, for which the board has made adequate cover. People who wish to volunteer their services on the day of an incident, such as on the day of a large bushfire or whatever, are also covered for insurance, but they need not necessarily be CFS registered volunteers.

**Mr MEIER:** I refer to the Estimates Committees of last year where Mr Macarthur said:

Only recently we were able to acquire a three-cornered parcel of land to the rear of CFS headquarters at a very favourable price, and SACON are still looking at what options there are in terms of trying to achieve, on a cost neutral basis, either the sale and relocation of CFS, or the addition to the plan designed into the building of CFS headquarters in 1975 or 1976. The answer is basically 'Yes'. One of the options looked at concerns the use of MFS headquarters. There has been no decision made yet and much water is to go under the bridge before we reach any resolution of the accommodation problem.

When will the CFS administration move into the third floor of the MFS building in Wakefield Street, or when will the CFS communications move into the fifth floor of the MFS building in Wakefield Street?

**The Hon. J.H.C. Klunder:** To deal with the first part of the honourable member's question first, buying of that extra portion of property adjoining the CFS headquarters was a way of rationalising that property, which could have either enabled the CFS to build there or, alternatively, made it a much more reasonable property for sale.

When the Chief Executive Officer, Mr Macarthur, said last year that a lot of water needed still to go under the bridge, he was probably more prophetic than he knew at the time. All I can say at this stage is that only some of the water has gone under the bridge, and we are still a long way from resolving whether or not the CFS will move to the MFS building, in what way it will do it, and when it will do it. We are somewhat closer to a resolution of what we will do than was the case a year ago, but the need to consult with all the parties involved has proved to be a much longer process than I anticipated. Consequently, since I am not really keen to move until everybody involved in the exercise sees it as a proper solution, it is taking time.

**Mr MEIER:** Can the Minister say whether the CFS and MFS workshops and training services will be combined and what may happen to the CFS administration building at Keswick?

**The Hon. J.H.C. Klunder:** The answer is 'No', I am not able to give that answer. There has been no attempt to combine, to rationalise, or to work together jointly in any but the two areas that I have mentioned. I refer to the mutual response plan of the two services. I will only take this matter very slowly, because I am aware that there is a great deal of concern, particularly by the CFS volunteers who want to be absolutely sure that they maintain the ethos of a volunteer service. That ethos is one with which I wholeheartedly agree.

**Mrs HUTCHISON:** My first question relates to page 353 of the Program Estimates and particularly to the resources

summary. What proportion of the allocated funds directly or indirectly affects volunteers in the field?

**The Hon. J.H.C. Klunder:** In a sense, the question is difficult to answer, because it could very well be argued that all CFS expenditure has the objective of benefiting volunteers in the field in their attempts to fight fires. However, I suppose we can split the recurrent expenditure into two parts—the first part which is of a more direct benefit and the second part which is still vital but of a more indirect nature.

So, if I speak first regarding the most direct benefit, then we are talking about subsidies in equipment of \$3.164 million, training \$328 000, communications \$165 000, fire operations \$280 000 and regional office operations \$1.502 million, which I think totals \$5.439 million. If we are to talk about the somewhat indirect but still vital nature of finances that are allocated, then we are talking about fire prevention \$495 000, research \$50 000, and interest on funds borrowed to provide equipment \$1.524 million. That would add up to a figure of in excess of \$7 million.

**Mrs HUTCHISON:** My next two questions both relate to page 36 of the 1991-92 capital works program. An amount of \$700 000 has been allocated in the budget for a fire appliance program. Can the Minister advise where that money is to be spent? Obviously, I would have a particular interest if this topic related to the areas of Port Augusta or Port Pirie.

**The Hon. J.H.C. Klunder:** I will have to obtain that information from several different places, I think. The fire appliance replacement program is based on a 20-year cycle that was agreed with Treasury in 1987, and some 220 fire units have been placed in service since that date. One of the problems was that the fire appliance fleet was very aged and needed to be upgraded. In fact, in 1987, when those capital funds were first made available, the CFS fleet comprised some 716 appliances, of which 214, that is, 30 per cent, were over 20 years old.

In July 1991 the total fleet had been rationalised to 593 of which only 71, or 12 per cent, were over 12 years old, so the program of rationalising the fleet by improving its age profile is certainly in place and is working well. Unfortunately, I do not have access to the amount or the level of detail that would enable me to tell the honourable member what the situation is like in her electorate, although I am sure the information would be valuable.

**Mrs HUTCHISON:** My other question also relates to that capital works program and to the \$750 000 which is to continue the replacement and upgrading of mobile radio equipment in base stations. What base stations will be included in this program under this funding?

**The Hon. J.H.C. Klunder:** I do not think we have detail on that at the moment, so I am happy to take that on notice for the honourable member.

**Mrs KOTZ:** I believe that a further classroom and accommodation block were to be built on the Brukunga site, but I believe that they have been put on hold because of a further evaluation which, apparently, is required. Why is it necessary to put that accommodation block and classroom on hold for the results of this evaluation and what will be the cost?

**The Hon. J.H.C. Klunder:** The whole situation as to training is in the melting pot at the moment and, until such time as we are sure which way we will go, I am reluctant to spend money. I think that, if I had spent the money and had gone in a different direction, the honourable member may have been the first to claim that I had spent the money in the wrong direction and had wasted it. The Chairman of

the board has just indicated that money of that nature tends to be carried forward, so it is not lost.

**Mrs KOTZ:** Why has the CFS training course been deferred pending the outcome of the Bruce report?

**The Hon. J.H.C. Klunder:** I am not aware of the detail of that, so I will ask Mr Macarthur to respond.

**Mr Macarthur:** I believe the honourable member may be referring to some higher level training of those fringe area metropolitan CFS brigades that assist our Metropolitan Fire Service under our mutual response programs. Those training programs were partially developed some 18 months ago and, pending the outcome of the Bruce report, they were put on hold to make sure everything dovetailed in. In line with the proposals to have closer training between the two services, I have recently re-activated the development of those programs, so they will proceed in the very near future. However, they are for a very limited number of highly trained CFS brigades. I take it that that covers the question.

**Mrs KOTZ:** With regard to equipment and maintenance, how many trucks less than four years old have had to be fitted with replacement water tanks, and how many more in the near future will need to have them fitted? Was the tender for the refit of these tanks made available to South Australian companies?

**The Hon. J.H.C. Klunder:** My understanding, which I have confirmed with the Chairman, is that there were 32 such vehicles, which had a design fault in the tank. As for the question whether or not South Australian companies were given an opportunity to tender for those trucks, they were originally South Australian vehicles, as I understand the situation. The new tanks were available only from a Victorian supplier of fibreglass, which is the present and approved way to go.

**Mrs KOTZ:** As a supplementary question, in fact, did no South Australian companies tender for that at all?

**Mr Macarthur:** No suitable fibreglass moulds for this size of tank are available in South Australia. The moulding of the product is the big cost, and this is not available for that purpose within that State.

**Mr HOLLOWAY:** The Minister recently called for submissions on changes to the Country Fires Act. What was the response to that call for submissions and will the Minister also say whether it is proposed to amend the Act?

**The Hon. J.H.C. Klunder:** When we called for submissions on changes to the Country Fires Act, over 550 letters were sent out to interested parties, requesting comment, and 55 responses were received. There was no specific criticism of the operational aspects of the legislation and, at this stage, no decision has been made as to what changes to the Act may or may not be appropriate.

**Mr HOLLOWAY:** How many permanent staff does the CFS employ and how many registered volunteers does it have?

**The Hon. J.H.C. Klunder:** The number of full-time equivalent permanent staff at the CFS is 87, which is the same number as last year. At 30 June this year there were 19 634 registered volunteers. I am told that membership over the past five years has been between 19 500 and 20 000.

**Mr HOLLOWAY:** As a supplementary question to that, what is the staffing in country areas and what steps are being taken to provide adequate staffing there?

**The Hon. J.H.C. Klunder:** The present staffing in the regions is as follows: in region 1 (Stirling) two officers; in regions 2 and 3 (Gawler office) there are three officers; in region 4 (Port Augusta) there are two officers; in region 5 (Naracoorte) there are two officers; there is one officer in region 6 (Port Lincoln); and in regions 7 and 8 (Murray

Bridge) there are two officers. Each office has a full-time clerical assistant.

**Mr HOLLOWAY:** How many volunteers have participated in CFS training courses in recent years?

**The Hon. J.H.C. Klunder:** There is a very proud story to be told here from the CFS perspective. I will give both the overall figures and some breakdown of the figures for the past year. In 1986-87, 1 821 volunteers were trained; 1987-88, 2 511; 1988-89, 2 921; 1989-90, 2 967; and 1990-91, 3 197. That is a phenomenal training program given that volunteers tend to be in the service for a very large number of years.

The courses conducted in 1990-91 break down in the following way: level 1 fire fighting course (the basic course that volunteers must undertake), 129 courses with 1 549 attendees; level 2, 46 courses, 602 people; level 3 (a high level of training), 14 courses, 265 people; breathing apparatus, 30 courses, 317 people; vehicle accident rescue, seven courses, 109 people; dangerous substances, four courses, 49 people; officer A, six courses, 100 people; officer B, five courses, 91 people; instructors' courses, four courses, 45 people; air observer, two courses, nine people; incident management systems, three courses, 61 people. So, there were 250 courses with 3 197 people attending. The interesting part of all this is that most of the training is done by volunteer instructors: there are only four paid staff.

**Mr HOLLOWAY:** Have adequate funds been provided to continue that impressive level of training?

**The Hon. J.H.C. Klunder:** Clearly, since the training has been successful we want to maintain that funding. The funding level has been maintained at \$328 000.

**Mr MATTHEW:** Further to the question that was asked earlier by the member for Newland, as the Premier is continually urging us to buy South Australian why are so many trucks built in Victoria when a number of companies are able and wanting to do the work in South Australia?

**Mr Macarthur:** The board let a fairly large contract some 18 months ago, which was split between two companies, one in Victoria and one in South Australia. It recently extended that tender through the State Tender Board, providing part of that contract to a South Australian company and part to a Victorian company.

**Mr MATTHEW:** That really does not answer the question. I asked: as the Premier is continually urging us to buy South Australian, why does any of this work have to be done in Victoria?

**Mr Macarthur:** The CFS board embarked on an appliance rebuilding project, to which the Minister previously alluded. Unfortunately, we have had considerable troubles getting a technology that we require and the use of modern materials within the State. One manufacturer has risen to the task, and he is working to capacity of what he can do for the CFS in building appliances, but such is the demand, we have to look further afield. We are using state-of-the-art technology, long-life materials and fibre glass, and the cost of constructing the moulds to produce a lot of the equipment is not available without a lot of research and development. We have had to balance keeping the work in South Australia and using technology that will last for a considerable number of years for this equipment.

**The Hon. J.H.C. Klunder:** If the capacity to fulfil the requirements of the CFS—and they are fairly high requirements—exists in South Australia, we would be happy to place orders here provided that they were economically competitive. As the Committee no doubt knows, the internal tariff walls—the preference clauses that used to exist where there was a cost penalty on other States—no longer exist. Consequently, we have to award contracts that meet

the specifications at the lowest price. While we all have a preference for buying South Australian, which I am sure is shared by members on both sides of the House, we are not able to do so if a quality that is required by the CFS is not able to be met by South Australian suppliers or, indeed, if the quality is available in South Australia but the cost is less interstate. South Australian manufacturers will have to come up to both the economic and quality specifications that are necessary in order for them to take the contract.

**Mr MATTHEW:** I am concerned about the process that has been used to determine whether suitable technology exists in South Australia. For example, I am aware that a prototype four wheel drive was built by the CFA company in Ballarat. I understand that that occurred without South Australian companies being given the opportunity to tender for it.

**Mr Macarthur:** I believe that the question might refer to a vehicle that was recently being developed jointly by the CFA in Victoria and the CFS in South Australia on a cab chassis that has been donated to us by General Motors for trialling purposes. It is a prototype. Again, the moulding for the fibreglass was available across the border, and we will evaluate that equipment to see whether it is suitable for the purpose. If it is, it will be put to the State Supply Board to call tenders for these vehicles if we go ahead with the project, which is a joint project between the two services. They have the research and development and also have the use of a cab chassis to see whether it can be used in a fire truck. We have first use of it. I negotiated the arrangements with General Motors initially to get the vehicle.

**Mr MATTHEW:** We still do not seem to be getting to the bottom of this. How has it been determined that there is not existing technology in South Australia within South Australian companies to be involved in some of this work, be it prototype work, building of trucks or whatever else? What processes have been used to determine that?

**The Hon. J.H.C. Klunder:** The State Supply Board puts out tenders and, with the assistance of the CFS, I presume, evaluates those tenders. That is an open and above-board process. As the Chairman has indicated, last time an order for a number of trucks was placed with a South Australian company. Now, this is a Victorian company. That order has filled up the capacity of the South Australian supplier to provide those trucks. In fact, he had to ask for an extension in order to be able to meet his contract dates. He was not able to do so on the original stated date. So, I am not entirely sure what the honourable member is alluding to, but the State Supply Board asks for tenders, etc., in the normal standard way.

**Mr MATTHEW:** The Minister has talked about the tendering process. Did he or his department provide South Australian companies with the opportunity to tender to be involved in the building of this prototype in Ballarat?

**The Hon. J.H.C. Klunder:** I understand that, for the reasons given by the Chairman of the board, the answer to that is 'No'.

**Mr MATTHEW:** How many new trucks have been commissioned and put into service since the amendments to the Act in 1989, and how many trucks are on order waiting to be commissioned?

**The Hon. J.H.C. Klunder:** We will need to take a bit of a stab at this, because we would not normally see the introduction of new amendments as being such a watershed that we should start counting the number of new trucks from that point. I would be fascinated to find out why the honourable member has picked on that event as being something from which we should count. I am told that the

number is approximately 90, and that currently about 10 trucks are on order.

**Mr MATTHEW:** Does that mean that we would have taken delivery of 80 of those trucks?

**Mr Macarthur:** I, too, have some difficulty with the question, but I believe that the number was 90; that those 90 were all delivered as of 30 June; and that State Supply extended that for a further 10, which we hope will be delivered before the start of December this year, so that 100 trucks have been provided since the 1989 legislation was brought in.

**Mr MATTHEW:** As a further supplementary—

**The CHAIRMAN:** I am a very indulgent Chairman, and I can appreciate the line of questioning. I am not suggesting that the member for Bright is abusing the supplementary system, but as far as possible, in fairness to all Committee members, he should try to limit his supplementary questions. By all means, proceed.

**Mr MATTHEW:** Of those approximately 100 trucks, how many were built in South Australia and how many interstate?

**The Hon. J.H.C. Klunder:** We will have to take that on notice. We are dealing with very approximate figures here, because we are looking at a date that none of us feels is appropriate to consider as a starting date for counting trucks.

**Mr MATTHEW:** During the Estimates Committee last year, Mr Macarthur said:

With respect to the maintenance and roadworthiness of vehicles, I am pleased to say that the recent round of mechanical inspections has identified very few faults with the trucks, so the old problem with the less than satisfactory standard of maintenance of equipment has, thankfully, gone away. I believe there will not be any problems in the future, with the board maintaining an inspectorial role, problems arising when insurance may be void should some deficiencies show up in the equipment.

Bearing that quote in mind, I note that on page 2 of the August 1991 edition of *Volunteer*, the Chairman stated:

Whilst response plans can be established, none of these will be effective if the fire appliances that respond are not safe or roadworthy. It has become apparent that, despite the efforts of the board to improve the maintenance of appliances by regular inspections, the overall standard of maintenance has declined. Basic faults such as ineffective brakes are still being found and, in some instances, have not been attended to during the period from the last inspection.

In relation to those two statements, what is the reason for the sudden drop in the standard of maintenance in the brigades, and what is the board doing to overcome this?

**Mr Macarthur:** The question falls into many parts. In 1985 the board inherited a considerable number of problems with the CFS appliance fleet, as all members would be well aware. Following the injection of substantial amounts of money through the budgeting process over four or five years, many of those problems are now behind us. The statement I made 12 months ago was correct at that time. The vehicle maintenance inspections by the Road Traffic Branch and by a person employed by the CFS board did raise the maintenance of appliances to a satisfactory level.

Unfortunately, in the current round of vehicle inspections—and the board endeavours to inspect only once a year—problems are arising again. Of the last 253 appliances inspected, 128 (50.6 per cent) failed, with five of them being defected as unroadworthy. I believe that the cause of this problem is a lack of interest by those responsible. I do not think that the blame can be laid in any one area, but the board is concerned.

There has been a considerable injection of funds, and we will be taking steps to reduce this problem by implementing some other arrangements for the maintenance of those vehicles in the future.

**Mr QUIRKE:** Is the CFS providing for adequate aerial support in fire-fighting?

**The Hon. J.H.C. Klunder:** The funding for the past three years that I have in front of me shows that, in 1988-89, \$86 895 was spent; in 1989-90, \$154 892; and in 1990-91, \$174 335. Certainly, it appears that there is adequate aerial support, and the CFS does not propose any change to the current practice.

**Mr QUIRKE:** What use has the CFS made of the State rescue helicopter?

**The Hon. J.H.C. Klunder:** That question refers to the State Rescue Helicopter Service, since we now have two helicopters. The CFS operational guidelines tend to require the use of the smaller Rescue Two aircraft, mainly in a spotter role, so for Rescue One for 1990-91 the training hours were 3.9 and incident hours, 6.4; for Rescue Two, it was 45.3 hours for training and 51.4 hours for incidents. Training during the past financial year accounted for 49.2 hours and incidents for 57.8 hours.

**Mr QUIRKE:** How many fires actually start in national parks in South Australia?

**The Hon. J.H.C. Klunder:** That is a very useful question, because part of the popular myth says that an enormous number of fires start in national parks, escape the boundaries of those parks and get into the land beyond, which is privately owned. As it turns out, that is not a correct statement, and I will give the figures for the past two years. In 1989-90, 37 fires started inside reserves, and of those 33 were contained within the reserve which meant that four escaped from the reserve. Four in a year does not seem to me to be a bad number. Obviously it is worse than zero, but it is not a number that feeds that particular myth. In 1990-91 only 27 fires started inside reserves, and of those 25 were contained within the reserve which meant that two managed to escape from the reserve. So, the 1990-91 figure is even better. I have quite deliberately not given, and do not intend to give, the figures relating to fires that go the other way, that start outside national parks and end up inside them.

**Mr MEIER:** The South Australian Country Fire Service has advertised for zone officer (more than one position) with applications due by 13 September 1991. The advertised rate of pay was between \$41 468 and \$44 295. The duties are as follows: responsible for the efficient and effective management of a number of regions comprising a CFS zone which results in the protection of life and property of the community by the prevention, suppression and mitigation of damage from fires and other emergency incidents. The special conditions are that these positions will be located at Stirling, Murray Bridge and Port Augusta.

In the *Advertiser* of 14 September 1991 there was an advertisement for a senior analyst/administrator to take prime responsibility for systems development and administration. The rate of pay is between \$41 454 and \$44 280. Have allowances been made in the budget for these four positions?

**The Hon. J.H.C. Klunder:** My understanding is that advertising for a zone officer is part of an award restructuring situation, but I will ask Mr Macarthur to respond about the detail of the question.

**Mr Macarthur:** The Country Fire Service Board has continued over recent years to upgrade the standards and management of the organisation across the State, and within the award restructuring process we have foreseen that we should instate a more managerial-type person into the managing of the regions and get that officer away from the city focus out to assisting the volunteers in the region. We have determined that those positions be called 'zone managers' and,

hopefully when the selection process is concluded, they will be located in the country areas to support the regional management of the CFS. In terms of the other position, it is part of the normal process of restructuring as regards getting people with the ability and the skills to do certain jobs as part of our overall upgrading program. All these positions are within the full-time equivalents that we quoted at an earlier date.

**Mr MEIER:** Is there any intention to cut other services to pay for these new positions?

**Mr Macarthur:** No.

**Mr MEIER:** I receive correspondence from time to time particularly from smaller brigades which have queries about the current command structure. Part of one such letter states:

The command structure under the current Act is unsuitable for our circumstances because we cannot adequately organise resources outside the brigade structure.

What this particular brigade is referring to is the fact that many of the people are involved not only with the CFS but also traditionally with the SES and the ambulance service. Are the board and the Chief Executive Officer considering changing the system of the selection of group officers, other officers and captains in the next few years in general terms, and also in light of queries and concerns that have been put forward by smaller brigades?

**The Hon. J.H.C. Klunder:** It is a little awkward to deal with a situation where the honourable member quotes a sentence from a letter and does not identify where it comes from.

**Mr MEIER:** I am quite happy to identify it if the Minister would like me to.

**The Hon. J.H.C. Klunder:** I am happy to leave that to the honourable member whether he wishes to pass that to me personally.

**Mr MEIER:** It is the Marion Bay CFS.

**The Hon. J.H.C. Klunder:** One of the things I have noticed over a number of years is that I have received from particular CFS brigades written comment which is based on a misunderstanding of the Act. Indeed, I recall a letter to a provincial paper where the person said, 'It ought to be done this way', and then basically said what was in the new Act. He was complaining about the new Act because he clearly did not understand it. My understanding is that, on the occasions when such letters have been received either by me or the board, the usual course has been to send somebody to that area to talk to the people, and a number of what clearly turned out to be misconceptions were cleared up and there was no problem. As regards the substantial part of the honourable member's question, I will pass that over to Mr Macarthur.

**Mr Macarthur:** I believe the area from which the honourable member received the comment is now quite happy with the legislation. We do not intend to change the method of the selection of those officers within the chain of command. We believe that, across the State, it is working very well. In the particular instance to which the honourable member referred, I think there was a complete misunderstanding of the role and responsibility of brigade officers. The change from the old fire control officer/council nominated supervisor to a more formalised CFS structure has in some areas been difficult to accept. It is a rather radical change. In the particular case mentioned by the honourable member, the President of the Volunteer Fire Brigades Association specifically went to that area, met with them and explained the legislation. I believe that they are now satisfied that the workload and that 'won't work' business has disappeared.



**Mrs HUTCHISON:** My question relates to page 353 of the Program Estimates and deals with the area of subsidies. How much is to be paid in subsidies in this budget and in what major categories will they be paid?

**The Hon. J.H.C. Klunder:** The recurrent allocation for subsidies this year is \$3.164 million and that is made up of brigade maintenance, \$662 000; equipment, \$420,000; fire stations and training facilities, \$755 000; fire appliances, \$1.009 million; workers compensation, \$208 000; group officer expenses, \$60 000; CFS organisations, \$50 000; plus capital works commitments for fire appliances, \$730 000 and communications, \$750 000.

**Mrs HUTCHISON:** As a supplementary question, what is the basis for the payment of subsidies to councils?

**The Hon. J.H.C. Klunder:** I will ask Mr Macarthur to deal with that.

**Mr Macarthur:** The basis for payment of subsidies to councils is in a structured form on a sliding scale based upon the councils' capacity to pay. The allocation to councils is on a priority basis. The matter is determined by the standards of fire cover, which evaluates also the hazard and risk, and prescribes equipment to meet such a risk.

**Mrs HUTCHISON:** In what area is the CFS increasing its expenditure in 1991-92, and have any savings been achieved?

**The Hon. J.H.C. Klunder:** There are no major variations in expenditure. There are marginal increases of which the most significant are interest on loan funds to build fire appliances and upgrade communications, totalling \$192 000, and \$297 000 on subsidies to councils and CFS organisations, which I have already mentioned. There are a number of minor savings, with a net increase in funding of \$216 000.

**Mrs HUTCHISON:** What will be the major thrust of CFS activities for 1991-92?

**The Hon. J.H.C. Klunder:** The major initiatives are the implementation of an Australian interservice incident management system; to continue to implement the corporate computing plan; to continue the upgrading of radio communications system focused at brigade and group level; to implement standards of fire cover methodology; fire safety inspections of country buildings providing sleeping accommodation; assisting council fire prevention officers in preparing fire prevention plans; to implement organisational structural efficiency; and to implement resource sharing in the public sector.

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

Police, \$222 709 000

Works and Services—Police Department, \$17 312 000

**Chairman:**

The Hon. T.H. Hemmings

**Members:**

Mr P. Holloway  
Mrs C.F. Hutchinson  
Mrs D.C. Kotz  
Mr W. A. Matthew  
Mr E. J. Meier  
Mr J. A. Quirke

**Witness:**

The Hon. J.H.C. Klunder, Minister of Emergency Services

**Departmental Advisers:**

Mr D. Hunt, Commissioner of Police.  
Mr A. Cunningham, Administrative Officer, Police Complaints Authority.  
Mr D.J. Hughes, Director, Corporate Services Command, Police Department.  
Mr G.R. Schneider, Property Manager.  
Mr B. Meadows, Manager, Information Technology.  
Mr F.E. Bowering, Manager, Financial Services.  
Mr N.J. Cooke, Deputy Director, State Emergency Services.

**The Hon. J.H.C. Klunder:** The Government has further demonstrated a continuation of its strong commitment to community security and crime prevention with a record Police Department budget allocation of \$273.2 million for 1991-92. This is a straight 4.3 per cent increase in actual dollar terms over 1990-91. It is of significance to note that the recurrent section of the budget proposed spending of \$236.7 million—a \$14.7 million or 6.6 per cent increase on the previous year. Capital expenditure totals \$36.4 million, maintaining the historically high levels of recent years.

However, as I have indicated to this Committee on previous occasions, when comparing budget allocations between years it is necessary to make adjustments between proposed expenditure and actual expenditure for the previous year for one-off payments. Furthermore, in the main, provision for wage increases expected to be granted during the year with the exception of national wage increases is not included in the department's actual budget allocation. For example, this would include the pay increase awarded earlier this week to police which is expected to add \$4.5 million to the police salaries bill in 1991-92. This is provided for in the 'round sum allowances'. When these factors are taken into account, the actual increase in the total police budget in 1991-92 is expected to be of the order of 8.43 per cent or, when adjusted for inflation, about 4.43 per cent in real terms.

In the past three budgets the Government has provided additional funds to enable staffing levels of the department to be increased by 338 people consisting of 216 police and 122 civilian staff. A total of 120 of these additional police have already graduated and are in service. A further 80 additional police will graduate during 1991-92 for initiatives such as fire investigations, Aboriginal deaths in custody, victims of crime, intelligence support, drug investigation, home assist, child abuse and sexual assault, and domestic violence.

In addition to the normal recruitment program to cover natural attrition from the department, a further 15 police will be recruited during the year, being the final 15 of the 45 additional police officers for the Aboriginal Deaths in Custody initiative. Funding has also been provided in 1991-92 for the retention of 14 police officers previously seconded to the National Crime Authority, Adelaide reference. At one stage in the past few years, those 14 positions were back-filled.

A number of these positions will be utilised on Anti Corruption Branch operations. Three will remain on secondment to the recently established permanent NCA office in Adelaide, cost to be reimbursed in full to the department. In addition, members of the existing surveillance team will be used in areas such as joint surveillance operations between the NCA and the Police Department on a cost shared basis. An additional 32.5 public servant positions will also be provided for clerical duties.

This brings to 575 the total staffing increase for the Police Department provided by the Bannon Government since

1982. A significant level of funding has again been provided for equipment and vehicle acquisition in 1991-92 of \$20.2 million. This includes: \$10.7 million for 624 replacement vehicles, including some 213 patrol sedans, 151 unmarked sedans, 105 light sedans, 43 station sedans, 34 motorcycles and various other quantities of two and four-wheel drive prison vans, utilities and so on; \$4.6 million for new and replacement computer equipment, including a firearms control system, crime case management system, prosecution brief inquiry system, and human resource management system; \$3.3 million for other equipment, including handguns, soft body armour, broad brimmed hats, first aid kits, sun glasses, video taping equipment, and speed detection equipment; and \$1.6 million for communications equipment in country divisions (H3, H4 and H5) and upgrading of the central headquarters telephone system.

This year's building works allocation is \$19.1 million. This allocation includes: \$10.4 million for major works in progress, including the City Watch House, Christies Beach office and cell improvements, the Port Adelaide police court complex, Whyalla office and cell improvements and remote radio sites in country divisions (H3, H4 and H5); \$6.1 million for major new works, including the Elizabeth police court complex, the Goolwa Police Station and further remote radio sites in H4 division. Tenders have recently been called for the Elizabeth project; \$2.6 million for minor works, including extensions to the Murray Bridge and Millicent offices, expansion of the Peterborough Police Station, conversion of dormitory to offices at Thebarton Barracks, central headquarters accommodation changes and improved library facilities at the Police Academy.

The Government has also continued its strong commitment to the very successful crime prevention initiative, Neighbourhood Watch. Further additional funding to be provided by Government in 1991-92, together with sponsorship funds from Commercial Union Insurance, will guarantee that the scheme continues to expand in the coming year. This support has seen an acceleration of the watch scheme over the past three years with 259 new areas being launched during that period, compared with 97 in the previous three years.

South Australia continues to have the best resourced police department of any State in Australia. The police to population ratio has for many years been the highest of any State in Australia. I am pleased to advise the Committee of the high level of funding commitment this Government has given to community security and crime prevention. It is the intention of this Government to ensure that the provision of adequate resources for these purposes remains high on the agenda in future budgetary considerations.

**Mr MEIER:** The Minister indicated that some 80 recruits would be trained in the 1991-92 year.

**The Hon. J.H.C. Klunder:** Those 80 people are currently in training and will graduate during this coming financial year.

**Mr MEIER:** What was the attrition rate for 1990-91? Does the Minister anticipate that that attrition rate will continue at a similar level for the coming year?

**The Hon. J.H.C. Klunder:** More than 80 people are in training in the academy at the moment. The 80 people to whom I refer are extra people on top of the attrition rate. We are anticipating an attrition rate, and we have put people into training to cover that. We have put in an extra 80 as part of the initiatives of the past two years.

I will provide the figures regarding the resignation and separation of attrition rate in percentage form, because the force has been increasing over the years. In 1988 the attrition rate was 4 per cent; in 1989 it was 4.2 per cent; in

1990 it was 3.6 per cent; and in 1991 it was 3.5 per cent. So, in the past few years there has been a decrease in the attrition rate, which hit a high of 5.6 per cent in 1986.

**Mr MEIER:** Is the Minister able to provide the actual numbers in relation to the past three years? That question may be taken on notice.

**The Hon. J.H.C. Klunder:** In 1989, when we had a 4.2 per cent resignation and separation rate, the active strength in that year was 3 404, and the resignations and separations were 143. In 1990, the active strength was again 3 404 and the turnover rate had decreased to 3.6 per cent. The resignation and separation figure was 124. In 1991, the active strength was 3 498. The turnover rate had dropped to 3.5 per cent, and the resignations and separations were 123.

**Mr MEIER:** Given that there are 80 additional recruits in training in 1991-92, how many recruits are there in total in training for that year?

**The Hon. J.H.C. Klunder:** During the year we will be taking in extra recruits to cope with the anticipated attrition rate for 1992-93 because there is an attrition rate during this year. The expectation is that we will take in 162 recruits during this year and, to try to round off the information required by the honourable member, at the end of August this year there were 198 cadets in the academy.

**Mr MEIER:** Following the announcement of a 7 per cent increase for officers up to the rank of sergeant and a 7.5 per cent increase for officers up to the rank of senior constable, and bearing in mind that wage rises will be phased in during the first half of 1992, how much in dollar terms does the Minister estimate the Police Department will have to save from its program in order to fund the wage increases?

**The Hon. J.H.C. Klunder:** I am not sure that I heard the honourable member correctly, but my understanding is that it is a 7.5 per cent increase for sergeants.

**Mr MEIER:** It is 7 per cent for sergeants and 7.5 per cent for officers up to the rank of senior constable.

**The Hon. J.H.C. Klunder:** It is in fact the other way around. The cost to Government of the increases is expected to be \$4.5 million in 1991-92 and \$11 million in the full year. As I have already indicated in my opening statement, that sum comes out of the round sum allowances as distinct from out of the police budget.

**Mr MEIER:** Page 21 of the Estimates of Payments reveals that, for the first time, there was a cost of \$417 000 for the police presence at the Grand Prix. When will the Grand Prix Board recompense the police for this amount and how is it costed?

**The Hon. J.H.C. Klunder:** I am not sure that I can deal with an item that comes under the Premier's miscellaneous line.

**Mr MEIER:** The reason for asking that question is that it is the first time that a budget figure has appeared for a police presence at the Grand Prix. I think there is a further implication to the question. Is it expected that public functions, like those involving the Australian Football League matches, will have to pay for a police presence in the future, also? If the Minister cannot specifically address the question of when the recompense to the police will be made, can he at least indicate whether there is a new policy for the Police Department to be paid for their presence at functions such as the Grand Prix and whether that will then apply to football matches and the like?

**The Hon. J.H.C. Klunder:** There is no current policy for the Police Department to be recompensed for their presence anywhere, but if the honourable member thinks that is a reasonable idea I am perfectly happy to take the suggestion on notice. From time to time the Government has considered that very concept.

**Mr MEIER:** As a supplementary question, if the figure appears for reimbursement of the police presence at the Grand Prix, I would suggest reimbursement is taking place in that regard.

**The Hon. J.H.C. Klunder:** I know of no such reimbursement, but I am perfectly happy, in my role as Minister of Emergency Services, to chase that up and see if we can get some money out of Treasury for that service.

**Mr QUIRKE:** Can I ask the Commissioner, through the Minister, whether he intends to take up Sylvia's kind offer on page 3 of the *Advertiser* today?

**The Hon. J.H.C. Klunder:** I am not entirely sure what the honourable member is referring to and I will pass that question to the Commissioner.

**Mr Hunt:** I think the best way to respond to that would be by saying that, should I feel the need for a cup of coffee, I will resort to a coffee lounge. It might be opportune to throw some light on the question which was occasioned by the invitation for a cup of coffee. I quote from the Fitzgerald report:

There is every indication that some, and maybe many, prostitutes use and are addicted to dangerous drugs. There are also indications that the operators of prostitution supply addictive drugs both as payment of prostitutes and as a means of forcing their continued involvement.

To add substance to that statement, as a result of a debrief on Operation Patriot, which has operated in Adelaide for some considerable time with a great deal of success, I might point to a couple of case histories and they are by way of narrative.

A well-known escort agency and brothel owner is closely associated with known drug distributors. Numerous prostitutes working at this escort agency and brothel obtain their illegal drugs from the owner's associates. These drug distributors are not involved in the actual ownership of the brothel.

Another example involves a well-known Adelaide criminal involved in the drug industry and an escort agency owner who operate an escort agency in a residential suburb in Adelaide where the same business is carried on.

In another case, a well-known criminal identity in Adelaide, an escort agency owner, has in the past engaged the services of runaway children. The children are offered drugs in exchange for sexual favours, which they perform with the escort agency's clients. These are just some of the outcomes of Operation Patriot and the basis on which I make some comment.

It is a little concerning to me, as I explained to the journalist who wrote this story, that the emphasis is given to drugs because, as this is a non Party issue, and because there were factors revolving around prostitution that had not been aired in the community, I felt it was necessary to raise those issues for further debate without taking a line for or against prostitution—decriminalisation, legalisation, or whatever other change might take place, if any. I highlighted a number of issues in order to raise the question generally as to whether prostitution was a good thing for the community. I regret that such emphasis has been placed on drugs, although I do support those comments. I have no further need for a cup of coffee at Sylvia's expense.

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

**Mr QUIRKE:** Will the Minister advise the Committee on the success of recent road safety measures and strategies that have been put in place by the Police Force and, in particular, give us some idea of where we are going in terms of injuries and fatalities on the road over the past 12 months, compared with the relevant period in years gone by?

**The Hon. J.H.C. Klunder:** I am quite happy to respond to that. There has been a very pleasing reduction in the number of road deaths, road crashes, severe accidents and so on. I will start by giving an overview. The traffic policing objectives of the South Australian Police are to reduce the number of road crashes to facilitate the free flow of road traffic, and so on. I am drawing this information off the top of my head, but about 100 officers from the 3 600 officers in the Police Force are used in the road safety programs, and the current rate (and again, I have to take this off the top of my head, from what I heard on the radio a few days ago) is that we are 30 fatalities lower than we were at the corresponding time last year. So, all the indications are that we are heading in the right direction. I think that, to a very large extent, that is due to the introduction of speed cameras being a variable in the equation over the past few years.

I should draw some analogies here. When we originally introduced the random breath test in South Australia, we heard a great number of complaints about it from people who thought it was an invasion of privacy and just an excuse by the Government to raise revenue yet, after that initiative had been in place for a few years, people's attitudes had changed. A very large percentage of the population no longer considered it reasonable to get drunk somewhere and then drive home, and people took precautions to avoid that. That change in attitude by the people of South Australia as a result of the legislative initiative and the police work that was done on that legislative initiative produced a much safer set of roads for people to travel on.

I think we are witnessing a similar situation with regard to speed. Years ago, a percentage of people did not really care too much if they were speeding. The fact that we now have speed cameras on our roads is creating a change in attitude so that people can now see the point of not going over the speed limit and thus needlessly endangering their own or other people's lives. It is pleasing to see that the number of people who are speeding has reduced considerably and that the number of accidents and deaths has decreased significantly. Police studies have shown that, at selected locations, the number of vehicles exceeding the speed limit has decreased from 28 per cent of vehicles going past those points to 15 per cent so, instead of one in four people speeding past the point, the figure is closer to one in six. Indeed, the statistics show that, since the current level of speed cameras began operation in October 1990, there has been a reduction of 15 per cent in road deaths from 1 October 1990 to 31 July 1991, when compared with the same period in the previous year. Accident injuries have been reduced by more than 10 per cent during the same period, and the savings in car insurance and medical costs have been quite significant, but fairly difficult to quantify.

I did not bring with me the press statement a month or so ago released by the Opposition spokesman on emergency services in which he drew attention, *inter alia*, to the fact that there had been a reduction in the number of road deaths and accidents and in the number of people caught speeding, and indicated that he believed that this was due to the random breath test and to the speed cameras. He indicated the Opposition's hope that this trend would continue. I must say that, after the amount of garbage that has been put forward by the Opposition over some months, to the effect that the speed cameras were nothing but an attempt by the Government to maximise revenue, that press release from the Opposition spokesman on emergency services made a welcome change, in acknowledging that speed cameras had made a difference and in hoping that that would con-

tinue. I hope that that will put to rest any further attempts to argue that the Government was merely interested in revenue when it introduced speed cameras, given that we now have some very conclusive evidence that deaths, injuries, insurance and even the provision of spare parts to the crash repair industry and so on have all taken significant decreases.

**Mr QUIRKE:** Supplementary to that, on page 48 of the Estimates of Receipts I note that the estimated receipts in 1990-91 for infringement notices were \$24.694 million and the actual amount received was \$14.827 million, a reduction of about \$10 million in receipts from expiation notices. Is that the result of the trends the Minister talked about, of reduced numbers of infringement notices? At the same time, could the Minister give some idea of whether the department has the figures relating to reductions in Health Commission expenses as a result of the reduced road toll of injury and fatality?

**The Hon. J.H.C. Klunder:** I can deal with that first. We do not have those Health Commission figures. Yes, it was certainly true that the department indicated that it expected to get a considerably greater income from fines from traffic infringement notices than it did. The proposed receipts for 1990-91 were \$24 694 000 and the actual receipts were \$14 827 000. That decrease of \$9 867 000, was due mainly to a reduction in the number of expiation notices. It was partly due to the fact that there were fewer effective operational hours, which was in turn partly due to the fact that it had been expected that speed cameras could work in the hours of darkness, and, due to problems on the manufacturing side, that turned out not to be the case. It was also certainly due to the fact that the percentage of people speeding decreased quite significantly. On a personal note, I must say that I would much rather we collected no money at all from speed traffic infringement notices, because that would mean that people were much safer on the roads.

We would more than recoup the amount of money that we did not gain through TIN notices more than X times—and I would not like to put a figure on it—through a reduction in the costs of hospital care, insurance and various other flow-on effects, apart from the fact that there would be a great many more people alive and not injured on the roads of South Australia, and that has to be the main concern of the police, the Government and anybody else who has any degree of interest in the matter.

**Mr QUIRKE:** Will the Minister advise us of some of the details of the Constable Care program which, I understand, is one of the most recent initiatives of the force, to try to wind back the number of child accidents on the road and in other areas in South Australia and what hopes the department has in particular for this and other strategies to reduce the number of child accidents in 1991-92?

**The Hon. J.H.C. Klunder:** The Police Department has entered into an agreement with Constable Care Child Safety Project Inc., a private company originating in New South Wales but now set up in Western Australia. Constable Care is a fictitious police officer character, represented both as a male and a female, with no particular racial traits, who promotes all kinds of health and safety issues. The project will provide safety calendars, competitions and safety games to schools, and brochures, colouring-in books, comics and stickers to police for distribution in schools. The project will complement existing South Australian community policing programs by attracting public interest, through, hopefully, a high level media component.

The Constable Care program will be funded by sponsorship obtained by Constable Care Child Safety projecting, from both private and public business sectors, with profit

from printed materials going to the Constable Care Child Safety Project Inc. The program was launched, as members are probably aware, on 30 August this year at the Adelaide Show.

Basic youth-police relations are continually promoted by the Blue Light Association, which is supported by the provision of a full-time employee as a State coordinator, together with appropriate office facilities and Blue Light activities are otherwise carried out, as members would obviously know, on a voluntary basis. Other youth—police programs that receive considerable attention, input and support are the schools education program, the Blue Light youth and school camps, youth driver education, police deputies club, legal studies course, police lecture program for institutions, the Duke of Edinburgh Award scheme, visits to police facilities, police information handouts for students, and police training. All these activities are aimed at enhancing overall community relationships by positively influencing children and youth, and developing lines of communication.

**Mr MATTHEW:** I note on page 161 of the Auditor-General's Report that early in May 1991 Cabinet finally approved the department's information technology strategic plan, which took about four years to develop and cost \$400 000 in consultants' fees. I am also aware that this plan was originally recommended to be done by Touche Ross back in 1982.

However, now the strategic plan has been approved, I was concerned to read on page 160 of the Auditor-General's Report that he says:

Audit assessed as slow, the rate of progress being achieved in respect of Information Systems improvements, particularly in relation to the development of the new Human Resource Management System.

What systems other than the Human Resources Management System are being developed by police? Further, what were their original development start dates and estimated implementation dates for each of those systems, and at what development stage is each of these systems?

**The Hon. J.H.C. Klunder:** The information that I have is that the Auditor-General's Department is considerably happier with the current situation than it was 12 months ago. I do not think that I need to quote the present status section on page 161 to indicate that to the honourable member. I can ask my officers to comment briefly on the detail as to the questions that the honourable member has asked, but it would be better to be taken on notice.

**Mr MATTHEW:** I am happy with that.

**The Hon. J.H.C. Klunder:** In that case, we will take it on notice.

**Mr MATTHEW:** I appreciate the need to do that. Will the Minister explain why the system development has been so slow, and what action has been taken to accelerate or streamline the development of these problem systems?

**Mr Hughes:** If I can go over some of the issues that have been pointed out in the past with respect to the time-frame for the finalisation of our information technology strategic plan, following an internal review of the Police Department's computing requirements it soon became clear, especially with the department's increasing involvement in the Justice Information System project, that it was necessary to employ additional specialist skills in IT to head up the computer services section.

In 1987 we appointed a new manager, computer services, with extensive experience in information technology strategic development. The priority of the new manager at that time was to develop and manage the process of the implementation of our information technology strategic plan. Following that appointment, the detailed planning exercise commenced in 1987, preceded by the determination of an

hierarchical structure for the oversight of that review, which consisted of the department's senior executive group, which determined the directions and the policies to be adopted, and an information technology policy committee, which reported to the senior executive group, comprising senior members from all areas of the department and, importantly, included the principal adviser of the information technology unit from the Government Management Board. This committee, which was chaired by the Assistant Commissioner, Services, at that time, was formed in September 1987 to analyse issues at a detailed level and to make recommendations for consideration and ratification by the senior executive group.

The computer services section, with the aid of consultants, provided support. In addition to that, a number of teams and working parties reporting to the manager, computer services, were established and consisted of computer services personnel, operational personnel, consultants and the earlier mentioned adviser to the information technology unit of the Government Management Board.

We felt it important to involve consultants to assist to provide management direction to the planning teams, to provide the methodology, experience and knowledge that could be utilised by the departmental personnel, and to provide additional resources. It is recognised that the events leading to the final approval of the information technology strategy for the department took some time. However, it has been regarded as vital that the plan be sound in every respect, as it will form the basis for the subsequent development of information technology within this department for a number of years.

It is important to note that the Government Management Board, which was actively involved in this project all the way through, has continually stressed the need for this firm base and hence the approach taken. The plan was developed in two stages: the first stage saw the development of broad level strategies; the second phase was to take each of these broad strategies and develop them into detailed plans, including cost effectiveness studies for each activity. This approach was taken to achieve the most realistic framework possible and to achieve credibility for the cost and benefits to be identified in a detailed information technology strategic plan.

The department was particularly sensitive to the need for thoroughness in this type of analysis, considering recent criticism of other major information technology initiatives, and as a result of the comments of the Auditor-General.

Our Commissioner considered it essential that the Government Management Board be involved in the early stages with the department's approach to the development and implementation of the IT strategy. It would be fair to say that the Government Management Board believed that the rate of progress for the establishment of the plan within the time frame to which I have referred was quite reasonable, given the need to provide a sound basis. That led to further presentations to the Government Management Board and organisational changes within the department to set up the appropriate infrastructure to support the plan.

The management structure that has now been set up, including the new organisational arrangements, has been supported strongly by the Government Management Board and, as mentioned earlier, Cabinet has since approved the information technology strategic plan on 6 May 1991, and in the current budget has funded the various developments in line with the first year of that strategy.

**Mr MATTHEW:** That was exactly the same answer that was provided in September last year, prior to the completion of this year's Auditor-General's Report. There is no point

questioning further on that line. I refer to the human resource management system, which in the capital works program is given a completion date of December 1992 as opposed to June 1992 as given in last year's documents, yet the Auditor-General's Report gives a target date for the completion of that system as June 1993. Which of those dates is correct, and what is the reason for that discrepancy?

**Mr Hughes:** I do not believe that it is a discrepancy as such. We are attempting to complete the human resource management system by December 1992, with the aim of running it in tandem with the current system, if possible, through to June 1993. The current system is being run on the Cyber at State Computing, and our aim is to have the system operating and completed by December 1992. As I am sure the honourable member will appreciate, the development of human resource management systems is a very complex matter and, as it involves the payment of staff, it is very important that we have the opportunity to run the system in tandem with our current system until we are sure that any difficulties that may arise have been ironed out. We probably will not run it right through to June 1993, because if all goes well it may not be necessary to run the two systems side by side for that length of time.

**Mr MATTHEW:** I am aware that the human resource management system project and the user requirement documents were completed by a consultant in May 1989 at a cost of \$95 000. The system has been identified by the Auditor-General as one that is being subject to special audit focus. As a supplementary question, why has this vital system been so unacceptably delayed, bearing in mind that it is needed to control salaries and wage costs, which account for 79 per cent of its overall operation?

**Mr Hughes:** At the time of the 1990-91 budget papers, we did not have the final Cabinet approval for the project that we now have. It has been revised in the light of time, but is still within the time frame of the decommissioning of the Cyber at State Services. Also, it must be recognised that we need to take account of central Government initiatives with respect to the development of HRMS systems to ensure that we are not establishing a system that can be dealt with in whole or in part as a common system, so we have been working with the Government Management Board in that regard. Cabinet has given us approval to proceed with our own system, and we are on target in line with Cabinet's approval of this year.

**Mr MATTHEW:** In relation to the implementation of a new system for the police via the Justice Information System, I am informed very reliably that many divisions of the Police Department have experienced difficulty in processing their crime reports since the introduction of the new computer system that collects and sorts crime details and producer reports. I am further informed that at least one division has a growing backlog of unprocessed crime reports in excess of 1 000 reports, and that some crime reports take up to 45 minutes to key into the new computer system. Police feel they are worse off now than under the old system.

With that information in mind, what action is being undertaken to ensure that the massive and growing backlog of unprocessed crime reports is cleared in order for police to obtain up-to-date crime information to enable them to perform their jobs effectively, and what effect has this backlog had on producing accurate crime statistical data?

**The Hon. J.H.C. Klunder:** First, I need to make the comment that matters dealing with the JIS are not within my purview and, consequently, should not be asked here. I say that only because the honourable member raised the JIS as part of his question. However, this deals with the

criminal incident system, and I will ask Brian Meadows to answer the question.

**Mr Meadows:** The crime incident system went into operation in the metropolitan area in about May this year and Statewide at about the end of July. As with all systems, especially in a complex organisation such as the Police Force, there were some initial difficulties and some backlogs were experienced. When we highlighted those difficulties, it enabled us to spot the areas where the backlogs were highest, to look at the training and at any other problems there were, and we progressively reduced the level of backlog over the past two months or so to the point where it has become very manageable. I urge the honourable member to understand that in the Police Force many people are involved in an implementation. It is very widespread. That level is now coming down satisfactorily, and we expect that, by the end of this month, there will be almost no backlog.

**Mr MATTHEW:** As a supplementary question, my information is that the backlog is still there and is growing. Will the Minister be good enough to take the question on notice and to investigate that further, as it is something that is of concern to me.

**The Hon. J.H.C. Klunder:** In these matters, I would normally be guided by the people who advise me, but Mr Hunt has indicated that he would like to comment.

**Mr Hunt:** Recently, as a part of my role with the Justice Information System and as Commissioner of Police, I was doing a lot of country visiting in relation to the question of whether or not there were tangible benefits within the police incident reporting (PIR) system and how it was working. I caused questions to be asked at the time and also brought it to the notice of the board of the Justice Information System and my own department. I found that the number of 1 000 reports was not quite correct. However, it may be that there were some delays in processing brought about by the fact that we were changing from one process to another and there would inevitably be some backlog in that period. People understood that because, as a result of my visits, I put out some information which explained that.

The honourable member raised another question as to whether or not our capacity for crime statistics was endangered. I can say that, because of my involvement with another national board, that is, the uniform crime statistics system, which is run on a conjoint basis between all police agencies in Australia and reports to the Australian Police Minister's council, South Australia was found to have had one of the best, most accountable systems to be able to have an input into that new system. So, we are playing a leading role in defining properly collated and identified codings and the collation of statistics throughout the country. In fact, three other States do not have any capacity.

**Mrs HUTCHISON:** Under the Government's crime prevention strategy, which was released in 1989, a crime mapping facility was to be developed to assist in the improvement of the quality of information available to combat crime (and this again relates to statistical information). What is the current status of that project? What are the benefits to the Police Department of the introduction of a system such as that in the fight against crime? How will this advantage country police?

**The Hon. J.H.C. Klunder:** The crime mapping system was developed over an 18 month period and is now fully operational. In fact, it was opened by the Attorney-General and me only a matter of some weeks ago. The aims of the systems are to represent geographically the nature and incidence of crime in South Australia and to link crime patterns to socio-demographic characteristics of the community. The system uses a computer program developed by a team of

consultants, crime data provided by the South Australian Police Department and census data obtained from the Australian Bureau of Statistics.

It is particularly useful for the planning and evaluation of local crime prevention initiatives through enormous improvement in the quality and timeliness of information. Funding of \$77 000 in both 1989-90 and 1990-91 financial years was obtained from the Government's crime prevention program, which is administered, as members would know, by the Attorney-General's crime prevention policy unit. The requirements of the system were determined by departmental research staff while a team of consultants was engaged to develop and implement the system. The system is currently being maintained by staff from the department's Special Project Section. However, the responsibility for this process will be transferred to the Crime Statistics Unit in early 1992.

I have had a couple of looks at this, once at the opening and once prior to that, and if I can be forgiven a personal note, I must admit to being absolutely staggered at the amount of information that can now be put on a personal computer. It is really quite astonishing the amount of data that can be processed and the amount of information that can be provided via what is now a fairly small computer.

**Mrs HUTCHISON:** Page 346 of the Program Estimates refers to continued fostering and maintaining improved police community cooperation. What programs are in place to enhance that police community contact? Will any of these programs be extended to country areas? I am aware of the importance of that police/community type cooperation.

**The Hon. J.H.C. Klunder:** Some of that I have already referred to, I think, in an answer to an earlier question where I probably jumped across different concepts slightly. There is a great deal of community/police contact through a police operation from Adelaide central police headquarters and on a localised regional and divisional basis. There are a variety of systems. As I indicated, some of those I have already mentioned, particularly in reference to youth and police interaction programs.

Community police contact has been heightened by the matching of police operational boundaries to local government areas and the decentralisation of police administration and the creation of 16 divisions and subdivisions which produce a 24 hour service and are responsible for local community initiatives. New forms of community oriented policing have been developed, including Business Watch, School Watch, with Neighbourhood Watch and Rural Watch continuing to expand. Those are, I suppose, the adult concepts, and I have already dealt with the youth concepts in this matter.

**Mrs HUTCHISON:** I refer to pages 48 and 49 of the Capital Works Program. What is the current position with regard to the proposed construction of the new police headquarters at Port Augusta? I have looked at the capital works budget and find that it is not mentioned.

**The Hon. J.H.C. Klunder:** I appreciate that the honourable member has a particular interest in this project. The Police Department has recognised a need for improvement to facilities that are available for operations at Port Augusta and has been developing a building project which involves the full replacement of the existing complex. The decision to proceed along these lines was taken after a study confirmed that it was not feasible to improve the existing complex to the standard that was needed, given the constrained site area and the layout of the existing buildings.

The matters which indicated a need for improvement included—and I am quite sure the honourable member will know many, if not all, of these—the need to provide for

specialised facilities such as a video interview room in modern communications technology; staff increases in recent years resulting in overcrowding in the office areas; the need to achieve and improve standards in the detention area to meet requirements of the Royal Commission into Aboriginal Deaths in Custody; the implementation of new initiatives in the areas of victims of crime and the Aboriginal police aides scheme; the need to provide better public access to the building but still allow appropriate levels of security; and the need to integrate within a suitably designed building all the police functions at Port Augusta. As the honourable member would be well aware, several functions are located in separate leased premises.

In order to provide some immediate office accommodation and improvements, a relocatable building was placed on site in 1990. Currently the department is seeking to obtain additional space off site that further use the overcrowded conditions. The Commissioner recognises that a replacement complex is a high priority and at present negotiations are in place to acquire a suitably located site for the proposed new complex. A building brief has been completed and is with SACON for design work to be undertaken in 1991-92. In terms of the Police Department's major building projects, Port Augusta is the highest ranked major country project. I am quite sure that the honourable member will be pleased to hear that. The total estimated cost of the project is over \$5 million.

**Mr BLACKER:** I raise the question of funding for Aboriginal police aides, and do so with the request that reconsideration be given for the funding of these positions in view of the recent announcement that that project may not go ahead during this current budget period. I raise the question because I have received correspondence from the Port Lincoln Aboriginal Organisation and the City of Port Lincoln which have very strongly supported the project for about four years. The whole concept of police aides follows on from the recommendation of the Royal Commission into Aboriginal Deaths in Custody, that priority should be to place police aides in Aboriginal communities by 1989. The community now feels as though it has been rejected by the withdrawal of this funding. Will reconsideration be given to its funding so that three Aboriginal police aides, as was originally planned, can be allocated to the district of Port Lincoln?

**The Hon. J.H.C. Klunder:** I ought to preface my remarks by saying that it is not the Minister who makes the decisions as to the spending of the money in the Police Department. By law, that is the prerogative of the Commissioner. He has the running of the Police Force, so to speak. I have also received correspondence on this matter, as I believe the Commissioner has, and it is not so much a matter of the program not going ahead (as the honourable member said early in his question) but its having to be placed on hold for the time being.

Despite the fact that there is a record budget, a budget that has considerable improvement in real money made available to it, we are not in a position to fund everything that the community wants. It is one of those very difficult things to try to place an order of priority on where the money can best be spent. In some ways I am relatively pleased that that is not in my bailiwick, but that the Commissioner has been charged by this Parliament with that particular duty.

I suspect that the very worthwhile case—and I acknowledge the Port Lincoln case as being very worthwhile—has not been taken off the books, so to speak, but has been placed on hold hopefully for consideration in next year's budget.

**Mr BLACKER:** Has the Government recognised the recommendations of the Aboriginal Deaths in Custody Royal Commission and the fact that the Department of Aboriginal Affairs identified the proposal as being a direct responsibility of the State? To that end, I reinforce the request that reconsideration be given to the matter. I appreciate what the Minister has said in terms of the funding. I will be formally making the request to the Commissioner on that basis. However, I was hoping that we could do it through this medium.

**The Hon. J.H.C. Klunder:** I am absolutely convinced that all the information provided by the honourable member has been taken into consideration by the police in coming to their decision. As I have already indicated, that decision is not mine to overturn or mess around with, because the Parliament has specifically prohibited me from so doing.

Perhaps it might be worthwhile indicating that, in terms of the 339 recommendations of the Aboriginal Deaths in Custody Royal Commission's final report, we have covered an enormous amount of ground. I do not think it is reasonable to accuse either the Government of not having funded or the Police Department of not having taken sufficiently seriously the recommendations of the final report of the royal commission. I hasten to add that I do not think what the honourable member has said in any way implies that we have not taken those recommendations seriously. I would not want to be seen as reflecting on the honourable member in any way whatsoever.

The recommendations covered police personnel management policies and practices, sentencing practices, treatment of intoxicated persons, conditions and procedures at police lock-ups, conditions and procedures at prisons, medical issues, post death investigations, and police operating policies and procedures. Some 59 of those recommendations had a direct bearing on police operations and cell facilities.

In conjunction with the department's commitment to the implementation of all the recommendations, the department has formulated a series of strategies to pursue the practical details of implementation. The central themes of the police strategy included police training and education programs covering a range of operating procedures, first aid training and attention practice; appointment of a senior commissioned police officer to liaise with relevant agencies and coordinate actions on recommendations; the extension of the Aboriginal Police Aides scheme in other areas (as the honourable member is aware); a prioritised program of cell upgrades to improve standards to acceptable levels, with \$324 000 expended in 1989-90, \$866 000 expended in 1990-91, and \$750 000 scheduled for expenditure in 1991-92. Further, it involves, as I have already indicated, the recruitment of 15 additional police officers per year for three years to allow for more rigorous surveillance arrangements, with the last 15 of those to be taken on this year; and the continuation of major building works programs to ensure high quality detention facilities at all major 24 hour locations.

With respect to the costs at Ceduna, approximately \$3 382 000 has been spent on the location of new cell and accommodation facilities. I could spend some considerable further time indicating the actions taken by the Government and the Police Department under the Aboriginal Deaths in Custody Royal Commission recommendations, but the rest of it is probably not as appropriate to this question.

**Mr BLACKER:** The Aboriginal Deaths in Custody recommendations is but one reason why the community desires Aboriginal police aides. It is of concern to me that the appointment of Aboriginal police aides was seen to be a very positive step by the Government in addressing a prob-

lem that seems to be growing. That problem is one of juvenile delinquency amongst the Aboriginal community. It has already been reported to me that the withdrawal of this funding, or more particularly putting on hold that particular scheme, is seen as the Government's backing away from a problem that really needs to be addressed. As a supplementary question, can the Minister advise on the effectiveness of the police aides who are already in operation?

**The Hon. J.H.C. Klunder:** While I regret that it has been necessary to place this scheme of increasing the number of aides on a temporary hold, the Government and the honourable member can take some comfort from the fact that there are now 18 police aides in various places around the State, with 10 police supervisors for those people. It is not as if we have been standing still. We are probably doing very well compared with other States and in absolute terms. I accept, especially if it looks like one might be the next cab off the rank, that it must be difficult suddenly to realise that the funding just did not stretch that far on that particular occasion.

Maybe other people here are far more able to talk on this matter than I, but my feedback is that the Aboriginal police aides are a very useful addendum to the police strength, and that the work they are doing is of very high value. That is one of the reasons why we have 18 of them instead of there being only one or two. There is no doubt in my mind that, in due course, we will continue to increase the number of police aides. Having said that, I do not want that taken as an indication that there will be police aides in specific locations next year, because that is not my decision to make. That is a decision that the police must make.

**Mrs KOTZ:** Before asking my next question, I refer to a comment made by the Minister in an answer to a question from the member for Playford, when the Minister chose to denigrate the Opposition members for their concerns in areas regarding speed cameras and the opposing view of revenue-raising. I find the dismissal of those concerns as garbage, most offensive and quite unnecessary.

I refer to page 339 of the Program Estimates. In answer to the member for Playford, the Minister stated that the reduction in the actual receipts shown on that page as \$14 966 000 occurred because of the effectiveness of the speed cameras and the obvious efficiency with which they have assisted road safety. If that is the case, and the number of speed cameras now in place have worked so effectively to reduce accidents, fatalities and speeding, can the Minister explain why it is necessary to provide a staggering increase of \$3.558 million and employ a further 30 staff members in this specific area?

**The Hon. J.H.C. Klunder:** I am unable to resile from the description I gave to Opposition efforts in this area. I believe it is absolutely true that the Opposition took the opportunity to denigrate a Government initiative which, it has now admitted, has worked. Under those circumstances, I could peruse all the press releases that the Opposition provided during the time when the speed cameras were introduced and during the early running of them and look at the way in which it attacked the Government and indicated that the Government was introducing these measures only as a revenue-raising exercise. With all due respect to the member for Newland, I am unable to resile from the comments I made earlier.

With regard to the reduction in speed, the reduction in the number of accidents, and so on, having taken place as a result of the then current initiative, the honourable member then asked why the Government found it necessary to increase the number of speed cameras. Perhaps I can refer

to the Victorian experience. A proportionately much larger number of speed cameras were introduced in Victoria than were introduced in South Australia. The result of that, which is available for anyone to look at, was a 20 per cent reduction in deaths and similar reductions in other areas. I might add that that evidence was available to the Opposition at a time when it was claiming very strongly that speed cameras were being introduced in South Australia for the purposes of raising revenue.

South Australia has succeeded in a 15 per cent reduction in deaths and a similar reduction in various other areas which I enumerated later. If the honourable member believes that we should not introduce further cameras and that we should not try to increase the number of cameras to the point where we get a reduction in the number of deaths and injuries that is comparable to that of Victoria, I am afraid I cannot agree with her.

**Mrs KOTZ:** An extreme amount of money is being transferred into this area. Quite obviously, the 30 additional staff members will require a considerable amount in salary payments. Will the Minister explain how many cameras will be purchased, and what other administration costs will be taken out of that amount?

**The Hon. J.H.C. Klunder:** At this stage we are thinking of introducing an extra four cameras. In terms of extra cost and people involved, the computing system that is currently being used is turning out to be too small for the quantity of traffic infringement notices that it is processing, so we need to get a newer, better and larger computing system. Also, some accommodation costs will be incurred. Extra staff are necessary due to the need to process these larger numbers of traffic infringement notices. Generally, the staff will be non-police staff.

**Mrs KOTZ:** I find this matter confusing and contradictory. The Minister is stating that the figures we have at the moment under the budget lines displayed have shown that reductions have taken place. Is the Minister saying that speed cameras are predominantly being brought in to increase the rate of traffic infringement expiation notices? Does the Minister not agree that at this stage his system is working to reduce, to the degree that he told the Committee, the effect of fatalities, speeding fines and so on, that are occurring at the moment?

**The Hon. J.H.C. Klunder:** I thought I made clear that we are here interested in a road safety objective, that is, decreasing the number of deaths and injuries on our roads. I indicated that the Victorian figures show that we have not yet reached the level of decrease in deaths and injuries that appears to be possible. Under those circumstances, we are introducing more cameras and we will extend the hours of use of those cameras until after sunset in order to deal with an area that is currently not being dealt with very much at all. In the circumstances, an increase is expected in the number of traffic infringement notices issued, and we need the staff and equipment to be able to process those notices. However, the intent—despite what the Opposition has been saying for many months—is to save the lives of people, to save people from getting injured, as well as to gain the ancillary benefits that come with those objectives.

**Mrs KOTZ:** It is pleasing to note that the Police Complaints Authority will receive an increase of \$227 000, or 48 per cent in 1991-92. From the annual report for 1988-89, I note that there has been a 9 per cent rise in the number of complaints to the authority in 1990-91, with 889 complaints involving 1 484 allegations. There were 1 011 complaints outstanding on 1 July 1990, 889 new complaints in 1990-91 and 1 076 complaints finalised in 1991, leaving 820 complaints not resolved as at 30 June 1991. Will the



increased allocation be used for additional personnel only and, if so, how many?

**The Hon. J.H.C. Klunder:** Having signed the appropriate Cabinet documentation some considerable time ago, my understanding is that the increase in staffing from its current full-time of 8½ is that we are approving a further 2½ FTEs on a six month temporary basis. As the honourable member has indicated in her question, the last financial year was the first time in which the number of new complaints was less than the number of complaints finalised. In that sense—and I think it is due to an extraordinary effort by the Police Complaints Authority—the corner has been turned, unless a large increase occurs in the number of complaints in this current year.

Under the circumstances, it seemed appropriate to provide a part-time temporary 2½ staff to help get rid of the backlog as much as possible, which would then leave the Police Complaints Authority with its current staffing hopefully with negligible backlog. I should also stress the amount of work that has been done within the Police Department by the Internal Investigation Branch, which has materially been assisted by an increased effort and different methods of tackling the backlog. In short, that money is provided for 2½ staff for six months in order to eliminate the backlog.

**Mrs KOTZ:** As a point of clarification, is the Minister saying that 2½ full-time equivalents over six months will take the increase of \$227 000?

**The Hon. J.H.C. Klunder:** I hope not. I would be disappointed if that were the case. I do not have the figures handy. Perhaps the Police Complaints Authority can provide those figures.

**Mr Cunningham:** In terms of the breakdown of the figures, I ask to take the question on notice. The major part of the increase is in the staffing area. There is also a carry-over from the previous year into the current year for comparison purposes. The Government did in fact approve a permanent increase at the commencement of the year 1990-91, which was carried into effect over a period as we recruited appropriate staff and that resulted in a carry-over which somewhat affects the comparison to which the Committee and the honourable member have drawn attention.

**Mrs KOTZ:** As a supplementary question to that, can the police Internal Investigation Branch provide enough investigative support to enable more cases to be thoroughly investigated and thus reduce the backlog of complaints?

**The Hon. J.H.C. Klunder:** I doubt that one could arrive at a situation where everybody would agree. Clearly, in the past, there have been delays which are at least partly due to the difficulties that the Internal Investigation Branch had in coming to grips with the increasing number of complaints. My understanding is that the change in methodology of dealing with matters, which the new officer in charge has brought about, has considerably improved the situation. Whether or not that is in fact a sufficiency in terms of either a Police Complaints Authority with wider authority or an impartial observer is something that tends to be a value judgment.

**Mrs KOTZ:** In his annual report for 1990 Mr Cunningham addressed the problem of allegations of corrupt practices by police or improper dealings by police officers with suspected criminals that give rise to a suspicion of such practices. The report says that in the earlier years of the authority such complaints were virtually non-existent but that the number has grown over the years. The report continues:

Particularly in this class of complaint it is often the case that a final decision cannot be made as to the substance of a particular complaint until persuasive evidence has been obtained.

Are these files used by the police when such investigations as Operation Hygiene are instigated and, if not, is advice offered to the police?

**The Hon. J.H.C. Klunder:** I will ask Mr Hunt to answer part of that question and perhaps Mr Cunningham might like to give his impressions as to how he believes the Police Force fares with regard to corruption and so on. I point out that we have an Anti Corruption Branch, a National Crime Authority, an Internal Investigations Branch and a Police Complaints Authority, which all exist, at least in part, to deal with behaviour that is below the standard required of police officers.

Consequently, the Government has recognised that, as the force grows larger and as temptations increase, then so does the apparatus which seeks to control the spread of undesirable behaviour need to grow—and, indeed, it has done so.

**Mr Hunt:** I think it needs to be understood that there are two avenues of enquiry, one that is determined under the PCA with the Internal Investigation Branch and the other is at the direction of the Governor concerning the operation of the Anti Corruption Branch. It has been unkindly reported in some media that we do not have any proactive approach to understanding and dealing with errant behaviour within the police; rather, it is alleged that it is all reactive. The reactive part of those inquiries has been cited as being within the area of the IIB and PCA.

We take issue with that suggestion because, consistent with our proactive approach in both areas, in appropriate cases the ACB does enter into discussion with the Police Complaints Authority. Indeed, just recently the authority and I discussed these matters which are currently under review not only from the point of view of the substance of some of them but also in order to help develop future strategies to deal with these matters in a more efficient and effective manner. Perhaps Mr Cunningham would like to add to those comments.

**Mr Cunningham:** There are a few comments I wish to make about the processes. Under an Act of this Parliament I respond to complaints which are filed with the office or with the Police Force and transmitted to us. If any of those complaints appears to me to raise an issue of corrupt practice or suspicion of corrupt practice, in addition to referring that matter to the Internal Investigations Branch for its investigation, I might sometimes require that it be investigated by an officer of the Anti Corruption Branch. In some other cases, there are joint discussions, sometimes three-handed discussions involving the officer in chief of each branch and me. Then there are the processes to which the Commissioner has referred.

Secondly, in a number of matters we conduct the investigation through the IIB but, when it is submitted to me for my assessment, I ask that it be reviewed, as it were, by the Anti Corruption Branch in order to satisfy myself that that branch is not holding some information which may intersect with the issues that I must assess in terms of the complaint. Those are the processes which we attempt to apply using both the investigative and the assessment phases.

**Mrs KOTZ:** As a final supplementary question, are any of the police officers now under investigation in Operation Hygiene known to the Police Complaints Authority through complaints made in previous years?

**The Hon. J.H.C. Klunder:** I will ask Mr Hunt to deal with that question.

**Mr Hunt:** I think it must be understood that Operation Hygiene is an ongoing investigation which deals with a number of assertions, allegations and bits of information. I would deem it as harmful to the process of the investigation,

which will be fully reported to the Minister at the appropriate time, to disclose those kinds of things at this moment. However, I give the assurance that appropriate avenues of cross-referencing are open to us and we will exercise those.

**Mr HOLLOWAY:** My question relates to police communications and particularly to telephone systems. I am aware of criticisms that the police PABX telephone system at central headquarters in Angas Street is outdated and, on occasions, has difficulty in coping with the volume of calls it is expected to handle. Naturally, it would be of concern to the public if there was any possibility that community access to police services might be constrained by inadequate telephone systems. Is the Minister aware of any problems with the Angas Street telephone systems and, if so, what action has been taken to solve those problems?

**The Hon. J.H.C. Klunder:** In September 1990 the Police Department completed a strategic telephone plan which highlighted the need for telephone systems and networks within the department to be upgraded and specifically that PABX systems currently in use be replaced. Consequently, \$214 000 was spent in the 1990-91 financial year on PABX upgrades at the Christies Beach, Darlington and Nuriootpa police stations as well as telephone systems upgrades at 21 country locations. In the 1991-92 financial year, \$810 000 has been allocated to upgrade the Angas Street Police Headquarters PABX. The current PABX system has a number of significant problems including:

- inefficient resource utilisation;
- inadequate community access due to inability to handle current volume of calls;
- incompatibility of system with new Comcen PABX system;
- increasing maintenance costs due to age of existing equipment, which is now more than 10 years old;
- lack of ISDN compatibility precluding the proposed cost savings expected with the introduction of ISDN in the near future.

The replacement of the current system with a more sophisticated model will enable more efficient use of existing resources and, through development of networking access, will generate significant call cost savings. In addition, the replacement system being considered will have the capacity to handle a higher rate of incoming calls to ensure that a high level of service to the public is maintained well into the future.

**Mr HOLLOWAY:** What strategies have been or will be adopted by the Police Department to combat vandalism in school properties?

**The Hon. J.H.C. Klunder:** I will ask the Police Commissioner to deal with that question.

**Mr Hunt:** Obviously, there is a high degree of concern about schools and their security, and after hours security of schools continues to be given attention by police patrols. Patrols are generally allotted particular schools to visit and to patrol on foot if they are able to do so. The dog squad and mounted police also visit schools during the hours of darkness, especially in areas where schools appear to be at risk. The majority of schools are now equipped with alarm systems, and many have installed security lighting in strategic locations. There is a program under our total crime prevention program known as 'School Watch' and, on 22 August 1989, the Government announced that, as part of the South Australian crime prevention strategy, a joint Police/Education Department initiative would be implemented, called 'School Watch', which is designed to enlist community support in safeguarding school facilities. The initiative has been allocated \$80 000 per annum for three years, and this amount covers the salaries of the members of the

project team. One police sergeant and one member of the Education Department have formed the project team and, to date, 14 schools have been involved. The initial evaluation has seen a dramatic drop in vandalism on the campuses concerned.

**Mr HOLLOWAY:** My third question relates to Business Watch. I note that at page 346 the Program Estimates state that Business Watch programs have been implemented within the City of Adelaide. Can the Minister provide further information on the Business Watch program, together with an indication as to the extent to which it is proposed that the program be expanded in the future?

**The Hon. J.H.C. Klunder:** Again, I will ask the Commissioner to answer that.

**Mr Hunt:** This is one of the 19 programs of crime prevention which I mentioned and which are operating under the auspices of the Police Department, some with other organisations.

In conjunction with the Inner City Cooperative Action Group, the Crime Prevention Section have established 'Business Watch' and 'Safety Shop' scheme. The scheme is conducted on similar lines to Neighbourhood Watch and Safety House with the following major objectives:

- to reduce crime and the fear of crime, in the Adelaide Central Business District;
- to educate retailers and landowners in the requirements for improved safety for public and staff as well as better building security and urban design;
- to provide and promote approved courses of action for the public to follow if they witness or become victims of crime in the inner city;
- to provide appropriate assistance and referrals for victims of crime in the city, both in-shop and on-street; and
- to encourage cooperative action between business, police and human service providers through information exchange and an understanding of respective roles and potential joint projects.

Our understanding of and feedback from this has been extremely positive, with the people in the businesses themselves taking a very active part. There have been some good successes in clearing up a number of issues.

**Mr MEIER:** I would like to return to the question of Aboriginal police aides which the member for Flinders raised in the first instance, and I would draw the Minister's attention to some of the correspondence that the member for Eyre in particular and the Leader of the Opposition have received. The first correspondence is from the District Council of Murat Bay, which states that it finds it hard to accept the excuses put forward for not providing three Aboriginal aides to the Ceduna area, its understanding being that this is due to suitable funding being readily available through the Aboriginal Employment Development Branch of the Department of Employment, Education and Training. It is the belief of the District Council of Murat Bay that this means that the funding has been used previously to provide the first 12 months of training for Aboriginal police aides placed at Port Augusta, Yalata and Salisbury.

I also refer to a letter which has been addressed to the Premier, Mr Bannon, and which has been forwarded to members indicated earlier. It says, amongst other things, that the couple writing are alarmed to hear that the Government does not intend to appoint Aboriginal police aides to Ceduna this year. They believe it is an extremely short-sighted decision, and they cite the incident including their daughter at the Ceduna Area School recently, when she received several blows to the head, resulting in bruising, from an Aboriginal girl. The letter says that the school called

in the police, as is policy in these matters. This was the second assault by an Aboriginal girl in the past two weeks. Two officers arrived to deal with the incident. This would have been a perfect opportunity for an Aboriginal police aide to be present to talk to the offender and show the Aboriginal community that the law applies to all. The letter goes on to say that it seems ridiculous that the Government has spent several million dollars building the new police station at Ceduna with special consideration for Aborigines but that it will not now fund Aboriginal police aides to make it work.

In the light of those comments and the comments from the Port Lincoln area referred to earlier by the member for Flinders, I ask the Minister to reconsider and perhaps urge his officers to reconsider the stationing of police aides in the three areas of Ceduna, Coober Pedy and Port Lincoln and give the matter a high priority. I also ask whether any of the police aides who have been appointed in the past few years have been dismissed.

**The Hon. J.H.C. Klunder:** We need to clarify, although the honourable member has done so, that the money that was said to be available for police aides in this current year was in fact seed money and that the Police Department would have to pick up the ongoing costs after that first 12 months, so the police are in a position of having to look at their ongoing budgets to see whether or not they can afford extra people on that budget and what order of priority that is. It is never an easy decision as to what to include and what to leave out of a budgetary consideration, and I am certain that the police would have agonised over the funding at the margin of their budgets to see what should be included and what should be excluded.

I should also point out that four extra police were appointed to Ceduna fairly recently, and that will have increased the strength there considerably. With regard to the question whether or not I should make a decision or whether or not my officers should make a decision to change as a result of the fact that people are bringing it up in these Estimates Committees, I cannot speak for what the Police Department and the Commissioner will do.

I would think that once one had agonised over the allocation of money, to then change that around on the basis of very well-intentioned pleas from other people would open a Pandora's box that no-one would want to open, because it would then be known that no decision was final if people managed to get questions into the Estimates Committee about it. Under these circumstances, we have to accept the police decision to put the situation on hold for 12 months and re-examine it in preparation for next year's budget. The Commissioner might want to deal with some of the later parts of the honourable member's question.

**Mr Hunt:** There is just as strong and burning a request for Aboriginal police aides from other centres around the State, particularly Murray Bridge and Port Adelaide. It is a matter of trying to divide the appropriate resources to be able to meet all those needs. Indeed, one of the things that goes with the establishment of police aides is not just the people themselves but the vehicles, the radio equipment and the accommodation. Only yesterday I was in Port Augusta at the Davenport reserve and opened or commissioned a new police post for the use of police aides in Davenport reserve and Umeewarra mission area in the Port Augusta district. I mention that because, although things are going to supply, maintain, and improve the lot of our Aboriginal police aides, there is just as strong a demand for other parts of the State for the same service.

The second part of the question was: have any Aboriginal aides been dismissed? To my current knowledge, two got

themselves into some legal difficulties in the north of the State and, as a result, we lost their services. One or two others have left voluntarily, but that is not in the same category as being dismissed. We have maintained the strength that we set out to achieve.

**Mr MEIER:** The police journal of March 1991, page 4, states:

Members must be holders of a 1B emergency pursuit driving permit before they become involved in high speed chases. The Police Association wrote to the Commissioner of Police requesting that all patrol personnel be trained to the standard of the 1B emergency pursuit driving permit with great urgency so that members can carry out their duties without breaking general orders.

Do any police involved in high speed chases not have the training to 1B standard? Are all patrol personnel being trained to the required standard?

**The Hon. J.H.C. Klunder:** I do not have that information at my fingertips. If the Commissioner has that information, I ask him to make such comments as he can, and take the rest of it on notice.

**Mr Hunt:** I can address the question of high speed chases. Police Department policies, practices and procedures governing high speed driving by police officers are documented and covered in the police general orders and operations command policy statements. These may be summarised as follows: high speed driving can be carried out only in accordance with section 40 of the Road Traffic Act, which prescribes that police officers in the execution of their duties may drive contrary to some of the provisions of that Act. This exemption applies only when a member is performing a specific duty where emergency or urgency is a predominant element. Sustained high speed in accordance with section 40 is permitted only in the following circumstances: emergencies involving obvious danger to human life and detection of very serious crime. Members must always drive with due care, attention and reasonable consideration. The police general orders and operation command policies are continually under review.

Police officers qualified to engage in pursuit or high speed driving must hold an appropriate emergency pursuit driving permit. To qualify they must undertake a seven-day intensive driver training course, conducted by qualified instructors. Driver theory on road safety and tactics are discussed and evaluated. Included in the course are two days of high speed driving and evasive tactics at the Mallala motor sport park. During this phase, the difference between high speed pursuit and emergency response situations is demonstrated and discussed. While members are taught the skills of high speed driving, there is constant emphasis on the dangers of an unwarranted pursuit.

As recently as 16 January 1991, the Assistant Commissioner (Operations) distributed a command memorandum in which he again reinforced policy and general orders in relation to high speed driving in emergency and pursuit situations. During the period 1 January 1991 to 30 June 1991, 140 high speed emergency pursuit situations occurred. The question has been noted from the Police Association about the requirement. It is a matter of having everybody trained. Our training branch is engaged in training. In addition, there is appropriate and abundant instruction to drivers of police vehicles that should they not be so licensed they ought not be engaged in high speed pursuit.

**Mr MEIER:** It was put to me that the recent high speed chases—I think that it was last week where the car or cars did a U-turn and confronted the police head-on—involved Aboriginal youths in most, if not all, cases. Can you clarify that situation?

**The Hon. J.H.C. Klunder:** I will pass that question on to the Commissioner.

**The CHAIRMAN:** I remind members of the Committee to direct all questions to the Minister.

**Mr Hunt:** The answer to that is in the affirmative. This is a special problem that the police have taken up with other agencies in an effort to curb the problem by means other than pursuit and or penal or legal action. We believe in the greatest deterrent being prevention. There have been very serious discussions between my department and other departments. As a result, resolutions have been taken and action has been put in place to talk with some of the offending persons and their families in an effort to instil a greater sense of responsibility into those groups to avoid this kind of behaviour in the future.

**Mr MEIER:** That issue was headline news this morning, and I noticed in the *News* this afternoon the headline, 'Ram-raiders in \$14 000 night haul'. The article goes on to give examples of three instances of the ram-raiding technique being used. Again I ask: is there any specific group of people? Are Aboriginal youths involved in these ram-raiding activities, or is it more widespread?

**The Hon. J.H.C. Klunder:** We do not have any immediate knowledge on that. Consequently, we have to take the question on notice.

**Mr QUIRKE:** Can the Minister advise what crime prevention initiatives have been implemented within the city district to provide a police presence to the community at large and to businesses in the area? What effect have these had on the incidence of crime, particularly within the square mile of Adelaide?

**The Hon. J.H.C. Klunder:** Policing in that area is maintained on a two stream approach, namely, both reactive and proactive policing. In the area of reactive policing, during the year numerous specific policing objectives were implemented in what might be regarded as a typical mode of policing. The resources available include the police from Bank Street, which is right in the heart of the area, operating seven days a week and 24 hours a day. These uniformed police are supported by STAR division, Operational Response Group, Mounted Cadre, regional response groups and traffic personnel.

There are also a number of proactive policing initiatives. Mainly as part of the Together Against Crime Prevention philosophy, police have actively pursued and adopted a range of options to contain crime trends. These have included the intra-city cooperative group, the cautionary diversion program, watch programs, blue light camps, the Inter-Agency Task Group on Aboriginal Youth, and fast tracking of young offenders. The total recorded offences showed an overall reduction in crime over the past year of some 5.8 per cent.

**Mr QUIRKE:** In my electorate, the presence of the Para Hills patrol base is an extremely important element in crime prevention. I suggest that it is one of the most important elements in the whole Salisbury district. I understand that discussions have taken place over the past few years about the placement of other facilities on the other side of the train line that runs between Gawler and the city. Will the Minister shed some light on how that is developing, and will he tell us whether or not the Para Hills patrol base will continue its present functions into the medium term future?

**The Hon. J.H.C. Klunder:** I am pleased that that question has been asked, because it allows me to make a statement—again—that I hope will help contradict some of the uninformed comment that is floating around South Australia, and that is the commonly heard claim that there is a very large police region with only two patrol cars in it, and that that is the total protection that region has. Again, that comes under the heading of garbage. I am sorry to have to use

that twice running, but it is garbage. The two patrol cars referred to are specifically tasked to that particular region for no other purpose than to be in the region and to respond to calls, so that, statistically, there will be people closer than might otherwise be the case from a patrol base.

As well, there are a number of other police in that region—traffic and various other branches of police—and if there should ever be pressure on the police in the patrol cars in that region and other forms of assistance, including the patrol sergeant and various other people, are also fully utilised, then people from the neighbouring areas can also be tasked to that region.

So, the comment that there are only two patrol cars in any particular region providing the protection for that region is so untrue that the people pushing that line ought to be ashamed of themselves for not checking it first. Having got that off my chest, I will ask Mr Hughes to respond to the specifics.

**Mr Hughes:** The department has identified the need to consider the creation of a police facility within Salisbury in addition to the Para Hills subdivision, and negotiations are currently proceeding with the Department of Employment and Technical and Further Education (DETAFFE) for the purpose of constructing a joint facility on land currently owned by that department situated in Ann Street, Salisbury. To this time, DETAFE has yet to conclude financial arrangements with the Commonwealth Government. The outcome of that will determine what the State commitment will be, and we will need to seek that amount in future budgets.

**Mr QUIRKE:** Supplementary to that, there was another angle to that question, that is, that the Para Hills patrol base and its attendant functions that are now very important to my electorate and to the surrounding areas will continue, I presume, into the indeterminate future; is that correct?

**The Hon. J.H.C. Klunder:** I need to put in a bit of caution here, in that the Police Department, in determining the most effective coverage of the State, cannot and should not be held to consider the boundaries of particular electorates. Having made that statement, I have been advised that the Para Hills situation is expected to continue on the present site for the indeterminate future.

**Mr QUIRKE:** I understand that the Police Department conducts an extensive Youth Driver Education Program in conjunction with the Education Department. Will the Minister outline in more detail the objectives and benefits of that program, including an indication of the number of youths who benefit annually from the program?

**The Hon. J.H.C. Klunder:** The Traffic Safety Section conducts a Youth Driver Education Program (YDEP) consisting of two sessions of two hours duration, highlighting attitudes, road crash causation, defensive driving techniques and alcohol and driving. Every high school, college, private school and area school is included in the program, which enjoys the approval of all school principals and the support of the Government—as, indeed, it ought to.

Six members are employed full time by the Youth Driver Education Program. The SGIC sponsors the program by paying the cost of the salaries of four members, six vehicles and a range of lecturing aids. The objective of the YDEP is to reduce the number of young drivers involved in road crashes. Its main strategy is to create awareness of the causes of road crashes, the consequence of drinking and driving and the laws pertaining to driving and their enforcement.

The benefits of the program are seen to be twofold: namely, the widespread promotion of safe driver attitudes amongst young drivers, and improved communication between specialist traffic police and young road users. Under

the program 16 708 students from year 11 and year 12 were included in the program during the 1990-91 financial year. In addition, student volunteers at schools are trained in safe and efficient management of marked cross walks and school pedestrian crossings: 8 389 students, involving 192 groups, were trained during the 1990-91 financial year.

The Traffic Safety Section provides children's road safety and cycle safety education to school and community groups at the safety school. Last year, 209 groups, involving 7 389 students, received instruction under this program. Road safety awareness presentations are given to various groups representing a wide cross-section of the community, including junior primary and primary schools, service clubs, business and church groups, defence force personnel and Government and semi-Government authorities.

Last year, 31 397 persons, comprising adults and children and involving 551 groups, attended lectures conducted by the South Australian Police Traffic Safety Section. The driver awareness programs will continue into 1991-92 with the support of the SGIC sponsorship.

**Mr MATTHEW:** Following the arrest of a number of police officers for breaking offences, are any additional arrests imminent in relation to drug offences?

**The Hon. J.H.C. Klunder:** I am somewhat unhappy about that question, as the Commissioner has already indicated that the less that is said about any of these matters the better. However, as the Commissioner has operational responsibility, I will let him answer the question.

**Mr Hunt:** I can only repeat my earlier comments and ask the indulgence of the Committee not to pursue questions relative to anything that might impinge upon the effectiveness of the investigation. I wish to neither confirm nor deny whether drugs are involved, or whatever. These matters will be covered in a full report to the Minister at the appropriate time.

**Mr MATTHEW:** With reference to the Neighbourhood Watch scheme, the Minister would be aware that many existing groups are experiencing difficulty maintaining the momentum of their program as they become older and more established as groups. I am reliably informed that the Minister has received an application for an extra sergeant for the programs unit, to be responsible for the full-time maintenance of Neighbourhood Watch and effectively thereby try to prevent the collapse of some of these groups. Will the Minister or his representative be approving the extra staff position at the rank of sergeant and, if not, why not?

**The Hon. J.H.C. Klunder:** First, I need to accept the comment that, as Neighbourhood Watch groups become established and as we get a very large number of them, there will be varying levels of enthusiasm within those groups. It is absolutely extraordinary that, during the time Neighbourhood Watch has been operating in South Australia, we have not 'lost' any of those groups. Normally one would expect with so many groups operating, as they came in at one end, some would be lost at the other end, so to speak. It is a very great compliment that one can pay, both to the commitment and enthusiasm of people in Neighbourhood Watch—more than 7 000 of them—as well as to the work done by the police coordinators of Neighbourhood Watch, that the degree of enthusiasm and commitment has been maintained. We should all join in expressing our appreciation to people for that. With regard to the part of the question which suggested that I have received a request for a police sergeant, I do not recall that, so I presume that if there is such a request, it is still in the pipeline. Certainly, I have not received it.

**Mr MATTHEW:** Perhaps I could clarify the question. I did say 'the Minister or his representative'. Perhaps one of the Minister's staff is aware?

**The Hon. J.H.C. Klunder:** There appears not to be a knowledge of this matter around this table. That does not mean that it may not be somewhere in the system. I cannot categorically give an undertaking that no such request has been received. However, the Government has made extra funds available for Neighbourhood Watch this year, and the Police Department is not merely thinking of that money purely for the starting up of new Neighbourhood Watch groups. There is a recognition that, when one has as large a number of Neighbourhood Watch groups in operation, and they are all performing, extra attention will need to be given to their maintenance, and the Police Department is taking that into consideration.

**Mr MATTHEW:** Again with respect to Neighbourhood Watch, I understand that the present contract with Commercial Union to fund the launch of new programs expires in early 1992. I am a little concerned to note that Commercial Union withdrew its sponsorship of the Neighbourhood Watch program in Victoria. Has Commercial Union sponsorship been reviewed, and is there any likelihood that it will withdraw its sponsorship from the South Australian program also?

**The Hon. J.H.C. Klunder:** I do not have any information regarding that at the moment. Again, it is necessary to place on record the appreciation of the Government and of Neighbourhood Watch for the sponsorship from Commercial Union. Perhaps I ought to finish by congratulating the honourable member on getting the date roughly correct. Last year I remember being asked questions by members who did not manage to get the date correct. I presume then during the continuation of this contract we would wish to discuss the matter with Commercial Union.

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

Mines and Energy, \$23 925 000

Works and Services—Department of Mines and Energy,  
\$1 850 000

**Chairman:**

The Hon. T.H. Hemmings

**Members:**

The Hon. H. Allison  
Mr S.G. Evans  
Mr P. Holloway  
Mrs C.F. Hutchison  
Mr I.P. Lewis  
Mr J.A. Quirke

**Witness:**

The Hon. J.H.C. Klunder, Minister of Mines and Energy.

**Departmental Advisers:**

Mr K. Johns, Director-General, Department of Mines and Energy.

Dr M. Messenger, Director, Office of Energy Planning.

Mr J. Noble, Assistant Director, Office of Energy Planning.

Mr R. Marrett, Director, Administration and Finance.

Mr T. Aust, Acting Director, Oil, Gas and Coal.

Mr R. Nelson, Director, Mineral Development.

Mr J.H. Fenton, Director, Mining Operations.

Mr X.P. Sibenaler, Principal Hydrologist.

Mr P. Hill, Policy and Project Development.

Mr P.A. Bleckly, Senior Accountant.

Mr J. Eastham, General Manager, Pipelines Authority of S.A.

**The CHAIRMAN:** I declare the proposed payments open for examination. I remind members of the Committee of Standing Order 237.

**Mr LEWIS:** Does the Minister agree with the Opposition that mining is and always has been an important part of this State's heritage?

**The Hon. J.H.C. Klunder:** I do not know about the word 'heritage', but I certainly do agree that it is an important part of this State's economic wellbeing.

**Mr LEWIS:** I do not think the Minister quite understands me. If mining is not part of our heritage, it has contributed a great deal to it. What attempt has been made to restore and to protect historical mine sites throughout the State, particularly in the outback arid region in relation to opening those areas up for tourists? Will the Minister consult with his colleagues, the Minister of Employment and Further Education, the Minister for Environment and Planning and the Minister of Tourism, to get the conservation corps established under the aegis of the Minister of Employment and Further Education and other organisations such as the South Australian Four Wheel Drive Club, and the Outback Regional Tourist Association together so that we can save and restore these important relics as part of our heritage and make them part of the attractive tourism package which could be offered by South Australia for those people who come in their thousands, particularly at this time of the year, to look at the wildflowers in the North Flinders, for instance, but at other times as well?

**The Hon. J.H.C. Klunder:** I now understand why the honourable member used the word 'heritage', although I was surprised when he used it at the beginning of his opening question. The function of the Department of Mines and Energy and my function in this Parliament are basically for the economic development of this State through mining activities. Part of that has always been accepted by the Department of Mines and Energy, as being looking after historic sites such as those in the copper mining area of this State. Indeed, a great deal of work has been done in restoring mine sites in those areas which are of significant historical importance to this State. Indeed, the existence of the Extractive Areas Rehabilitation Fund is a clear indication that we would normally seek to rehabilitate quarry sites and things of that nature as part of the work done by the department, even though, as the honourable member probably knows, that is done not by Government money but by money that has been put in by quarry operators as part of their normal operations.

As to whether or not I will instigate a multidisciplinary task force involving organisations as diverse as car clubs and the Department of Mines and Energy, I would look at that for some considerable time before I decided to give a 'Yes' or 'No' answer before this Committee. Clearly, the honourable member is suggesting that the work that has been done by Government in this area is not, in his opinion, sufficient. He has suggested a particular methodology of improving or changing the thrust of things that are happening already, and I am not in a position to give an answer to that. I will have a look at the question he has raised—and I do not think I can bring back an answer on notice—and I will have some preliminary discussions with my colleagues to see whether the honourable member's suggestion has any merit in their eyes.

**Mr LEWIS:** I am most anxious that it be seen in a bipartisan context. I do not intend to imply any criticism

of the Government's priority because the Opposition has not raised the proposal before. The mine sites in the Walaroo, Kadina and Burra areas and the first oil drilling site in the Coorong have been restored, but those sites are being vandalised by people who do not understand their importance to South Australia or, if they do, they want to turn them into souvenirs.

We do not want that situation to occur. We want to ensure that the sites are properly protected. We know that there are elements within the community who are willing to help in that regard. If my own understanding of the wishes of young people is any guide as to the kind of projects that they would like to volunteer to be involved in, this is one of those that they have mentioned—in the outback areas of South Australia.

I refer to page 153 of the Auditor-General's Report. How many kilowatt hours of electricity have been generated by the Coober Pedy wind turbine generator? What is the cost per kilowatt hour of the electricity produced? Can the Minister detail the fixed costs, that is, the standing cost whether or not the wind is blowing, as distinct from the variable or the recurrent cost, that is, when the equipment is working and, of course, that is when the wind does blow. Hopefully, that will enable us to gain an understanding of the nature of the send-out costs of the electricity generated by that equipment.

I hope that the Minister will include in that answer the notional internal rate of return that he would expect from other power generation utilities in this State, notably ETSA, on the funds that have been invested in the equipment and a realistic depreciation rate of it so that we can make realistic comparisons.

**The Hon. J.H.C. Klunder:** That is a fairly tall order for a question and I will try to assist the honourable member as best I can at the moment, but we may have to take parts of his questions on notice. I think I have made it reasonably clear in answers to questions in the House that we do not expect that, in the short term, the Coober Pedy wind turbine generator will be an economic proposal. The offset that one normally has to make is against the cost of fuel for the conventional way of generating electricity and the breakeven point has not been reached, and will not be reached, until such time as the cost of diesel fuel, which is the fuel in question, increases somewhat.

We did not introduce the wind turbine generator at Coober Pedy with the intention of making money. Rather, we expected that at some time during the lifetime of the generator the breakeven point would be reached and that in any case the amount of money we would 'lose' by introducing this particular form of power generation might well be offset by a number of other factors, such as the information and knowledge that we would gain from a pilot project of this nature. There is always a difference between the theoretical constructs and the actual operation of a machine.

Some weight was given to the fact that this project would decrease the amount of carbon dioxide emitted into the atmosphere, but remarkably little weight could be ascribed to that suggestion in an area where the amount of CO<sub>2</sub> that is emitted into the atmosphere is really negligible compared to, say, major cities where carbon dioxide emissions in the atmosphere are considerably larger.

The Coober Pedy wind turbine generator has not yet been in operation for a full 12 months, so we are making some guesses as to what we expect to be the total output. I think I raised in the House the other day the fact that, even though it is rated as 150 kilowatts, it has peaked at 200 kilowatts plus when wind velocities have been of the order

of 11 metres per second or greater, and it is expected to supply about 5 per cent of Coober Pedy's power requirements, with peak supply of up to 30 per cent.

If the computer simulations based on measured wind speed from Coober Pedy and the output characteristics of the Nordex generator are put together, then it can be expected to generate more than 300 000 kilowatt hours per year. That is expected to result in a diesel fuel saving of about 100 000 litres per year, which I am told will make the system close to, but not quite, economic.

**Mr LEWIS:** The purpose of the question was not to disparage the Government's installation of the equipment compared to the use of the diesel electric generator that has to be used anyway when the wind does not blow. The Government chose not to install it at Ceduna or some other remote place which had a high cost of diesel electric generation but which might have had a different wind profile. We accept that the Government has decided upon Coober Pedy as the preferred site.

All we want to know is the sendout costs and a breakdown of the figures. We do not necessarily expect the Minister to have that information at his fingertips, but we would be grateful if it could be put on the public record. We thank him for his commitment to do that, since it will enable us all, in the course of our discussions about future energy options and alternatives, to understand the real costs of some of the softer alternative energy options—the so-called greener alternative energy options. I say 'so-called', because I sometimes wonder whether we might not be generating more greenhouse gas in the manufacture and maintenance of the equipment than we otherwise save by using alternative equipment to produce the electricity in some locations.

In relation to the Government's decision to increase its tax on the Pipelines Authority, and I refer to Financial Paper No. 2 on page 49, the tax has increased by 150 per cent, that is, from \$2 million to \$5 million. Who will bear this increased cost—the suppliers of the gas, that is, PASA, or the consumers? In the final analysis, will the Cooper Basin partners bear the cost and will that result in a reduction in the dividend to their shareholders, or will the people and businesses of South Australia pick up that additional \$3 million which the Government is collecting from PASA?

**The Hon. J.H.C. Klunder:** Mr John Eastham is the PASA General Manager.

I think I can answer that the quantum of the money that we have put into the budget papers is in order to get closer to a reasonable rate of return on the investment that we have made, but the question from the honourable member included such details as where the cost of this will be and what the effects of that cost will be and, under those circumstances, I will ask Mr Eastham to respond.

**Mr Eastham:** As a statutory authority we have some basic directions and one of those is to keep the increases in the cost of our service below the CPI each year. Also, on behalf of the Crown, considerable capital is tied up in the assets of the organisation, and it is not unreasonable that there be an appropriate return on the funds employed in the organisation. Like most Government enterprises, the PASA is going through a fairly major internal restructuring exercise to trim costs and to become more effective, and part of that process is looking at an appropriate return on the funds employed. Last year PASA generated slightly more than \$2 million profit at the end of the year and, accordingly, there was a distribution to State Treasury of part of that profit and some \$200 000 or \$300 000 was kept internally. In formulating our budget this year, we can clearly keep our charges to our customers, which are ETSA and SAGASCO, below CPI increases and, because of the internal savings we

are starting to generate, the indications are that we will be able to finish up with an operating profit of something in excess of \$5 million. If we do so at the end of the year, then I have no doubt that at that stage we will distribute those profits accordingly.

**Mr HOLLOWAY:** My first question concerns Olympic Dam. There has been some press comment to the effect that production at Olympic Dam is to be expanded. Can the Minister provide details of those proposals and the likely consequences for the State?

**The Hon. J.H.C. Klunder:** The joint venturers at Olympic Dam have gone to what they consider to be an optimisation program, which involves a certain degree of expansion. My understanding is that, in the areas which they see as being limiters on the expansion of production, they will spend enough money on that area to bring it up to the level of production that they believe the organisation ought to be capable of at stage 1. Actually, what it means is a very significant increase in production of the various minerals that are mined there at a cost of \$66 million, which will produce a very much increased productivity for what in Olympic Dam terms is a relatively small amount of money—\$66 million. For instance, copper will increase from its present level of 45 000 tonnes a year to an optimum level of 66 000 tonnes a year; uranium oxide will go from 1 200 tonnes a year to 1 400 tonnes; gold will go from 22 000 ounces currently to an estimated 25 000 ounces; and silver will go from the current 400 000 ounces to an estimated 460 000 ounces.

The main elements of this optimisation program are, as I understand it, new skip hoisting and handling facilities, to the tune of \$5 million; the enlarging of the concentrator, at the hydrometallurgical plant, smelter and refinery, \$31 million; engineering and associated works, \$21 million; power, water and tailing handling, \$6 million; and additional housing, \$3 million: that adds up to \$66 million. This will create about 300 construction jobs during the construction phase and 80 new jobs in the production workforce and it will also have the effect of boosting South Australia's export revenue by a very considerable amount.

The State will also benefit from the project, with 85 per cent of the \$66 million expected to be spent in South Australia, and it is probably worth remembering that a similar percentage (I think it was slightly higher than that) was sourced in South Australia off the original investment by Western Mines and BP in their establishment of the Roxby Downs Olympic Dam site, in the first place. I think that is a pretty clear indication that the organisation has the interests of this State at heart in as much as it is possible. The new development will also result in the expansion of the township, which currently has about 2 300 residents. Royalties from the project, which amounted to \$5.4 million in 1990-91, can be expected to increase in line with the increased production.

**Mr HOLLOWAY:** My next question relates to page 371 of the Program Estimates. An issue of growing importance in recent times, particularly in the context of urban consolidation, is the assessment of contaminated land sites and groundwater pollution. What is the involvement of the Department of Mines and Energy in the assessment of contaminated land and groundwater in the metropolitan area?

**The Hon. J.H.C. Klunder:** The department's role is to provide expert advice on the interaction between leachates from disused waste disposal sites and groundwater and on remedial measures that might be applied. As such it is represented on the Contaminated Land Task Force and to date has established a series of observation wells to monitor

the extent of groundwater pollution. If the honourable member wishes to have more information than that, it would best be provided on notice, because the department has undertaken a very large program over the number of years it has been around in this area.

**Mr HOLLOWAY:** Still on the question of groundwater, this time in relation to the Great Artesian Basin, I understand that in excess of 80 per cent of discharge from flowing wells in the Great Artesian Basin is wasted due to uncontrolled flowing wells and inefficient distribution system. What is the current status of the well rehabilitation program in South Australia?

**The Hon. J.H.C. Klunder:** The main objective of this program, which is partly funded by the Commonwealth under its Federal Water Resources Assistance Program, is to conserve valuable pressure and water in the Great Artesian Basin, which is the lifeline of large parts of South Australia, Queensland and New South Wales. Since 1977, 115 wells in South Australia have been controlled or back-filled and redrilled by the South Australian Department of Mines and Energy at a cost of \$2.9 million. Some 33 wells remain to be rehabilitated over the next three to four years, including five on which rehabilitation may not be possible or economic due to access problems.

To complement this program, the conversion of inefficient open drain distribution systems to piped network systems with tanks and troughs is also being promoted.

I might add that similar programs have also been commenced in Queensland and New South Wales, so a concerted attempt to rehabilitate that aspect of the artesian basin is taking place.

**Mr HOLLOWAY:** I note from the Estimates of Receipts an item on page 49, 'Commonwealth specific purpose grants, Great Artesian Basin Rehabilitation.' was not budgeted last year, but that the actual expenditure was \$225 000. What is the background of that funding?

**The Hon. J.H.C. Klunder:** I am told that this is money that comes from the Federal Government after our own budget is completed and, consequently, is a fairly complicated system. It might be better to take that question on notice.

**The Hon. H. ALLISON:** Referring to the Program Estimates, page 372, will the Minister say when the report or reports of demand forecasts of delivered and primary energy will be published? Will it or they be available in the Parliamentary Library?

**The Hon. J.H.C. Klunder:** I am advised that these reports are published only every second year and that they were published last year, so a report is not due this year.

**The Hon. H. ALLISON:** Will the Minister say, again relating to the Program Estimates, page 372, how he will implement the strategy of limiting emissions of greenhouse gases?

**The Hon. J.H.C. Klunder:** The way of reducing greenhouse gas emissions is a process whereby you start in those areas where you can get quick and immediate results and gradually work your way up to the harder options. For instance, in the past few years ETSA has been able to re-blade some of its turbines, thereby creating extra supply-side efficiency. There are also demand-side efficiencies whereby one can in various ways control the demand from rising too rapidly by changing over from a system where people use energy without thinking about it to one where people use energy to the best advantage.

A number of things are possible, but to increase community awareness about the need to reduce greenhouse gas emission is one of the things that one would want to do. Various actions to reduce emissions within Government

operations, including the supply-side option that I have just mentioned with ETSA's reblading of turbines and the Government energy management program of decreasing the number of lights in the corridors of buildings and putting up signs asking people to switch off lights when they leave rooms, are all capable of being used.

In fact, we hope to take the Government energy management program expertise to the private sector as a way of reducing its bills and thereby the amount of electricity it uses and, consequently, the amount of greenhouse gas that goes into the atmosphere. Clearly, the enhancing of efficiency in the energy used in road transport would be part of such a scheme, but that does not come under my portfolio and I do not particularly want to go any further down that track.

It is also possible to improve energy use in the housing and commercial building sector. We are trying to push the five-star energy design rating system as much as possible so that people will take the costs of energy that they will incur over the lifetime of the house into consideration in deciding what kind of energy should be selected, how it is to be used, and what kind of other measures such as insulation might be included at the time that the house is constructed. A very large number of measures, not all of which I have mentioned, are being considered by the Government, and they are being and will be implemented over the next few years.

**The Hon. H. ALLISON:** Supplementary to that question, I visited the Drax power station in the United Kingdom, which generates about one eighth of all the UK's power from a coal-fired power station supplied by a number of coal mines within 10 or 12 miles of that power station. The most significant development there is the installation of a two billion pound (about \$5 billion Australian) flue gas desulphurisation plant. It is a tremendously high cost. If that is being done with good quality coal, has the Government felt any pressing need to carry out similarly desirable but very expensive work with South Australia's low calorie, very dirty, sub-bituminous coal?

**The Hon. J.H.C. Klunder:** Sulphur is not that much of a problem with this very low-grade coal that we have. I agree with the honourable member that it has on occasion been described as high-grade dirt rather than as low-grade coal. We are attempting to see whether a change from pulverised fuel to circulating fluidised bed combustion might be a way of reducing the number of the knocks-and-socks gases (the nitrogen and sulphur gases). I agree with the honourable member that we have paid an enormous amount of attention lately to carbon dioxide, which is only one of the gases that is put out. Clearly, the amount of carbon dioxide that is put out will not alter enormously as a result of going from pulverised fuel to circulating fluidised bed combustion, but our research here has mainly been in the area of CBFC as a way of seeing whether we can reduce the emission of a number of noxious gases.

**The Hon. H. ALLISON:** Will the Minister say how much he anticipates will be spent this year on the development of that strategy for limiting the emissions of greenhouse gases? How long does he or his officers anticipate it taking to develop such a strategy for putting it completely into place?

**The Hon. J.H.C. Klunder:** I am not sure whether the honourable member is referring to the overall figures or the circulating fluidised bed figures.

**The Hon. H. ALLISON:** I refer to the strategy referred to in the paper on page 372, 'The development of a strategy for limiting the emissions of greenhouse gases'. How much



will be spent this year and how long will it be before the full strategy is ready to be put into place?

**The Hon. J.H.C. Klunder:** The full strategy will take some considerable time to implement because we will tackle particular parts of the problem in the first instance and it will become a moving target. As we deal with some of those and justify them to the best of our ability we will move on to other things. ETSA, the Office of Energy Planning, the Department of Environment and Planning and the Department of Road Transport all have a part to play in this. Having made those basic comments, it would probably be better, rather than try to pluck a figure out of the air now, to give the honourable member some figures for the sections of this that come under my direct jurisdiction.

**Mrs HUTCHISON:** My question relates to program 4 on page 373. How does South Australia actually rate in the national context with regard to oil and gas production, and how might this be expected to be sustained and even increased?

**The Hon. J.H.C. Klunder:** Since 1984, South Australia has maintained a level of petroleum exploration expenditure on-shore, which is approximately one third of the Australian total. This has been fostered by initiatives undertaken by the department through geological and geophysical studies to highlight the potential for petroleum discoveries in under-explored areas. The results in the form of departmental reports are used to promote licensing and further exploration by offering relevant areas to industry.

The gas discoveries and development at Katnook in the Otway Basin followed extended departmental studies and intense promotion of the region. Advertising and promotion of expired and surrendered areas since that discovery have led to granting of four new licences, all of which will be the subject of exploration drilling during this financial year. An additional block in the Mount Gambier area was advertised and will have a licence granted in the next three to four months.

The principal petroleum exploration effort in South Australia is directed to PEL 5 and 6, operated by Santos as it endeavours to extend gas contracts and its oil reserves base. The department is using data derived from the Cooper/Eromanga Basins to construct regional maps to foster exploration promotion throughout this vast region. New 'play' concepts are being investigated to promote exploration interest in oil and gas in areas that are little explored.

Anticipated exploration expenditure in South Australia during 1991 is \$69.8 million or 41 per cent of Australia's onshore total. As of September 1991 Santos has reduced its gas exploration program following the announcement that believes it has added sufficient gas to expand the current five year gas contract with PASA to a 10 year rolling contract.

I have just offered a new petroleum exploration licence over an area of 1 048 square kilometres of the Otway Basin in the South-East. The area known as PEL 57 has been offered to Lakes Oil Limited, which is proposing an exploration expenditure totalling \$1.15 million during the first five year licence term. The company's work program comprises a soil and geochemical survey, 100 kilometres of new seismic remapping and reprocessing, and the drilling of two exploration wells. This will provide a further boost to exploration in the South-East over and above the activity I have already mentioned.

**Mrs HUTCHISON:** In light of that answer with regard to expenditure, how will the petroleum potential of this State be promoted so that we can increase industry exploration expenditure?

**The Hon. J.H.C. Klunder:** The Department of Mines and Energy undertakes studies of the sedimentary basins within the State to determine the petroleum geology and potential resources. The results of geological and geophysical surveys are summarised into comprehensive reports that are then made available to industry prior to inviting bids for new licence areas. All the petroleum data for South Australia, both onshore and offshore, are being consolidated into a petroleum exploration and production database, which is continually updated and available for sale to or perusal by the industry.

The ready provision of accurate data promotes exploration interest as decisions to commit exploration funds are made on the interpretation of data provided. The availability of areas for licensing, the calculated petroleum potential of the various basins and the availability of the petroleum database have been advertised in international and Australian petroleum magazines and are displayed and promoted at appropriate conferences and seminars throughout the country.

**Mrs HUTCHISON:** My next question relates to page 374, program 5. What was the position with regard to mineral exploration in South Australia during 1990? Has that increased at all and, if so, which regions in particular received increased attention?

**The Hon. J.H.C. Klunder:** It is very pleasing to be able to indicate that the level of mineral exploration in South Australia in 1990 reversed the trend of the past few years. Expenditure reported for the 75 companies involved in exploration on 212 exploration licences totalled \$13 million, 34 per cent higher than in 1989. The very pleasing result was largely due to the unprecedented interest in the search for base metals, which accounted for almost \$4.5 million of exploration expenditure.

The Gawler Craton, which takes in much of Eyre Peninsula, and the Olary Province in the east of the State has been the subject of intense base metal investigations by major companies, which include Aberfoyle Resources Ltd, BHP Minerals Ltd, CRA Exploration Pty Ltd, Mount Isa Mines Ltd, Placer Exploration Ltd and Western Mining Corporation Ltd. Some of that is probably due to the program of geophysical surveys that have been undertaken by the department over the past few years.

**Mr S.G. EVANS:** My question relates to the reference on page 132 of the Estimates of Payments, under the line 'Energy Research Project Grants'. Last year, \$352 000 was voted but only approximately \$253 000 spent in that area. This year, \$414 000 is proposed. What are the specific energy research grants anticipated for this year, and the projects for which they will be allocated that may be known at this point? What are the names of any recipients—Government or otherwise—which or who have previously benefited and will benefit this year from such grants?

**The Hon. J.H.C. Klunder:** The reason the actual figure is lower than the voted figure last year is due to the fact that some \$95 000 was committed during the past financial year but not spent. That will, therefore, carry into this year. Apart from that, it is quite nice to have an increase in funding. Unfortunately, I missed the second part of the honourable member's question. Am I right in assuming that it dealt with people who had already received funding?

**Mr S.G. EVANS:** I referred to people or organisations, Government or otherwise, and asked whether they received it, whether any of them are receiving any this year, and who are the new ones anticipated to receive grants this year?

**The Hon. J.H.C. Klunder:** We do not have that information available here and now, but if the honourable member particularly wishes to know that detail, we will make it

available for him. Is the honourable member interested in the actual names of the organisations and people who are getting grants, or is he interested in the numbers?

**Mr S.G. EVANS:** I am interested in the names of the organisations, the people who received the grants and the amounts that they received, and in those who will receive grants this forthcoming year.

**The Hon. J.H.C. Klunder:** We can make that information available. I am not entirely sure why the honourable member would wish to have the names in terms of the straight out knowledge of where the research money is going. Control is put in place by the Auditor-General, as to the fact that it has been properly allocated and so on. We would not be in the process of giving money to people who did not come good with previous research and to people who were not bona fide and known research organisations with the capacity to do the work. If the honourable member wishes to have that information, as to the actual names, then people who wish to apply for grants in the future will have to be aware that their names will become public, and that, presumably, will be taken into consideration by them when applying for those grants.

**Mr S.G. EVANS:** I hope the Minister understands that where money is made available as a grant, whether it be to a school for cadetships or whatever, there is accountability to the public, if they wish to know. I do not think that any person should be afraid of the public knowing about this. I realise that a lot of the work has to continue. It might be that one of my family has a grant, I do not know. If we are fearful of that and say that we have to rely on the Auditor-General, the Auditor-General is answerable to Parliament, as is the Minister.

**The Hon. J.H.C. Klunder:** As I have indicated, we will make that information available.

**Mr S.G. EVANS:** I refer to page 367 of the Program Estimates. The salaries and related payments in programs four and five have been reduced by \$2 million, and I notice that fewer people are expected to be employed. How will this reduction be achieved? What is the rationale behind it? Is it anticipated to transfer part of the inspectorate, if not all of it, from the Mines Department to the Department of Labour?

**The Hon. J.H.C. Klunder:** I am not sure that I can answer that. I am not sure whether the fact that the inspectorate is to be transferred was taken into account in those figures. It might be best if I took that on notice and provided the honourable member with an answer in due course.

**Mr S.G. EVANS:** As a supplementary question, is the Minister saying that it is a fait accompli that the inspectorate will be transferred to the Department of Labour?

**The Hon. J.H.C. Klunder:** Yes.

**Mr S.G. EVANS:** I refer to page 372 of the Program Estimates. For whom, for what volume and for how many years are the negotiations for the supply of gas to supplement existing agreements being undertaken? I note that things are in place until 1998, but I am concerned because the statement lacks detail about the quantities reached for the major categories of end users. What is the Minister doing about supplies beyond that point?

**The Hon. J.H.C. Klunder:** The intent behind our negotiations for gas contracts was to arrive at a situation of rolling 10 year contracts. We expected to be able to do that some time in the next year or so. I have just given an answer which indicates that the Cooper Basin producers in South Australia—and this still needs to be checked—believe that they have arrived at having provided enough supplies to upgrade their certainty of supply from five to 10 years. We recently signed a contract with the Cooper Basin pro-

ducers in the south-west of Queensland which has a 10 year rolling aspect to it. Consequently, if my Mines and Energy people agree with the Santos producers in South Australia that the 10 year situation has been arrived at, we are in a position where a 10 year rolling contract is about to commence. If that is in fact the case, that will give a greater degree of certainty of supply of gas to South Australia than South Australia has had for many years.

**Mr HOLLOWAY:** What initiatives were undertaken by the Department of Mines and Energy to promote private exploration for minerals during 1990-91, and how successful were these initiatives?

**The Hon. J.H.C. Klunder:** The department's lead zinc initiative of 1988-90 continued as part of the national geoscience mapping accord. The mapping accord deals with both broad aspects of the State's geology, with long-term economic and social objectives in mind, and with more focused, strategic objectives to assist immediate economic development. The outcomes of the lead zinc initiative and their flow-through from the mapping accord were presented at a highly successful seminar 'South Australia—Exploration Towards 2000' held in December 1990. This seminar was attended by over 250 delegates from the exploration industry Australia-wide. It has proven to be a highly significant stimulus to exploration by companies in South Australia. Indeed, I referred to that in passing in answer to a previous question when I indicated that the mapping accord geophysical surveys were being utilised by industry.

Following these initiatives by the department, there has been a strong upsurge in those areas which were targets of the department's campaign strategy—Eyre Peninsula, Kangaroo Island and the Kanmantoo trough. This is demonstrated by the rising activity and expenditure on mineral exploration in those regions. The number of exploration licences in these areas has increased from 27 in 1988 to 43 this year. Exploration expenditure commitments have more than trebled.

On Eyre Peninsula, in particular, expenditure specifically for lead zinc in 1988 amounted to about \$220 000. By 1990, this had increased to \$1 million. Figures to date indicate that 1991 expenditure will be significantly above \$2 million. In 1988, only 25 per cent of Eyre Peninsula was covered by exploration licences, and that figure has increased to 80 per cent. The implications of a lead zinc discovery on Eyre Peninsula are extremely significant not only to the local economics of the Iron Triangle but also to the State economy. The dwindling reserves of lead and zinc at the Broken Hill mines have great implications for the Port Pirie smelters. There is, however, a considerable degree of optimism in anticipating that a local supply may be discovered.

**Mr HOLLOWAY:** Page 372 of the Program Estimates refers to a major review of the operation of the Government Energy Management Program. I understand that following this review any new projects requiring capital expenditure need to be justified on a fully commercial basis. What criteria need to be satisfied in order to justify funding for such new projects? What range of new projects is it anticipated will be likely to proceed under these new funding arrangements? What overall level of savings is the Government Energy Management Program now achieving?

**The Hon. J.H.C. Klunder:** The review of the Government Energy Management Program (GEMP) concluded that, in order to maximise the effectiveness of GEMP a number of critical project issues, including the design, the supply of equipment, installation and commissioning, and finance arrangements including returns to consolidated revenue needed to be addressed. Following recent Cabinet approval, GEMP is currently arranging with Treasury the establish-

ment of a borrowing facility with SAFA to commercially fund cost-effective energy management initiatives which cannot be self-funded by departments or agencies.

The criteria adopted by the Government Energy Management Program for any project is that savings generated must achieve an internal rate of return of 20 per cent. In evaluating proposals, GEMP may in special cases approve projects with a rate of return less than 20 per cent where the benefits of reduced environmental impact are judged to substantially outweigh the lower rate of return.

In addition to this project criterion, the performance of GEMP itself will be assessed annually with a requirement that it achieve a minimum real rate return of 20 per cent on funds invested in energy management by the South Australian Government. GEMP negotiates with client departments a once-off service fee payable to Treasury of a percentage of a project's identified annual savings. The Office of Energy Planning will provide six monthly reports to both Treasury and me on GEMP's work.

In 1990-91 the GEMP group made recommendations or highlighted total energy savings of about \$420 000 per annum from general projects and lighting controls; \$260 000 from tariff analyses; and \$425 000 per annum from co-generation projects. It is estimated that its implemented recommendations have resulted in \$575 000 in savings being realised, and identified savings represent an internal rate of return well in excess of the target minimum of 20 per cent. A feature of GEMP's work in 1991-92 will be assisting the South Australian Health Commission in implementing co-generation in its major hospitals. These four projects are expected to realise \$1.8 million in savings per annum within four years.

**Mr HOLLOWAY:** Are the four projects referred to by the Minister the four major hospitals?

**The Hon. J.H.C. Klunder:** Yes.

**Mr HOLLOWAY:** What was the value of mineral production to South Australia during 1990, and how did this compare with the previous year?

**The Hon. J.H.C. Klunder:** We have had a reasonably happy story to tell concerning this over the past few years. The \$1.17 billion that was registered in 1989 was a high which compared favourably with results, from memory, all the way back to about 1985. The mineral production value in the calendar year 1990 was in fact \$1.4 billion, a considerable increase on the \$1.17 billion from the previous year. Major contributors to the \$230 million increase were condensates, which increased in ex-mine value by \$29.1 million; crude oil by \$52.2 million; and LPG by \$31.2 million. Price increases reflected the increased prices of these commodities in response to the Gulf War and the events leading up to it. Those prices remained high for most of the latter half of 1990, while the volumes produced in each case were marginally lower than the previous year.

The other major contributor was the Olympic Dam project which posted a spectacular increase of \$108.9 million over the value produced in 1989. Increased production sales of the three major commodities from the new mine made up this amount, with copper providing an additional \$48.4 million, uranium oxide an additional \$53.4 million, and gold an additional \$6.7 million, with silver making up the difference. The mine produced over 40 000 tonnes of refined copper, but I think I gave those figures in answer to a previous question, so I will not repeat them. Outputs of other minerals and commodities were maintained more or less at the previous year's level with little variation in their value.

**Mr LEWIS:** I note with some consternation the answer given by the Minister to the last question asked by the

member for Davenport with respect to the transfer of personnel from the Department of Mines and Energy in the Inspectorate Division. I note that the Minister of Labour has said that there are not enough prosecutions of employers, and that includes mining companies, for consequences where workers have sustained injuries or been killed. Does the Minister have any figures with respect to the mining industry in relation to that? When I refer to page 49 in the Financial Paper No. 2, I see that the Government is planning on getting tough with miners, in that it seems to be intending to raise more revenue from them. There is an increase in fines and other things from \$33 175 last year to a proposed income of \$224 000 this year. I wonder whether this is the Government's program. That is an increase of 575 per cent! Does the Government intend to raise revenue by prosecuting mining companies as a consequence of the switching of Mines and Energy Department safety officers and mines inspectors to the Department of Labour, where they will pursue an agenda presumably based on a different policy to the one we used to have? In this State we have had an outstanding record of cooperation between those inspectors and the department's work in getting the industry to adopt practices which enhance the safety of the workplace. It was a commonsense approach by the department to identify the hazard and fix it through consultation between the mines safety inspectors and the site managers or overseers as quickly as the cash and other operations occurring there would allow. It seems now that it is changing to that of catching offenders and fining them. That is what the Minister of Labour's attitude is to this matter, and I am really quite disturbed about it.

**The Hon. J.H.C. Klunder:** Let me try to allay some of the fears of the honourable member in this area. The fines, fees and charges have increased mainly in the fees and charges area, because of the increased exploration we have had in the State. That is the reason why the actual figure is considerably higher than the estimate for 1990-91. The fact that the department has put in a reasonably low figure again in 1991-92 is due to the innate conservatism of the department in not trying to put expectations too high. I need to take issue with the comment made by the honourable member during his introduction to this question, concerning the fact that the department is getting tough with miners. I think that is an unreasonable comment, and I hope the honourable member did not mean it in the way I heard it. The safety of people working in the various enterprises under the inspection by the Mines and Energy Department is of course of paramount importance. It was because I kept hearing indications that all was not well in that area that I asked for a committee made up mainly of people external to the department to look at this situation. While its report did not present a unanimous picture, it did indicate very clearly that there was cause for concern in that the inspections by the department had not been as good as they might have been. As a result, Cabinet made a decision to transfer the inspectorate to the Department of Labour. I do not think there is anything wrong in trying to make sure that the people who work in the industry have a reasonable expectation of going home at the end of the week without injuries. Unfortunately, in my view and in that of the committee which contained representatives from the department, trade unions, occupational health and safety and the mining industry, there was general agreement that the safety record was not as good as it should have been.

**Mr LEWIS:** Will the Minister provide the names of the people on that committee? This is the first I have heard about the existence of this committee. Let me make it plain: I am not in the least bit at odds with the Minister's assertion

that there needs to be a safe workplace. However, I am at odds with the notion to achieve that is to fine rather than work in cooperation with people to rectify any faults that are noticed and/or become evident in the course of work being done. When was that committee set up? This committee has affected public policy and resulted in a shift of a substantial number of people in the Mines Department who have very specialised knowledge of occupational safety matters, and that is a very specialised arena of activity in industrial terms. It is not just an ordinary factory.

One must have special knowledge of the sheer strengths and other matters relating to the physics of stone and soil, geology. It is nothing to do with the type of workplace that exists in factories and the like. It has everything to do with understanding the soil around us, the earth. Have the inspectors from the Mines Department been transferred, or will a separate bunch of inspectors be assigned to the work? Will the same skill level be present, or will any safety officer in the Department of Labour and Industry inspect quarries, mines and the like and place orders on companies? I will reiterate my questions: first, who comprises that committee and when will it report? Secondly, what will happen to the staff who were employed within the inspectorate in the Mines Department? Have they gone to the Department of Labour, and will they continue to do the work or will any inspector try to do it?

**The Hon. J.H.C. Klunder:** I am able to provide a fair amount of that information. The honourable member believes that working with people is preferable to fining them in regard to settling these matters, and I would argue that was so. However, after a while, if the result is that the accidents and injuries continue, one needs to start fining.

**Mr LEWIS:** Will you provide the figures on that?

**The Hon. J.H.C. Klunder:** I will try to ascertain those figures, but I do not have them at the moment. In relation to whether or not a transfer would occur of the existing Mines and Energy inspectors as distinct from the possibility of there being a number of non-specialists who would take over the job in the Department of Labour and Industry, I can assure the honourable member that the people who are currently doing those jobs in the Department of Mines and Energy will be transferred to that function in the Department of Labour. It is intended to continue having specialised personnel available. I fully share the honourable member's concern that a mine is a different kind of factory; it is a factory that keeps extending itself. Consequently, specialised knowledge is needed and that must be made available.

I cannot remember the exact date when I appointed people to the committee, but it was this year. The committee is chaired by Mr Peter Hill of the South Australian Department of Mines and Energy. The committee consists of Mr Jim Fitzpatrick, BHP Steel, Long Products Division; Mr Kevin Purse from the United Trades and Labor Council; Mr Bob Crewe from the Olympic Dam operations; Mr Ian Cambridge from the Australian Workers Union; Mr Bob Kernahan from the Australian Workers Union; Mr Rob Branson from Santos; Mr Peter Ochata from the Department of Labour; Ms Jan Powning from the South Australian Occupational Health and Safety Commission; Mr Bob Laws from the South Australian Department of Mines and Energy; and Mr Wayne Buckerfield from the Department of Road Transport.

**Mr LEWIS:** At what stage is the feasibility study of the petrochemical plant at Whyalla? How long will it be before the Government makes up its mind as to what it wants to do with the stored ethane, which is now spilling over the limits of its underground storage formations at Moomba?

**The Hon. J.H.C. Klunder:** The decision whether to put up an extra plant somewhere does not come within the province of the Department of Mines and Energy. The honourable member would need to ask that question of the Minister of Industry, Trade and Technology.

**Mr LEWIS:** I thought that that was part of what you were doing in the research area. Can the Minister say when the Government will make up its mind in relation to what it will do with that stored ethane which, as I have told the Committee, has already started to spill over from the storage formations near Moomba? The Cooper Basin producers are finding rapidly increasing percentages of ethane in the gas that they are getting out of the wells near the storage formations. The storage formations are simply full. We are taking ethane out of the ground, putting it through the plant, and pumping it back into the ground. It then goes across to the well again and is coming out of the ground in increasing concentrations. It is madness.

**The Hon. J.H.C. Klunder:** Again I must take issue with the honourable member. My information is not that ethane is being lost from storage or spilling over. The use of the ethane has been at the request of Santos as an enhanced oil recovery whereby it is being pumped into wells to provide the pressure for the oil to come out. That has had the separate effect of assisting the company in increasing its oil revenue and, at the same time, storing the ethane under some degree of pressure. I understand that the situation will be reviewed in January 1993. However, I must stress that ethane can be used for a number of purposes. The fact that it has been set aside for a possible purpose does not mean that it will not be used eventually for other purposes if this purpose does not come through.

**Mr LEWIS:** The indenture compels the producers to keep the ethane. It has been able to be used in quantity, but not all of it, for the purpose to which the Minister has referred, that is, to enhance oil flow from some formations. However, there is more ethane than is needed for that purpose and it must be stored separately in the older formations adjacent to the plant. Those formations are chock-a-block. One cannot put more water in a tank that is full. That is what is happening in this instance: it is spilling over into the formations which are producing gas adjacent to that. It is pumped underground at huge pressure, and it is stored underground, as it was naturally, at huge pressure. However, it is now spreading from those formations, and we are finding an increasing percentage of it coming back up. It is wasting energy and putting more greenhouse gas into the atmosphere to have to pump it back down again.

One could liken it to putting chooks in a yard until it is so full that they keep running around: it is a waste of wheat, one does not get any more eggs at the end of the day. I am anxious for the Minister to understand that point. I think that, by January 1993, there will be a serious problem, and there will need to be a more rapid review of that situation. If we are not able to use that feedstock for the petrochemical plant in the immediate and foreseeable future, we ought to start sending it down the line for gas purposes rather than constantly trying to find somewhere else to put it. That will not continue to work. I am not saying that on behalf of the producers: I am saying that because it makes commonsense.

**The Hon. J.H.C. Klunder:** I will make a few points regarding the honourable member's statement and question. First, the amount of ethane at issue is 260 petajoules and no more. Any over and above that amount can be used in whatever way the producers see fit. At one stage it was thought that that 260 petajoules could be injected into the gas stream at a time when we were not all that sure about our gas supply. When our gas supply was down to three or

four years, the ethane provided us with a safety factor that gave us a longer period either to look for gas or to come to contractual obligations with other people.

I like the honourable member's analogy with chooks in a yard, as long as he is prepared to accept that these are compressible chooks. The only other point that I want to make is that, as far as I know, Santos has not given us any indication that it believes a crisis situation of any kind has been reached.

**Mr LEWIS:** What is holding up the rare earths refinery project at Port Pirie? This project provides the State with the prospect of being able to develop deposits of mineral sands and get them refined. Is the Government trying to find an excuse to scuttle the project?

**The Hon. J.H.C. Klunder:** It is a very interesting ploy to put an innuendo into a question, especially when it is being asked of a Minister who does not have carriage of the project.

**Mr LEWIS:** It is the mining of the sands in which I am interested.

**The Hon. J.H.C. Klunder:** As Minister, I have given approval for that to be done and the project is therefore no longer under my jurisdiction or control; nor do I have any input into it. I thank the honourable member for believing anything that is associated with mining in any form would also come under my control and I tell him that I have absolutely no intention of exercising that degree of control. I have enough on my plate at the moment.

**Mrs HUTCHISON:** I refer to page 370 of the Program Estimates and, in particular, safety in and near the work place. Can the Minister advise what provisions have been made to monitor for heat stress conditions in mines and quarries? I am aware that there has been some concern about this problem.

**The Hon. J.H.C. Klunder:** Because of the prevailing climate, workers in South Australian mines and quarries are likely to experience heat stress during the summer months and possibly throughout the year in the northern parts of the State. The effects of heat range from simple discomfort to quite life-threatening illnesses such as heat stroke. Even relatively low levels of heat stress can lead to inefficiency, reduce production, absenteeism and industrial unrest. Prolonged or excessive heat stress can affect health and safety by inducing heat illness, inducing unsafe acts which can cause accidents, according to effects of existing disabilities, discourage the worker from using safety equipment such as protective clothing, helmets and respirators, and interacting with other environmental hazards, such as noise and toxic substances.

A two pronged approach to the problem has been made with the aim of reducing the exposure of workers to heat stress in mines and quarries. The first step has been to improve the ability of the department to monitor heat stress conditions at the workplace. I am talking in a historical sense. Following a literature search to determine appropriate monitoring methods and standards, the wet bulb global temperature method has been adopted, which means something to me as a former physics teacher, and I hope it means something to other members of the Committee. It is recommended by the International Standards Organisation: the American Conference of Industrial and Government Hygienists and the National Health and Medical Research Council of Australia. An instrument that measures heat stress in accord with this method has been purchased and surveys initially at Olympic Dam and in due course in other mines and quarries will be undertaken in the coming summer months.

The second part of the approach is to improve the ability of the industry to prevent occurrence of heat stress through provision of adequate water, sun hats, air-conditioned crib rooms, and shaded rest areas.

**Mrs HUTCHISON:** I refer to program 6, page 375, with regard to the promotion of mineral potential and geoscientific mapping. What progress has been made on the National Geoscience Mapping Accord in South Australia? Could the Minister explain the aims of this program and its benefits to the State?

**The Hon. J.H.C. Klunder:** Given that I have already made reference to the National Geoscience Mapping Accord, it is reasonable that I should explain its aims and anticipated benefits. The State Government's allocation to the accord of \$8.5 million for the year 1990-91 was fully committed to a variety of programs which included geological mapping for publication, priority being given to areas of high exploration potential; the creation of a computer database of all aerial geophysical surveys flown in the State over the last 25 years; and computer processing of airborne geophysical surveys to give details of areas where rocks are hidden by sand and soil.

One of the problems we have had in South Australia in the past is that 85 per cent of our land surface is affected by that very condition; it is covered by sand and soil. In the past we have had some difficulty in attracting exploration to the State because of the cover over the top and, clearly, geophysical surveys are one way of attempting to overcome that problem. It also included studies of shallow aquifer behaviour in the Upper South-East affected by dry-land salinisation; preparation of regional maps of petroleum-bearing strata in the Copper and Eromanga Basin; and evaluation of the mineral potential of the Tarcoola region with a view to substantially upgrading exploration for base and precious metals and industrial minerals by geological mapping, geophysical surveys and drilling.

The principal aim of the accord is to achieve a better understanding of the geology of South Australia to enhance discovery of mineral and energy resources. The economic advantages to be derived by the State and the nation from development of new mineral deposits are obvious. Better understanding of the geology of the State will assist in the prediction of earthquakes and the development of measures which can be put in place to alleviate their consequences. It will also assist in assessment of groundwater resources. Mapping of coastal areas, and regions which are affected by dry land salinisation will help to provide for management and land use planning.

A further \$1 million has been allocated to the mapping accord for this current financial year, and these funds will be directed towards the following programs: boosting exploration for base and precious metals, with an emphasis on under-explored regions near Tarcoola and Kingoonya on the Stuart shelf on Yorke Peninsula and in the Olary region; enhancing the petroleum prospectivity of the Officer Basin and developing new exploration concepts for the Cooper, Eromanga and Otway Basins; locating new supplies of extractive and industrial minerals, with a particular emphasis on locating new sources of construction materials for Adelaide and the MFP; carrying out research on earthquake seismicity and environmental geology to assist programs to combat dry land salinisation and threats to coastal environment; and finally, improving the department's databases to improve the efficiency of extracting information with particular emphasis on mineral exploration and production to assist the collection of royalties and fees.

**Mrs HUTCHISON:** My last question relates to mineral resource management and assessment, which is program 5

on page 374. This is something quite dear to my heart. Has the department undertaken any initiatives during 1990-91 to assist in the exploration for opals, one of our well-known stones?

**The Hon. J.H.C. Klunder:** The short answer is, 'yes'. Two comprehensive reports on the geology of the Mintabie and Coober Pedy opal fields have been released. These examine the nature and style of opal occurrences in these areas and will provide guides for future exploration. In addition, a revised opal handbook has been published. This is expected not only to boost interest in opals but also tourism in South Australia.

**Mr LEWIS:** It is proposed to spend \$105 000 on energy forums this year. To what organisations or individuals was the money paid last year? What did the Government get for its outlays? Does it consider the result to be an effective sample of public opinion as well as an effective method of extension of factual information to the public about future energy options?

**The Hon. J.H.C. Klunder:** The situation that deals with specific projects and then specific disbursement of funds on those things I will have to take on notice. The honourable member's having asked the question, I should briefly explain what the current work program of the forum is. It includes the fostering of discussion, both publicly and through all levels of the education system, and subsequently providing advice to the Minister—me—on such matters as transport, both public and private, energy efficiency and energy conservation, the supply of energy, waste consumerism, energy form, and political and economic issues.

Members of the Committee will be aware that the energy forum was established by my predecessor as a way of enabling people who do not have a particular interest, such as supplying or being major consumers of energy, also having the capacity to put their views directly to the Minister through the energy forum. So, the forum has held public meetings and has initiated discussion groups, for instance on such things as seeking comments on the energy sector green paper. It is at present, I understand, commissioning a telephone survey to quantify the results of the discussion groups. A greenhouse education kit has been issued to complement the Greenhouse Resource Centre, which established the forum in October 1989. The forum has provided financial assistance of \$18 724 to 14 community groups and organisations to undertake energy-related projects. I will provide this information later for the honourable member.

**The Hon. H. ALLISON:** I refer to Program Estimates, page 372. 'One of the 1991-92 specific targets is to prepare an energy plan for the State.' When will that energy plan be ready? Is it anticipated that he will be able to provide an appropriate assessment of the amount of electricity to be brought into South Australia through the SA-Victoria interconnection grid and the amount of gas to be imported through a national grid pipeline?

**The Hon. J.H.C. Klunder:** To take those in reverse order, there is no national grid pipeline, nor do I know of any agreement to have a national grid pipeline. So, that part of the question is hypothetical.

**The Hon. H. ALLISON:** We are anticipating that there would be a form of national grid from Queensland, New South Wales, South Australia (Moomba) and down into the southern regions as a longer term option.

**The Hon. J.H.C. Klunder:** The national grid pipeline, insofar as there is a current pipeline from Moomba to Sydney and to Adelaide, will be joined by another pipeline from south-west Queensland and a possible pipeline from the Northern Territory, if the Northern Territory is prepared to sell us gas, which so far it has stubbornly refused to do.

If the honourable member wishes to call that a national grid pipeline, that is fine. I usually understand the term to incorporate supplies from the North-West Shelf. It may be that we have a different interpretation of the term. The honourable member is probably aware that an energy sector green paper was released after approval by State Cabinet. Written submissions on the issues covered in the paper were called for. As at 1 August, 64 submissions had been received. Public hearings were held that enabled people who had made those submissions to expand on these publicly if they wished to do so. A draft of a State energy plan will now be produced. I expect that I will have that draft somewhere near the end of this year or the beginning of next year. The degree to which it will include the things referred to in the latter part of the honourable member's question will depend on whether we agree on definitions.

**The Hon. H. ALLISON:** I refer to the Program Estimates at page 374, with reference to the Pitjantjatjara lands mineral potential review. When does the Minister anticipate that that will be published? Can he advise the Committee whether it will include a framework within which individual members of groups of Pitjantjatjara people could legally mine or prospect precious stones or minerals on their own lands? I understand that this issue has been raised by the Pitjantjatjara people with the Minister, and I wonder whether any progress has been made on those negotiations.

**Mr Johns:** The department undertook a review of the mineral potential of the Maralinga lands. It was a two-edged project: on the one hand it was designed to stimulate company interest in exploration in those lands. At the same time it was meant to bring to the notice of the people who had control of those lands something of what the mineral potential was, recognising that they had indicated an interest in and preparedness to discuss exploration programs. Following the issue of that report we have now extended a study into the Pitjantjatjara lands, which was the subject of the question. I have seen a draft of that report, so I would expect it to be released in the next few years.

With regard to access for opal mining and any other mining, the Pitjantjatjara Act provides for entry and conditions under which access can be gained. We have had several approaches only recently, and they are being progressed in the normal fashion. None has been completed.

**The Hon. H. ALLISON:** Does the adviser understand the question? This is not from external groups but from indigenous groups—individuals or groups—who wish to enter into mining ventures in their own right.

**Mr Johns:** Individuals likewise have to go through the process in the first instance of getting the approval of the Minister of Mines and Energy. If he is satisfied, they are then required to establish conditions under which access will be granted under the Pitjantjatjara Act.

**Mr LEWIS:** The individual Pitjantjatjara has to get approval of the Minister and then of the council. That is what our question is about.

**Mr Johns:** They would need to regularise their activity as well as anyone else.

**The Hon. H. ALLISON:** Will the Minister say what will happen to the Mintabie field and advise the Committee to what extent consultation has been undertaken, and with whom?

**The Hon. J.H.C. Klunder:** To some extent, that is a question for the Department of Lands, because we have a particular area set aside for opal mining, and to bring any other areas into that kind of framework would need consultation with other people. In any case, the urgency appears to have gone out of this, in that the anticipated bonanza

that was assumed by people some months ago now appears to be not quite as great as they assumed.

**The Hon. H. ALLISON:** What arrangements are being made and within what policy framework is the Minister providing for the proclamation of more precious stone fields in South Australia? The precious minerals that come to mind are opal, chrysoprase (which was being mined in the Pipalyatjara area), garnet and other chalcedonies, topaz and any number that might be found. Has the Minister any plans for proclaiming any other precious stone fields?

**The Hon. J.H.C. Klunder:** None that I know of, but I will ask the Director-General to comment.

**Mr Johns:** To date, four precious stone fields have been proclaimed: Andamooka, Coober Pedy, Mintabie and Stuart Creek. Administration of the Stuart Creek field has been undertaken from Andamooka, but there has been no mining activity on that field for several years now. Until such time as there is a demand for a precious stones field to be proclaimed, we will not be doing anything about it.

In fact, there has been no particular pressure for such action. The only mining activity outside the proclaimed fields that has been of any substance in the past decade has been on Lambina Station. If and when the demand is such that it will need the presence of an officer, or it meets the need for administrative requirements, we will give consideration to it, as there is no reason why we should not.

With regard to the other minerals that were mentioned in the question, only one mineral has been declared as a precious stone in this State, and that is opal. Again, there have been no demands to change any of that. It is ironic that the most precious of gemstones, diamond, is not defined under our Act as a precious stone—and there are good reasons for that.

**The Hon. H. ALLISON:** Do you define it as carbon?

**Mr Johns:** For the purposes of exploration and development, you would want something bigger than a precious stones claim as is now provided.

**The Hon. H. ALLISON:** As a supplementary question, I mentioned chrysoprase. The mine at Pipalyatjara-Mount Davies was fairly well worked out, but the last time I visited there it seemed that there was a possibility of repeated outcrops of chrysoprase running into Wingelina in Western Australia and possibly coming back towards Fregon in South Australia. Has any attempt been made to locate and prove chrysoprase? With the resemblance of chrysoprase to jade, the Chinese market was a very attractive feature in its marketing.

**Mr Johns:** There has been an amount of interest in chrysoprase off and on for some time now but, like a lot of other minerals, where she be, there she be! I am interested in what the honourable member says about the extent. The deposits that have been disclosed to date seem to be very localised and do not have any great extent.

The last time I was in that area, there was no obvious chrysoprase in sight. It would need a lot of exploration and bulldozing or something of the sort to expose more ground in order to establish whether there are further reserves. One cannot believe that they are exhausted, but I suppose that it is like most minerals: you need to do the appropriate prospecting, and so on, to establish their occurrence.

**Mr HOLLOWAY:** I am aware of the importance to the economy of this State of the building industry, and the advantage we have as a State with our relatively low cost materials. I imagine that with the expansion of Adelaide the availability of materials such as construction sand is becoming scarce. Has the department made any progress in locating new sources of construction material for metropolitan Adelaide?

**The Hon. J.H.C. Klunder:** The short answer is 'Yes'. A number of deposits in the metropolitan or near metropolitan area are in danger of being sterilised by encroaching development, so alternative supplies are essential. I understand that the department is currently investigating an area between Ardrossan and Bute on the northern Yorke Peninsula, that has the potential to supply Adelaide.

**Mr HOLLOWAY:** I ask the Minister to take on notice the following questions concerning the Pipelines Authority. What is the Pipelines Authority's current level of debt? How many employees does it currently have on its payroll? What is the projected capital expenditure of \$2.478 million listed in the budget papers for?

**The Hon. J.H.C. Klunder:** I think it is appropriate to take that question on notice.

#### Additional Departmental Advisers:

Mr R. Marrett, General Manager, ETSA.

Mr T. Parker, Government Relations Coordinator.

Mr T. Kallis, Director, Corporate Planning and Finance.

Mr J. Welford, Manager, Generation Planning.

Mr P. Newman, Manager, Corporate Finance.

**The CHAIRMAN:** Does the Minister have a statement to make?

**The Hon. J.H.C. Klunder:** No, Mr Chairman.

**The CHAIRMAN:** Does the lead speaker for the Opposition have a statement to make?

**Mr LEWIS:** No, Mr Chairman. However, I would like the Committee to understand that in forgoing that statement I might need to make brief excursions into the policy arena during the course of questioning. It is for that reason that we have not adopted the policy of making statements at the outset: it only wastes 15 minutes.

Page 281 of the Auditor-General's Report states that 2.277 million megawatt hours were imported. From earlier statements made by the Minister we understood that to be opportunity importation. The report states that this represents 24 per cent of total generated hours. On my calculation that is wrong. Total megawatt hours sold were 8.185 million, therefore, sales minus imports equals generated sales. The generated sales would be 5.908 million megawatt hours; hence imports as a percentage of generated sales would be 38.54 per cent, not 24 per cent. We are concerned that imports as a percentage of total sales could be 27.8 per cent, or, if the 2.277 million megawatt hours is in fact 24 per cent of the total generated, the total generated was 9.487 million megawatt hours. That means that somewhere along the line we lost 1.302 million megawatt hours. That was either used internally by ETSA, lost in transmission or sent to earth. Either I cannot do arithmetic, or I would like an explanation of where I am mistaken in making those calculations. Are the figures correct?

**The Hon. J.H.C. Klunder:** I wish that I had the capacity for mental arithmetic that would enable me immediately to follow and see where the situation had somehow strayed from the rails, electrified or otherwise. But, I do not have that capacity. If the honourable member is happy for me to do so, I will take the question on notice and have it looked at.

**Mr LEWIS:** Supplementary to that, the report says that the cost of the 2.277 million megawatt hours was \$34 million. Is that correct? If it is correct, it is 1.5c per kilowatt hour. Is that so?

**The Hon. J.H.C. Klunder:** I would like off the top of my head to give an answer to that. But, given that this is obviously a fairly complex situation, we have to take that on notice. I am not prepared, on the basis of figures that I do not have in front of me, to make particular statements. The honourable member will have to indulge me and allow me to bring that back in due course.

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

**Mr LEWIS:** If we calculate the 2.277 million megawatt hours given in the Auditor-General's Report at a cost of \$34 million that implies that, if you divide 2.277 million into the \$34 million, you obtain a figure of nearly 1.5 cents per kilowatt hour. I am attempting to establish that my calculation is correct.

**The Hon. J.H.C. Klunder:** We are in a position where we can provide the information for the honourable member's question before dinner and this question, if he would like. My officers have been able to do some work over the dinner break. If it is acceptable to the honourable member, we will merge both answers. I will ask Mr Marrett to comment.

**Mr Marrett:** With respect to Mr Lewis's earlier question as to the proportion of total power put into the system being reported in the Auditor-General's Report as 24 per cent, taking the total power generated in South Australia and adding to it the imports of 2.277 million, the total amount of power put into the South Australian system from the interconnection plus what is generated is 9.417 megawatt hours. If you take the ratio of the 2.277, which was imported, over the 9.417, according to my calculations you get 24.2 per cent. That is the derivation of the 24 per cent figure. In other words, of the total power put into the South Australian system, 24 per cent came from the interconnection.

**Mr LEWIS:** As a supplementary question, that means that our losses must be 13.7 per cent?

**Mr Marrett:** Yes, 13 per cent. Take the 8.185, being the sales of electricity, over the 9.417, and the own use of ETSA plus the losses in the transmission systems come to about 13 per cent. That is the resolution of those numbers.

To take the second question, the average cost of the power that was imported is about 1.5 cents per kilowatt hour. That is determined by a sharing of the benefits of the avoided costs by ETSA and the cost incurred incrementally by those who supply the imports.

**Mr LEWIS:** That saves me having to ask a few other questions. I simply note that it must be the high tension transmission lines that are causing us those losses. Without inside information from the trust, no member of the general public has been able to calculate that kind of information before.

**The CHAIRMAN:** So we have made a breakthrough?

**Mr LEWIS:** In a sense, yes. Previously there was a measure of secrecy within the trust on what it did. The policy has changed and that is probably not a bad thing. I do not reflect on anybody in coming to that conclusion. I refer to Financial Paper No. 1 and page 47, where we see that \$110 million of capital is invested in ETSA by SAFA on behalf of the Government. Is the Government getting an increase in return of \$25 million, making it \$45 million in all on this capital? Does the Minister agree that that simple calculation means that the Government is getting 41 per cent?

**The Hon. J.H.C. Klunder:** We have probably touched on this argument on previous occasions, as to the amount of money provided by ETSA. The Government has more money in ETSA than \$110 million as a non-repayable loan. It depends on which accounting method is used as to what

answer is obtained. I am not an accountant, but I am told that a real rate of return can be calculated in any number of different ways. It can be calculated on the total assets minus the total liabilities. Perhaps I ought to take this opportunity of saying that the last time I said something of this nature, I said 'total net assets minus total liabilities', which would have subtracted the liabilities twice. I take this opportunity to correct that. It came out on the spur of the moment.

It is possible to either take the amount of equity that the Government has as the amount of assets minus the amount of liabilities, or as the total amount of assets brought back to a recurrent value minus depreciation. I am told by accountants that there are any number of ways in which it can be calculated. The way in which I would not want to calculate it is to say that the only assets the Government has in ETSA are in fact \$110 million of repayable loans. It is a considerably larger amount than that. Most people calculating a real rate of return would in fact work on some different basis than just whatever money happened to be in a non-repayable loan at the time.

**Mr LEWIS:** That is important to me, and I am grateful to the Minister for the information so far. If the Opposition is to be able to do its independent analysis of the value of what would notionally be the total stockholding in the trust, those imputed asset values are important. Previously we had the impression that it was \$110 million on which the Government was anxious to obtain a return. Anyway, we will let that go at that point. The amount that the Government seems to be taking is \$45 million in the first bite and \$42.8 million as a levy on electricity sales. Is it true that ETSA produced a trading surplus of \$88 million last year and, if so, why is the Government adopting policies which now force ETSA to borrow \$16 million? Presumably, it is being forced to borrow that money back from SAFA.

**The Hon. J.H.C. Klunder:** I think the honourable member is really looking for a reasonable statement by me as to how I see the situation. Perhaps if I give him that, he will be in a better position to make some assessment of the situation.

**Mr LEWIS:** I refer the Minister to page 267 of the Auditor-General's Report.

**The Hon. J.H.C. Klunder:** As I read the Auditor-General's Report, the trust achieves an operating surplus of \$88 million and the contribution to the State Government from that surplus was \$78 million. I ought now make a reasonably detailed statement as to the reasons for coming up with that figure.

Basic to all that, ETSA is a Government trading enterprise, a monopoly in which is vested a significant public investment. As such it is appropriate that it should operate with an appropriate rate of return objectives in much the same way as companies do in the private sector. The setting of realistic rate of return objectives is seen as imposing a form of financial discipline on enterprises, whether they be public or private, by requiring them to be efficient and frugal; with an eye on the bottom line. I do not think that I have said anything with which the shadow Minister would not totally agree. Last year, the honourable member said that ETSA should be required to earn at least a 4 per cent real rate of return in its capital. In January this year, the shadow Treasurer, the honourable Deputy Leader, went further than that when he said:

Even setting a minimum real rate of return of 7 per cent (about 14 per cent before discounting for inflation) would be a major step forward and could provide some of the financial discipline needed to improve the performance of our statutory authorities.

He went on to point out:

A 14 per cent rate of return is well below that that is widely achieved in the private sector.



As I have already indicated in my answer, there are many different ways of setting rates of return. Percentage rates can be set on total assets, on total assets minus liabilities, on written-down replacement value of assets and so on. So, the payment of dividends by ETSA to the Government in this State is not new. The levy on ETSA sales, initially at 3 per cent and subsequently at 5 per cent, has been in place since the early 1970s, including between the period of 1979 and 1982. This levy was regarded as a return in lieu of tax that was not paid by statutory authorities. However, being sales-based, this percentage does not give a very accurate measure of the return being achieved on the assets employed in the business.

In recent years a growing emphasis has been placed on the need to develop appropriate rates of return for Government enterprises, and it is an area that is receiving some attention in this State. However, the type of mechanism that is employed is probably less important at this stage than the application of the principal. Criticism that the Government has received a total return of \$78 million from ETSA last financial year is one thing, but one really needs to compare that to what a real rate of return, as advocated by various members of the Opposition, would have returned to the Government from ETSA instead.

ETSA's financial contribution to the Government last financial year was a little over 3 per cent nominal on total assets or 5.6 per cent on net assets. If the honourable member's 4 per cent real rate had been used, the contribution would have been \$61.2 million higher, or 10 per cent on net assets. If the Deputy Leader's 7 per cent real rate of return had been imposed, an additional \$116.9 million, or 14 per cent on net assets, would have been required from ETSA. Of course, this would have resulted in tariff increases ranging from 10 per cent to 19 per cent higher than below the CPI tariff rise of 5.7 per cent that applied.

The reality is that ETSA's level of surplus in 1991 was such as to provide a reasonable return on assets. I do not feel the need of course that it is less, indeed, well short of the minimum of 7 per cent real, as the shadow Treasurer indicated. However, there is still the question of whether ETSA's financial contribution to Government is financially prudent. There is evidence, to which I will briefly allude, that shows that it is prudent. For example, ETSA's net fund from operations, after paying the \$78 million contribution to the Government, was \$155 million. These net funds were sufficient to fund capital expenditure of \$134 million, reduce debt by \$14 million and, after allowing other minor net sources of funds, still increase its reserves by \$10 million. Furthermore, the trend in ETSA's real net indebtedness continues to be favourable. I will table the information on ETSA's net indebtedness since 1979. The table shows the net indebtedness, in June 1991 prices, and indeed the net indebtedness per megawatt hour in June 1991 prices. The net indebtedness per megawatt hour, in June 1991 prices, in 1979 was \$170; it is currently \$133. So, a considerable improvement has occurred in that figure. The honourable member will be able to study the table himself.

In relation to whether electricity consumers have fared reasonably well in recent years, I suggest that their needs have been addressed by the Government. The tariff increase of 5.7 per cent, which took effect on 1 July, was the sixth consecutive annual tariff adjustment to be held below increases in the Consumer Price Index. The previous ones, which were above the Consumer Price Index, had to be so as part of an agreement that had been reached with the outgoing Liberal Government on gas prices and was, therefore, not in the control of the Government, which took office in late 1982.

In the period from 1 July 1985 to 30 June 1991, the cumulative increase in ETSA's tariffs was 20.1 per cent, the lowest of the mainland States. It represents a real reduction of 22.5 per cent, the highest of the mainland States. The continuation of its real decline in electricity costs is a key objective of this Government and ETSA management, as is the continued pursuit of greater efficiency, which includes the development of appropriate rate of return mechanisms.

**Mr LEWIS:** The Opposition's main concern with this interconnection arrangement is that there needs to be some provision and contractual obligation on the prospective suppliers from other States to South Australia if we are to be involved. We are anxious to discover whether, in the course of discussions, the Premier, the Minister and members of ETSA itself are requiring the inclusion of such obligations on power generators interstate under the terms of that interconnection agreement to ensure that South Australia has a supply of electricity, despite any strike which may occur interstate.

The Minister—and I am sure you, Mr Chairman—will know that South Australia's recent history of basic energy sources after the Second World War is one of anxiety and perplexity for the State Government. That is what motivated Sir Thomas Playford to open Leigh Creek after nationalising ETSA because we were suffering from low coal supplies and we could not do anything about industrial disputes in the coal mines in the eastern States from where we obtained our coal. It would have cost us the earth to try to replace that coal from South Africa at that time. As a State, we should not ever allow ourselves to fall into the trap of becoming, for our people and our industries in which we work, dependent on the supply of electricity and basic energy from sources over which we have no control of the industrial disputation and resolution process. We seek an assurance that that will not be overlooked by the Government or the trust in negotiations they enter into.

**The Hon. J.H.C. Klunder:** We do not really need to bother about that, because the peak use of electricity in South Australia has been 1 935 megawatts, whereas our actual capacity to supply in South Australia is 2 350 megawatts, so we do in fact have the capacity to supply all of South Australia's needs from within our own borders, with a reasonably healthy margin of more than 400 megawatts to spare. So, under those circumstances we are not taking electricity from other States because we have to but because it is economical to do so, so the fears of the honourable member that we will be caught at the mercy of industrial or other problems in other States are certainly not founded.

**Mr HOLLOWAY:** My first question relates to ETSA debt. The impression one gains from the financial media is that the electricity industry in Australia is heavily burdened by debt and associated interest costs which, it is claimed, have put substantial pressure on electricity tariffs and borrowing allocations for other worthwhile public projects. What is the position for ETSA and South Australia in relation to the debt?

**The Hon. J.H.C. Klunder:** I have a fairly happy story to tell here. ETSA is an acknowledged leader in the Australian electricity industry in the field of prudent corporate financial management practices. Indeed, the credit rating agency Australian Ratings stated in its February 1991 report on ETSA that, compared with its peers, ETSA had the lowest unit financing costs. Furthermore, ETSA has by far the lowest debt burden, after due adjustment for the different sizes of other authorities. ETSA's ratio of net debt to income is around 1.3:1, the lowest in the country. This ratio is double, triple or even more for other authorities.

Correspondingly, ETSA's net financing charges now represent a modest 15 per cent of total operating costs. This cost can be 40 per cent or more for other authorities. Since 1985 ETSA's net indebtedness has increased from \$991 million to \$1 086 million, that is, an increase in nominal indebtedness of \$97 million. However, in real terms this represents a decline of around 27 per cent.

During the period from 1984-85 to 1988-89 ETSA's financing charges showed a consistent declining trend with charges for the period being \$113 million, \$111 million, \$109 million, \$103 million and \$96 million. However, due to the overall higher level of interest rates in Australia during 1989-90, and various other factors, financing charges rose to \$111 million. This \$15 million increase resulted from increased financing charges, foreign exchange variations and higher interest rates. In 1990-91 financing charges fell slightly to \$110 million. Whilst interest rates fell in the latter half of the financial year, ETSA's average net indebtedness rose by \$30 million, leaving financing charges relatively unchanged from the previous year.

The decline in ETSA's real debt since 1985 has of course meant not only that the debt burden on future electricity consumers is constrained, but also that ETSA has made no demands on limited State borrowing allocations in recent years.

**Mr HOLLOWAY:** My next question relates to buy-back rates. What is ETSA's policy on buying power from small independent generators and what are ETSA's buy-back rates in those circumstances?

**The Hon. J.H.C. Klunder:** ETSA is prepared to buy power from any small independent generator, provided that satisfactory interconnection arrangements are in place. The rates that apply to purchase from independent generators will vary from 2.65 cents per kilowatt hour for energy purchased on an *ad hoc* basis during off peak periods to more than 11.2 cents per kilowatt hour for highly reliable supplies, purchased under long-term (at least 10 years) contractual arrangements during peak summer periods. I do not want to spend a lot of time reading out the various conditions, so I will insert them in *Hansard* without my reading them. They are of a factual rather than a statistical nature.

Peak period rates will be set according to the following criteria:

(a) High reliability during peak summer period, 7 a.m. to 9 p.m., Monday to Friday during the months of December to March: maximum peak period buy-back rate associated with 95 per cent capacity factor or better—11.2 cents per kWh; and sliding range of peak period buy-back rates—6.8 to 11.2 cents per kWh for capacity factors from 75 per cent to 95 per cent.

(b) High reliability during peak winter period, 7 a.m. to 9 p.m., Monday to Friday during the months of June to August; maximum peak period buy-back rate associated with 95 per cent capacity factor or better—9 cents per kWh; and sliding range of peak period buy-back rates—5.6 to 9 cents per kWh for capacity factors from 75 per cent to 95 per cent.

(c) If a private generator scheme is unable to meet any of the above reliability criteria, standard non-firm buy-back rates as outlined in 6.1 will apply.

The rate for any off-peak period will be 2.65 cents per kWh.

The only comment I will make at this point, since we have now gone into the public arena and the written information will not surface for some time, is that the criteria I have inserted are intended to apply to relatively small private generator proposals—less than, say, 5 megawatts. Larger schemes than that would need to be considered very much on an individual basis.

**Mr HOLLOWAY:** What is ETSA's policy on the undergrounding of existing electricity mains, and how does it compare with that in other States?

**The Hon. J.H.C. Klunder:** ETSA's policy is based on the principle that its assets are the property of the State, paid

for by all consumers of electricity. Accordingly, if any sector of the community wishes or causes the assets to be altered, then they should bear the costs of those alterations. In the case of undergrounding existing power lines, if there are savings through, say, avoided tree clearance, then the saving is offset against the cost of undergrounding. Where the community at large gains a benefit from undergrounding existing mains, the Power Line Environment Committee is authorised in 1991-92 to commit up to \$2.7 million of ETSA's funds on a two for one basis with local government.

Since this new committee first met on 18 May 1990, councils have proposed undergrounding projects totalling approximately \$5.9 million. Since the 1970s councils have had the power to require new subdivisions to have underground power. These factors have contributed to ETSA's having a higher percentage of its mains underground than is the case in any other State. The ACT is an exception to this but different funding arrangements are involved there. The Australian average of underground power lines in 1988 was 5.9 per cent, with 8.3 per cent underground in South Australia, and the change to 1990 was that the Australian average rose by just over 5 per cent to 6.45 per cent, whereas the South Australian figure rose from 8.3 per cent to 9.55 per cent.

**Mr HOLLOWAY:** I note that insulated unscreened conductors have increasingly been used in the Hills area. Is that seen as an alternative to undergrounding?

**The Hon. J.H.C. Klunder:** Yes. ETSA does not believe that it should underground lines where it is possible to have the same effect by a method that is nowhere near as expensive, and, indeed, ETSA acknowledges that there is a need to reduce the vegetation clearance around power lines to the minimum amount possible. Aerial bundled cable technology, was purchased in Europe and developed for use in the ETSA system, and more than 1 212 kilometres of aerial bundled cable, insulated unscreened conductor and covered conductor have now been erected in South Australia. It is worth noting that in 1984 ETSA spent \$6.1 million on vegetation clearance which, if it were escalated to today's prices, would cost \$15 million each year. The current expenditure on vegetation clearance, which is \$7.91 million, is mainly the result of the initiatives of introducing various kinds of alternative cabling. This allows for much less vegetation clearance.

**Mrs HUTCHISON:** My first question relates to the Capital Works Program, regarding works in progress and new works. It is with regard to the emissions of coal dust and other nuisance dust from the Augusta power station. I notice that money is allocated in the proposed expenditure of \$821 000. How successful have any projects been to date with regard to minimising those emissions, and what are the future plans with regard to that?

**The Hon. J.H.C. Klunder:** I appreciate the honourable member's reason for asking that question. ETSA has three main strategies to minimise the escape of coal dust. They are matching the coal delivery to the consumption, minimising the stocks held at Port Augusta and sealing off coal stock piles in dust-prone areas from the site. The first two initiatives have been implemented on a long-term basis and the third was successfully achieved during the 1990-91 summer period. Trials of several alternatives are in progress.

In the short term there is a trial of sealing dust-prone areas with chemical dusting agents or by laying down a thin cement stabilised fly ash surface and cutting shallow grooves in the surface of dust-prone areas and planting seeds of naturally occurring vegetation, and the long-term trial is the covering of dust-prone areas with a layer of fly ash cement. This method has been used to successfully seal the disused

coal stockpile at Playford Power Station. No complaints have been received from residents during the past 18 months.

**Mrs HUTCHISON:** Under 'new works' there is listed an ash analyser. As a supplementary question, will that be used in conjunction with that ash program at Port Augusta?

**The Hon. J.H.C. Klunder:** The honourable member is correct in that there is proposed expenditure of \$500 000, and the estimated total cost is the same. However, I understand that this is not for anything that might be used to assist the honourable member in problems with ash flying around the place. It is for a different area.

**Mrs HUTCHISON:** How many voluntary separation packages have been offered at ETSA, and how many have been accepted? If possible, will the Minister tell me how many of those apply to the Augusta power station and how many apply to the metropolitan area?

**The Hon. J.H.C. Klunder:** I can give the honourable member the total numbers, but we do not have the breakdown for the Port Augusta area. We will make an effort to give that information to the honourable member. At 4 September this year, 526 offers of voluntary separation packages were made; 440 separations have been confirmed, and 71 offers have been rejected.

**Mrs HUTCHISON:** How many employees were there in ETSA at 30 June 1990 and how many are there at present? In other words, how many jobs have been shed?

**The Hon. J.H.C. Klunder:** At 30 June 1990 ETSA had 5 690 FTEs. By 30 August this year—14 months later—the figure had reduced to 5 045 permanent employees and 105 casual contract people, making a total of 5 150 full-time equivalent employees.

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

Works and Services— Department of Woods and Forests,  
\$4 700 000.

**Chairman:**

The Hon. T.H. Hemmings

**Members:**

The Hon. H. Allison  
Mr S.G. Evans  
Mr P. Holloway  
Mrs C.F. Hutchison  
Mr I.P. Lewis  
Mr J.A. Quirke

**Witness:**

The Hon. J.H.C. Klunder, Minister of Forests.

**Departmental Advisers:**

Mr D.R. Mutton, Chief Executive Officer, Department of Woods and Forests.  
Mr K.R. Freeman, Director, Support Services.  
Mr D. Geddes, Director, Timber Products.  
Mr R.M. Cowan, Director, Forest Operations.  
Mr I.B. Millard, Director, Strategic and Technical Services.  
Mr G. Higginson, Chairman, South Australian Timber Corporation.  
Mr R. White, Group Marketing Manager.  
Mr M. Curtis, Group Finance Manager.

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

**Mr LEWIS:** Have any firm offers been received to take over the scrimber project as a going concern? What does the Minister believe is the likely sum of money to be

recovered from the sale of the Scrimber plant, either as a going concern or as factory site plus machinery?

**The Hon. J.H.C. Klunder:** We have not received firm offers. Indeed, it would be unrealistic to expect those at this stage. We have had several indications of interest, which I would class above those of just polite interest, to see if there was anything going. I cannot really give a clear answer to the honourable member on that. In terms of our valuation of the project, I have not yet looked at the amount of money that one might realise on it from a so-called fire sale of just the components, rather than as a going concern, because at this stage I am still hopeful that we will be able to sell it as a going concern.

There, we would have to be concerned about a balance between actual cash in hand and a proportion of the downstream benefits such as licences and royalties. Consequently, that will depend very much on the kind of offer that is put in and on what kind of money a prospective in-comer would be prepared to put up for research, and so on. That is all very much still in the melting pot, and I do not particularly want to constrain my freedom to act further down the track by putting any constraints on the situation at the moment.

**Mr LEWIS:** On page 5 of the introductory remarks of the Auditor-General's Report, we find the following:

Over a number of years, Audit has expressed concern that, unless the corporation could significantly increase its revenue from investments, losses would continue to accumulate. The need for an increase in revenue is even more imperative given the abandonment of the Scrimber project.

Where does the Minister anticipate that an increase in revenue will occur?

**The Hon. J.H.C. Klunder:** None of us has any doubt that the South Australian Timber Corporation has had some quite nasty investments and some very unhappy business experiences. Part of my job on becoming Minister was to try to cope with those in whichever way possible. In the case of IPL (NZ), the SATCO board in partnership with me took the action of making sure that IPL (NZ) became profitable so that at least it would have a market value. It was then sold.

In the case of the Williamstown mill, it was clear that, even under optimal conditions, it was at best only skating on the surface, and at the time that it was sold it was, in fact, making a loss. I doubt very much that the Williams-town mill under today's depressed conditions could have made anything approaching a profit, and we might well have had another major loss on our hands at that level.

The Scrimber process has been adequately canvassed. All I can say is that I took the action necessary in April of this year—and it turned out much more clearly than I anticipated—to settle the situation with regard to Scrimber. The Scrimber investment has now been stopped. What has been left out of the SATCO situation is three basic arms, if you like: there is a Victorian distribution centre that markets IPL and Woods and Forests Department products, and that is profitable; there is IPL (Australia) Pty Limited, which produces plywood and LVL, and it is profitable; and there is Mount Gambier Pine Industry, which produces furniture components, and it is profitable.

**Mr LEWIS:** On page 419 of the Auditor-General's Report we find the revelation that a legal action has been taken, presumably by CSIRO against SATCO, with respect to the production licence of Scrimber. How much has been incurred in legal costs to date, and what is the current status of this dispute?

**The Hon. J.H.C. Klunder:** The action has, in fact, been taken by the CSIRO and Rafor (which was Repco originally, and part of the Ariadne Group). Repco and CSIRO were the original developers of the scrimber process. The action

has arisen out of a dispute over what the 1985 agreement between SATCO and the other two partners actually meant. The action was taken by the other two organisations as a way of declaring the 1985 agreement. I think that is the correct legal term for spelling out exactly what it means, given that there are a number of uncertainties about the exact definition of who owns what processes and what discoveries. That has only started, and is very much in the early stages.

I am told that the fees for the Crown Solicitor, representing South Australia, are absorbed within Government, but we have taken on solicitors in Melbourne, and the cost is about \$25 000.

**Mr QUIRKE:** The Auditor-General raises a question of revenue required from corporation investments to provide an appropriate return to Government. Would the Minister care to comment on the capacity of the corporation to provide a satisfactory return from its remaining activities?

**The Hon. J.H.C. Klunder:** To some extent, I stated that in the answer I gave earlier to the member for Murray-Mallee. I am trying to get some idea of the past few months worth of trading of the three parts of the system that I talked about earlier, to see whether I can give the honourable member an ongoing idea as to their profitability. In effect, the profitability of IPL (Australia) for the past two months has been \$360 000, which is quite a remarkable figure in what has been a very depressed situation in the timber industry.

MGPI made a profit in July-August of approximately \$100 000. The Victorian Distribution Centre made a profit of somewhere around \$40 000 in those last two months. So, a profit of about \$500 000 has been made by those three bodies. One would need to subtract from that a certain amount for head office expenses, which leaves an approximate profit of \$450 000 for two months.

**Mr QUIRKE:** What are the Minister's intentions with respect to the New Zealand company structures that are owned by IPL Holdings Pty Ltd?

**The Hon. J.H.C. Klunder:** The intention is not to hang onto those. Those companies will be wound up once all transactions have been finalised, including the lodgment of income tax returns and annual company office returns. The collection of debtors and the finalisation of major supply agreements also had to be arranged. Those companies will be deregistered as soon as all those issues have been dealt with.

**Mr QUIRKE:** A number of significant events affecting the corporation's results for 1990-91 have given rise to extraordinary losses—in excess of \$41 million as reported by the Auditor-General. Will the Minister outline those issues and say what impact they have had on the financial position of the corporation?

**The Hon. J.H.C. Klunder:** Clearly a number of quite significant issues confronted the corporation board. As I have already indicated, decisions to rationalise investments in trading corporations and the Scrimber project have been made over the past year or so. Indeed, the selling of IPL New Zealand was to try to divest ourselves of an organisation in which we could no longer make a profit because of the accumulated losses. The original investment was so high that the level of profit needed to be at quite a startling level to be able to pay off those losses. The withdrawal of support from the Scrimber project is fairly clear and was determined on the basis of consultant advice which was agreed to by the board. As well as that, there has been an independent valuation report on corporation investments in various business undertakings, and a decision was taken to write down advances to IPL Holdings Pty Ltd. As the

honourable member indicates, the financial implications of those decisions are reported as extraordinary items in the financial accounts of the corporation for this year.

Trading conditions in Australia during the year were beset by a general lack of demand leading to falling prices and margins. The timber industry was similarly affected with a decline of approximately 15 per cent in domestic dwelling constructions compared to the previous year. On top of that, there was an increase in input competition particularly from New Zealand and, of late, a discounting of products by CSR, and under those conditions cash flow requirements became a priority. The corporation recorded a group profit before abnormal and extraordinary items of \$776 000 compared with a profit of \$729 000 in 1990. But, after these abnormal and extraordinary items, that loss of \$40.553 million, which has been referred to, was incurred compared to a profit of \$6.886 million in 1990. The corporation has assigned no residual value to the Scrimber project in its accounts to 30 June 1991 but, as I have already indicated, that was probably a wise move given that it is fairly difficult to assign a value to the project depending, at least partly, on the way in which it is going to be disposed of.

With respect to IPL New Zealand, the accounts report a final loss on this investment of \$11.968 million, and IPL Holdings also suffered a loss of \$2 million related to the acquisition of that company back in 1985. The reasons for that, I think, have been sufficiently well ventilated in ministerial statements and in the Parliament generally for me not to need to go on with that. Certainly, the three parts that are left are doing particularly well in a very difficult market environment.

**The Hon. H. ALLISON:** I refer to page 419 of the Auditor-General's Report. The Minister explained why he had not visited the Scrimber plant. Did the Minister ever speak to anyone who had been to the plant and who had inspected the Scrimber process? If so, what advice was the Minister given on those occasions?

**The Hon. J.H.C. Klunder:** My advice on the Scrimber process quite properly came through the board that had been set up to head SATCO and, indeed, through management reports to that board. I am not entirely sure whether the honourable member suggests that I should have used more taxpayers' funds to go down to the Scrimber plant more often in order to look at the machinery. If he wants to know whether I talked to various people about Scrimber, apart from the advice that I was getting in the direct line through the Chairman of the board, then the answer is 'Yes'. I recall at one stage when the Premier and I were in Mount Gambier—and unfortunately I cannot give a date to that at the moment—

**The Hon. H. ALLISON:** November 1989 for the official opening.

**The Hon. J.H.C. Klunder:** The honourable member is correct, but that was not the occasion to which I was referring. On that occasion the Premier and I were both in a hurry to get back to Adelaide so we were unable to visit the Scrimber plant. However, we arranged to meet Mr Coxon at the airport so we could talk to him there, ask his views on the completion of the process and impress on him the need to try to get the project under way as quickly as was consistent with producing a good product.

On several other occasions when the members of the board met with the various officers of the company in Adelaide, I attended those meetings and spoke, amongst other people, to Mr Coxon, who was present at some of those meetings. I have already indicated that, even though the consultancy firm of Kinhill was not in fact engaged by me and was not, in effect, required to report to me, I did

on at least one occasion have an informal discussion with an officer of Kinhill and that my office had several more contacts with Kinhill other than that.

**The Hon. H. ALLISON:** The Auditor-General's Report at page 419 states:

As the Scrimber project had been frustrated by numerous delays in achieving commercial production, the Minister of Forests in April 1991 engaged an international firm of consultants to review, assess and evaluate operational aspects of the Scrimber project. Following receipt of the consultant's report, in August 1991, Cabinet approved that no further South Australian public moneys were to be invested in the Scrimber project.

In fact, in a press release dated 31 July 1991, the Minister of Forests advised as follows:

... his decision to intervene in the project followed repeated management failures to live up to assurances and targets that he had set for the commencement of commercial production at Scrimber International's Mount Gambier plant ... he had acted unilaterally to appoint an international consultant with extensive experience in the timber industry to provide him with direct and independent advice on the state of the project. The advice of the consultant, A.G. Symons, is extremely disquieting and is in sharp contrast to the forecast progressively submitted in management reports to the SATCO board which were in turn the basis of the Chairman's reports to me. Their advice makes it clear that management reports to the board have, over time, glossed over the serious technical problems and have made unjustifiably optimistic predictions about their resolution. The consultants' prognosis to the project has so dramatically changed the prospects of success that I have been forced reluctantly to the conclusion that it is beyond the financial capacity of the present Scrimber partnership to continue with the project.

Did the Minister ever have access to Scrimber management reports to the Scrimber International Board and, if so, did those reports highlight the technical difficulties faced by management?

**The Hon. J.H.C. Klunder:** I do not recall ever reading any of the management reports to the board and, indeed, it was not necessary that I do so, because the reports were presented to the board and the board provided a digest of them, which was transmitted to me by the chairman of the board.

Of course, the situation is always different in hindsight. If one looks at a situation in hindsight and says, 'Yes, this project is never going to work', under those circumstances one would, presumably, take a lot more interest in the process that one knew was going to fail. But, by the same token, if you knew that it was going to fail, you would not let it continue in the first place. I had access to a great deal of information which, in fact, made one confident that the process would be very worth while. There had been some delays in the completion of the process, but the report by H.A. Simons, to which the honourable member referred, was in fact the very first time that it was raised with me that the process might not succeed at all. As the honourable member indicated, I took quite drastic action as a result of that.

Since the honourable member has raised the matter, I will have to note some of the things which would normally—and in this case did—give me, as Minister, some degree of confidence that the process was, in fact, a reasonable one, and that one could reasonably expect it to come to a fruitful conclusion. I apologise for taking some time, but obviously it is a crucial item, and I will indicate some of the things which would normally give one confidence, quite apart from the fact that reports that came to me invariably indicated that the process itself was not in doubt; it was merely the timing of the implementation. Unfortunately, I will have to refer to criticism by the Opposition, because there were people amongst the Opposition who were quite trenchantly critical of the process, yet, on the occasions when they were asked to actually provide evidence as to

why they believed the process would not work, they did not do so.

For instance, the Hon. Mr Davis of this place had, in fact, been—and he makes no apology for it—very critical of the scrimber process. A comment attributed to him appeared in the *Financial Review* of 15 September 1987, in which he was highly critical of Scrimber. That comment drew a response from Mr Hewertson, Chief of CSIRO's Division of Chemical and Wood Technology, who, in a letter to Mr Davis, not only offered to discuss Scrimber to help him become more informed, but also indicated that he would welcome the opportunity to meet with the people whom Mr Davis cited as being the reasons why he was so highly critical of the scrimber process, should Mr Davis be willing to either name them or refer them to Mr Hewertson.

When Scrimber received the AMEV *Financial Review* Award in 1987, in itself a reasonable indicator that people outside the system thought that Scrimber was worthwhile, Mr Hewertson wrote to the then Opposition Leader—now Senator Olsen—on November 18, mentioned the previous letter to Mr Davis, and pointed out that he had received no reply. Mr Hewertson urged Mr Olsen to ensure that the CSIRO's interests in the potential markets for Scrimber worldwide were not damaged by what Mr Hewertson considered to be an ill informed comment. I have no idea whether Mr Olsen gave Mr Hewertson the courtesy of a reply, but Mr Davis was asked whether he would actually provide information which led him to his conclusions, and he did not do so. I will not refer to a number of other members, because I think that it is true to say that the Hon. Mr Davis was, in fact, the most critical person regarding the scrimber process.

There are a number of other reasons why I did not just rely on the advice proffered to me by the board. The mere presence of Kinhill providing assistance and objective advice at various stages was a reason to have some degree of confidence that the process would in fact be brought through to a successful conclusion, because people of Kinhill's expertise and standing would not knowingly continue to give advice on a project if they had severe doubts as to whether or not it would succeed. Indeed, when the crunch finally came in April this year, one of the reasons I appointed not another engineering consultant but a wood technology consultant was that it was possible at least that the fault lay not in the engineering side of things but in the wood technology side of things. Therefore, I wanted a consultant who could give me advice on that.

Let me list some of the other reasons why I felt some degree of confidence, and it must have been apparent from my answers during those years, that I believed Scrimber was likely to be a reasonable proposition. On becoming Minister, I became aware that the AMEV *Financial Review* award for the best product at the 1987 Technology Expo, worth \$35 000, had been presented to Scrimber in November 1987. In November 1988 Austrade provided financial assistance of \$220 000 for market development of the Scrimber project. Both of those were clear indications that people outside of Scrimber had a high degree of confidence that Scrimber would in fact be a successful product.

In April 1989, the report of the Select Committee into the Effectiveness and Efficiency of the Operations of the South Australian Timber Corporation was tabled in another place. Whilst the report was critical of delays, cost overruns and SATCO's inappropriate financial structure, it had this to say about the Scrimber product:

Since Scrimber is expected to come on to the market in mid 1989, the market will eventually determine the success or otherwise of this product and investment.

Here we have had a select committee of the Legislative Council, one of the most powerful committees that the Parliament can put into place, coming out and, by inference at least, suggesting that Scrimber would come to a successful conclusion, by saying that its success or otherwise would have to be determined by the market. I point out that one of the most trenchant critics of Scrimber was on that committee, and again presumably had an opportunity to bring to the attention of the Parliament his criticisms of the Scrimber project, but he did not do so.

In April 1989, a major American timber company paid \$US50 000 to the Scrimber licensees for a technical information secrecy package. Again, large United States companies are not noted for paying out money without checking out the facts fairly thoroughly. In August 1989, I was advised by the Chairman that the well known timber merchandiser B.J. Walters had made an offer to SATCO to distribute the total output of the Scrimber plant—again, people in the industry indicating that they had some degree of confidence in the Scrimber product.

In June 1990, DITAC provided Scrimber with a grant of \$977 500 over three years to enable research into additional applications and variations in the product—again, not the action of an organisation that thought Scrimber was going to be a flop. In August 1990, three representatives of the American timber company, one of them being the Vice President, visited the Mount Gambier plant, and that visit subsequently led to the company's paying out \$A15 000 for trials of United States timber to be conducted. Indeed, it turned out that the trial results on that timber were somewhat better than the results on the *pinus radiata*.

In September 1990, the principal of Seymore Softwoods, Mr Steve Gilmore, in the words of the member for Mount Gambier:

... loudly sang the praises of the Scrimber manufacturing process and said that his company had a spare \$2 million to \$3 million to buy a franchise.

**The Hon. H. ALLISON:** I did not say he was right, though, Minister; nor did I say the price was right.

**The Hon. J.H.C. Klunder:** I acknowledge both of those things. I am merely saying that there was another person in the timber industry who indicated he was willing to buy in, as the member for Mount Gambier indicates, at a price that was considerably below the going price at the time. On 27 November 1990 a significant Thai timber company paid \$12 500 as a first instalment on an information secrecy package. All this time I was Minister, I was receiving information through the appropriate channels which said: there are delays, you have to expect delays in a sunrise industry, but the process is going well.

I had a lot of information from outside in the existence of consultants who were working within the process, and a number of people who put their money where their mouth was, therefore giving me considerable reason to believe that the process was in fact heading on a successful track, as I was being assured by all the people, including the manager of the plant at that time. It was when we had a further delay in April this year, after production was intended to start on 1 February this year but was held up by a fire in the plant, that I took the action of bringing in external consultants who had skills different from those of the Kin-hill firm of consultants. I asked them to report directly to me on the following four matters: the status of the project; the likelihood of the plant's achieving production operation; how long it would take to reach the point of production operation; and the expected production rate to be achieved. From that, it is possible to see that I wanted the global picture—where it was at the time in April, and whether it would achieve production at all. I must admit that I did

not expect to get an answer in the way I did, because my next two questions were: how long would it take to achieve production; and what was the expected production rate.

Indeed, H.A. Simons supplied me with three separate reports. The first arrived in late May, just before I went overseas, and indicated 100 per cent confidence in the product being made available eventually. About a month later, in early July, another report indicated that approximately \$12.5 million would need to be invested, and that there was a 50 per cent likelihood of the plant's achieving production by the end of this calendar year. A later report indicated some considerable doubt as to the quality of the end product. In fact, it was that particular report which was drastically different from all the other information I had obtained up to that stage. I asked the board members to consider it. They did, and came back to me with a similar set of recommendations. Both the consultant's report and the board's recommendations led me to the position where I indicated to Cabinet that I believed no further investment should be made in the Scrimber project by South Australia.

**The Hon. H. ALLISON:** Thank you for that lengthy explanation. Am I to conclude in summary, therefore, that after you as Minister had had discussions over the last 18 months to two years with senior Scrimber management and with members of the board, and after having listened to the warning bells which you said were sounded by the Opposition over the past 18 months regarding both the technological problems which we knew were there and the financial problems which included a total lack of equity by SATCO, heavy borrowings by SGIC by way of interfund loan, compulsory third party fund from Life fund, and rapidly diminishing prospects of profitability—despite that combined set of circumstances, you still felt that the Opposition's fears were totally unfounded and totally unjustified?

**The Hon. J.H.C. Klunder:** I cannot comment on the funding by SGIC, except to say that it provided half the capital injection into the project. I agree with the Opposition that the profitability of the plant became more and more marginal in terms of the return from the Mount Gambier plant itself. I do not think that I did not heed that set of warnings from the Opposition. Those warnings were offset by the expectation that, while the plant itself might not be marketably profitable—in fact, it might be only marginally profitable—the income stream from the plant would not be so much from its own production as from the downstream royalties and licence fees that might be available from other people taking on a successful scrimber operation.

The criticism by the Opposition was such that it tended to vary from total opposition, to grudging support, to a stand-off position. Consequently, it was difficult to determine whether the Opposition actually had information which clearly said that the plant would not work. Indeed, none of the information I got from the management through the board indicated that. None of the information I got from outside people who were in the industry indicated that. So, it was difficult to know whether members of the Opposition were in possession of information which they were refusing to share, thereby hoping they could make some capital out of the plant's eventually failing, or whether they were attempting to have two bob each way by putting on the *Hansard* record statements of opposition in case the project failed and other statements that were in favour of the project just in case it was successful.

Clearly, I was not in a position to take the unsubstantiated information from the Opposition against the technical expertise that was transmitted to me through the board from management. Indeed, all the indicators were that people

were not criticising, that they were putting their money on scribmer being a successful product.

**Mrs HUTCHISON:** Will the Minister provide a report on the present status of the Nangwarry greenmill?

**The Hon. J.H.C. Klunder:** Following its opening on 2 November 1990, the new Nangwarry greenmill has been progressively increasing in productivity. Initially it operated on a two shift basis, but as productivity and accuracy has improved, it was reduced to a one shift operation almost two months ago. It is fair to say that some problems were encountered during the construction phase last year. The contractor selected was required to design, construct and commission the mill on a turnkey basis and hand the mill over after it achieved a predetermined productivity performance.

Re-equipment of the mill involved replacement of the existing 30 year old equipment with state of the art processing equipment including an automatic sorting and stacking facility. Work up of the mill to expected productivity levels was hampered by a late finish in the construction stage of the project and the inability of the principal contractor to achieve contracted performance levels. The principal contractor was placed in receivership about the time the installation work was completed.

As a result of lack of financial resources, the company was unable to attend to rectification of deficient items. The department, however, was able to retain final contract payment. These funds have been used to improve plant performance to current levels. This has allowed the mill to achieve the required performance on a single shift operation as planned. Capital costs for the construction of the mill were kept to a minimum by utilising the existing infrastructure and concentrating capital on improving the processing equipment.

The completed mill represents a facility incorporating the latest technology currently available. The mill has been specifically designed to maximise the value of output produced from the sawlog. Special features in the design of the machine centres allow selection and separation of higher value material. This mill is the only softwood sawmill in Australia that can produce lengths over 6 metres. These lengths command a premium price in the market. The mill has been completed under budget at a cost of approximately \$6.3 million. Project approval was \$6.8 million in 1990 dollars. The actual construction cost compares favourably with similar capacity mills built elsewhere in Australia.

The short term strategy is to further develop markets for higher grade and larger dimension material that can be cut from the large and high quality logs the mill was designed to process. This resource is unique to the Woods and Forests Department as other Australian producers operate on lower rotation ages for their plantations.

**Mrs HUTCHISON:** With regard to the Program Estimates (page 382), given the difficult economic conditions that apply in the sawn timber market, will the Minister provide the current status of that market?

**The Hon. J.H.C. Klunder:** I ask the Chief Executive Officer to respond.

**Mr Mutton:** Certainly, the situation is very much one where market conditions are extremely difficult right now. The Australian softwoods sawmilling area in the timber products market is serviced by not only Australian pine producers and imports of oregon from North America but also pine from New Zealand. Volumes from the New Zealand market have increased recently, certainly helped by a favourable exchange rate, depressed markets in New Zealand and the CER agreement removing a number of barriers between Australia and New Zealand. Over the past five

years, the New Zealand market share has grown from 8 per cent of the Australian market for pine to 21 per cent, and New Zealand imports into South Australia have risen to an estimated 5 000 cubic metres in 1990-91 and are expected to be higher for the 1991-92 year.

I guess it is clear that the local market has experienced difficult conditions, caused initially by interest rates and then latterly by a lack of consumer confidence. These circumstances caused increased price competitiveness, with one major Australian pine producer seeking to regain some market share that was lost, using a deliberate strategy to drive down pricing in an expectation that this would discourage imports, particularly from New Zealand. Prices have been driven lower than would be expected in normal recessions, as all producers respond to seeking to maintain their current customer base and a reasonable market share. As a result of that, orderly marketing has gone out of the window.

This competition has been quite fierce and prices for such materials as common framing (the material that house frames are made out of) have decreased rapidly. In fact, the price that is being obtained in the marketplace, certainly for our customers, is about the price that was generally acceptable in late 1983. All product lines have been affected to some degree, even those that are not part and parcel of the import mix from New Zealand. We believe that the future outlook for timber products is positive, but we are not expecting to see dramatic increases in prices or markets for pine products in the near future. So, I guess the answer is that difficult conditions will continue as a result of lack of confidence in the marketplace and a continuation of quite vicious price cutting by a number of producers.

**Mrs HUTCHISON:** On page 383 of the Program Estimates I note that the demand for the use of forest reserves in the Mount Lofty Ranges for recreation purposes is increasing. What recreation activities occur in the forests and what management initiatives are planned by the department in that area?

**The Hon. J.H.C. Klunder:** The Woods and Forests Department manages extensive areas of both softwood plantations and native forests. This covers some 10 000 hectares in the Mid North, 21 000 hectares in the Mount Lofty Ranges and 90 000 hectares in the South-East. The public seeks many recreational activities in forest reserves, especially those in the Mount Lofty Ranges, since they are much closer to the Adelaide metropolitan area.

Under the Forestry Act 1950 and the regulations thereunder, recreational activities are controlled by departmental officers and rangers. The range of recreational opportunities that the forest reserves provide include picnicking, bush walking, fossicking, horse riding, mountain bike riding, orienteering, motorcycle and motor vehicle trials, camping, educational activities, scouting activities and nature observation. It is estimated that some 10 000 camper nights and at least 100 000 visitor days are spent in departmental forest reserves each year.

This is the only area of land in the State which has catered for and can cater for such a wide variety of community uses, along with a production and conservation role. Departmental staff are required to balance these many demands on the State forests. Attention is currently being directed towards policy development relating to safety standards, facilities, and maintenance, and the zoning of forest areas and consequent control of access with a view to public safety, environmental considerations, minimising potential conflict between users, both recreational and commercial, and protecting the property of the forests and other assets.

Attention is also directed towards community involvement, being the development of appropriate processes to receive community comment and advice on certain aspects of planning and operations, and also on information services. These are the range of printed material including activity leaflets, which is under review in respect of the method, standard and cost of presentation.

It is also intended to improve forest 'interpretation', that is, the appreciation of the department's role and operations by visitors. This will provide an ideal opportunity for the community to gain an understanding of the renewable production role of plantation forests, conservation and the many community benefits that forests provide.

**Mr S.G. EVANS:** In relation to the Auditor-General's Report, (page 419), I make the point that in December 1989, at the initiative of Scrimber management, Kinhill, an Adelaide-based consulting engineering firm with a national reputation, was brought in to assist the development of scrimber processes and to identify and rectify the many difficulties of Scrimber. Kinhill continued to be on-site until the announcement of the closure of the plant in July 1981. Did the Minister discuss the problems at the scrimber plant with Kinhill at any stage during the 19 month period December 1989 to July 1991? Whom did he speak to at Kinhill and when did he have those discussions? Did Kinhill at any stage advise him of the technical difficulties being encountered with scrimber?

**The Hon. J.H.C. Klunder:** Kinhill might well have been in considerable difficulty if it had been told to report to somebody who did not hire it to perform a job. So, it did not report to me and it was not required to report to me. It was taken on by the manager of Scrimber, and it reported to him. He therefore provided reports to the board, and the board transmitted the information through to me as to what had actually happened.

Kinhill was on the site in a number of different capacities, depending on the time it was there. I cannot recall offhand all those different situations, except that it was asked to give advice on engineering matters. At one stage the manager and the engineering people down there believed that they were on top of the matter and wished to take it over with some assistance from Kinhill staff and, towards the end of 1990, a Kinhill package was used to try to firm up the faults in the machinery. That package was called the 'Finest Hour' package. The Chairman informs me that it was a computer program that printed out a daily position, and apparently it is used when one is in the final stages of production.

As I indicated, I had some informal discussions with an officer of Kinhill. I feel most reluctant to drop that person's name, because we happened to meet at a function and chatted about it. I think it is most unreasonable that he should be named in Parliament but, certainly, on various occasions my office had contact with that officer to get some idea of how he felt the situation was going. My understanding from discussions with him and from my officers' discussions with him was that the story we were getting through the board from management was the correct story.

**Mr S.G. EVANS:** Taking the Minister's reply that Kinhill was not obliged to report to him, did the Minister ever seek the independent view of Kinhill, in other words, separate from the report, on the time frame involved in bringing Scrimber to commercial production, and the likely costs involved?

Also, in that he by now must have seen Kinhill's advice, which was given to others if it was not given to him, in what way did that differ from the advice received from

H.A. Simmons? Why did the Minister bring in an outside consultant, H.A. Simmons, who had no previous experience with Scrimber rather than speak directly to Kinhill, which enjoys a national, if not an international, reputation as consulting engineer? The latter part of that is the assumption that the Minister will say that he did not seek to have an independent view given by Kinhill—

**The Hon. J.H.C. Klunder:** I am at a loss to know what this question is leading to. Is the honourable member saying that Kinhill would knowingly work on a project about which it had grave doubts without letting people know that it had those grave doubts? That is a slur on the name of Kinhill that is almost beyond imagining. When an organisation of its repute works on a business, one would expect it to let people know if it believed that things were wrong, even if they were not in its direct line of expertise.

I am advised that Kinhill was an engineering consultant working on the plant operation, looking at upgrading and making sure that the machinery came up to performance standards. It is one of the things that in retrospect seems to have been given an undue amount of importance in the eyes of management, who believed, as far as I can tell, that a very large proportion of the problems were engineering rather than any other kind of problems. Certainly, there were a number of engineering problems. The Chairman, on his numerous visits to the plant, came back and reported to me on a number of occasions that he had in his discussions with people identified engineering problems that needed to be resolved.

I took on H.A. Simmons as a consultant specifically because it was not an engineering consultant but a consultant with an experience in the timber industry, because I had been put in a position where all the indicators were that the production of the plant would start on 1 February this year. As I indicated later, it was put off until 1 April because of a fire in the plant. All the way through 1990 the indicators were towards a start-up on 1 February 1991. When that did not occur, I suppose that you could say that I took a punt that it might not have been an engineering problem but that there could have been different problems as well. I engaged a consultant who had expertise in that area, fully aware that if I had spent money on H.A. Simmons and it had come back to me with a report that said in effect, 'Yes, the situation will be resolved by August' (which was the information that I got from the management of the plant through the board in mid-April) no doubt Opposition members would have been snarling at me for wasting taxpayers' money on getting independent valuations on the process when all the indicators were that it would succeed—and it in fact had succeeded.

So, in a sense, I took a punt that I needed external advice from a different direction than the advice that I was getting. I commissioned that advice. When it eventually turned out to cast grave doubts on the capacity to produce marketable scrimber, I took the action that I did. If any member is asking me to apologise for taking that punt, no apology will be forthcoming from me. I took what I decided was a proper and reasonable action to take at that time after a very firm date had not been met. Unfortunately, as it turned out, this gave a result that has led to the State's no longer investing in the project. But, if I had not taken that advice, August now having finished, and knowing what we know now, there would have been another excuse of somekind in August saying, 'We are sorry; we still have not got the plant operating, but we will have it operating at a certain time.'

At the cost of running the plant, that would have to put several million more dollars down the drain without a



reasonable expectations of success. I therefore believe that I acted properly in April in taking the action that I did.

**Mr S.G. EVANS:** Now the Minister has had time to see both reports, and as Minister he had the right to ask for them both, were those reports in conflict in any way? Also, did the Minister get any indication from any of the board members or reports that there were technical problems and not machinery or production problems, and was that one of the reasons that he went to Simmons?

**The Hon. J.H.C. Klunder:** The only reports that I have seen from Kinhill were technical reports on the machinery. They were not reports that did any more than point out in technical language what needed to be upgraded on particular pieces of machinery to achieve an optimum running of that machinery. Indeed, none of the information that I was getting from Kinhill, either through my officers or by directly talking to one of Kinhill's officers, or through the management or the board, gave me any doubt that the only thing that stood between Scrimber and a successful move into the production phase was a number of technical problems.

**Mr S.G. EVANS:** Under the Auditor-General's Report, page 419, Scrimber International had a board of directors comprising representatives of joint venture partners, Satco and SGIC. I understand that the Chairman of Scrimber International is Mr Higginson. Did the board ever express reservations about the progress made with the Scrimber operation? Is any documentation available about the board's view on the progress or lack of progress of Scrimber? Has the Minister righted any of the board's discussions relating to the Scrimber project, and if so do they confirm the claims that he made in his press release?

**The Hon. J.H.C. Klunder:** On a number of occasions, the minutes of the board, and the Chairman of the board in his discussion with me expressed considerable irritation at the fact that Scrimber, instead of having behaved itself and gone into production phase, kept running into problems. The Chairman at one stage likened it to being in a minefield: just as one thought that one was through to the other side, one hit another problem, which set back the completion date by a number of months. But, towards the latter part of 1990, particularly, there was a great deal of optimism in the air at Scrimber. People believed that they were in the process of licking most of the problems and that by 1 February this year the plant would almost certainly be in production.

In fact, in November 1990, there was a proposal that we start training a second shift because it was anticipated that very soon after starting the first shift on 1 February we would be able to move into second shift phase. I vetoed that on the basis that I believed that we needed some time on the single shift to iron out any bugs that might crop up. In any case, it might be appropriate to run the plant properly as a going concern for a while on the single shift before going into the second shift. As it turns out, that decision was reasonably appropriate under the circumstances.

**Mr HOLLOWAY:** Page 382 of the Program Estimates refers to the implementation of the first stage of mill rationalisation. What are the implications of this, and what progress has been made to date?

**The Hon. J.H.C. Klunder:** In March, the recommendations of the Joint Woods and Forests Department/United Trades and Labor Council Working Party into Strategic and Investment Options for the Woods and Forests Department were adopted. The major implications flowing from the report are:

- Mount Burr Sawmill to be scaled down—not closed down, as some people would have it—by ceasing kiln drying and dry milling during 1991 and 1992.

- Greenmilling to continue at Mount Burr for the present, but to be subject to review based on life expectancy, technological advancements and other capital developments.
- A phased reduction in the Mount Burr work force to about 50, a reduction of about 90. Redeployment to about half this number of new positions at Mount Gambier and Nangwarry will be available to some existing Mount Burr employees.
- No retrenchments of permanent employees—work force reductions to be achieved through attrition and, possibly, as a final option, voluntary separation arrangements.
- Benefits to the department to include capital expenditure savings of \$5.7 million and a cumulative positive cash flow of \$24.8 million, compared with current operations over the next 10 years.
- Departmental sawmilling in future to be viewed as a single operation, to minimise over-capitalisation, a move likely to lead to increasing integration and consolidation of milling activities.

Action has commenced to implement the recommendations. A Central Consultative Committee and separate mill consultative committees have been established. An implementation plan has been developed and infrastructure is being put in place. Agreement has been reached that the drymill at Mount Burr will close on 20 December 1991. The Commissioner for Public Employment has approved of the department offering voluntary separation packages to Mount Burr Mill employees. Letters seeking expressions of interest will be sent to employees in late October.

An employee package relating to scaling down of Mount Burr has been negotiated with the unions and work force and accepted by all parties. The majority of conditions agreed are consistent with normal Public Service standards, but there has been some minor expansion of entitlements tailored to the specific circumstances. The most significant related to free transport for current Mount Burr Mill employees who are relocated to Mount Gambier and Nangwarry. However, transport would be in the employees' own time. Additional benefits were also provided in relation to house rental, reimbursement on private sale of a house, and the period during which income maintenance could apply. It is reasonable to say that the United Trades and Labor Council, unions and the work force are to be commended for the positive approach adopted in this matter.

**Mr HOLLOWAY:** Page 383 of the Program Estimates states that the redevelopment plan for the Cudlee Creek area that was destroyed by bushfires has been completed. What is proposed for this area and any other forest areas in the Mt Lofty Ranges that have also been destroyed by bushfires?

**The Hon. J.H.C. Klunder:** Areas of State forest reserves have been destroyed by bushfires over the past eight years. This include areas at Cudlee Creek and Gumeracha that were burnt in 1983 and 1990 respectively. Redevelopment plans for these areas have been drafted. This includes determining the extent of softwood plantation to be re-established.

Factors that were taken into account when considering replanning *pinus radiata* include the slope, access, productivity, ease of harvesting as well as future wood supplies available to the industry. The incidence of bushfires was also taken into consideration. At Cudlee Creek, only 58.3 hectares have been established to *pinus radiata* out of a total of 1 100 hectares. Approximately 100 hectares have been replanted with native species. The future of the remaining area, which contains very dense pine regeneration, has been

considered by a technical group, consisting of representatives of four departments and local government, and is now the subject of extensive discussion with the various authorities where cooperation is necessary for implementation of the recommendations.

The draft management plan proposes that the existing vegetation be modified (that is, removal of radiata pine regeneration and weeds) so that a mosaic of native forest and woodland results. Grazing of the woodland areas is proposed as a means of reducing ground vegetation and providing fuel reduced areas throughout the area, thereby reducing the fire hazard. It is not proposed to plan any additional areas of radiata pine.

At Gumeracha, it is planned to establish a mosaic of different forest types. These include: closely spaced radiata pine for wood production; widely spaced radiata pine (including the modification of some existing areas) both to provide fuel reduced areas for fire protection and to demonstrate this type of agroforestry; demonstrations of radiata pine silviculture regimes attractive to landowners; hardwood plantings for research, agroforestry and fire protection purposes; close spaced hardwood plantings for climate change research trials; the rehabilitation and extension of areas of native forest for conservation and aesthetic purposes; and some amenity plantings.

The redevelopment plan takes into account the fire history of the area and incorporates strategic fuel reduced zones. The plantings include a range of trials and demonstrations for farm forestry in the Mount Lofty Ranges. Farm forestry, perhaps in association with other primary production pursuits, is a useful land use in the ranges, assisting in maintaining water quality and erosion control, while providing additional income to the department.

**Mr HOLLOWAY:** As a supplementary question, is the concentration on native eucalypt forest related to developments in the South-East in eucalypt trials?

**The Hon. J.H.C. Klunder:** No. In the South-East there are plantations of eucalypt hardwoods, owned both privately and departmentally, in order to provide a short fibre material source for Apcel, which apparently needs the fibre as a mix for its paper products, but the plantations of that hardwood in the areas around the city are not for that purpose.

**Mr HOLLOWAY:** What savings are expected as a consequence of the rationalisation of Adelaide office functions which are mentioned on page 384 of the Program Estimates?

**The Hon. J.H.C. Klunder:** The submission to the Government Agencies Review Group (GARG) relating to the Woods and Forest Department included plans to review the functions performed in the Adelaide office of the department. This followed a preliminary review which suggested that some functions could be more efficiently and effectively carried out if relocated to the Mount Gambier regional office and other operational areas, and that savings in staffing costs could be achieved.

In January this year a small working party of five persons, including two Public Service Association job representatives, was appointed to undertake a review of the Adelaide office functions and to submit recommendations to the executive of the Woods and Forests Department. The outcome of this review resulted in 12.5 positions beoming surplus to Adelaide office requirements through relocation of functions or absorption of duties. A further two positions were transferred to Mount Gambier. Annual savings, including savings on accommodation of around \$500 000 are expected to be realised, and the implementation of that is in process.

**Mr LEWIS:** What will be the anticipated level of output production of Scrimber in the first full year of operation in the event of Scrimber having achieved satisfactory commercial production?

**The Hon. J.H.C. Klunder:** I am not able to say because that would clearly depend on the kind of work that any potential client or person coming into the system would want to put the plant to. It is an impossible question to answer.

**Mr LEWIS:** Is the Minister suggesting that Scrimber failed because management was not up to it, or does he agree that it failed because the Government should not be in the business of investing taxpayers' money in high risk timber technology projects which the private sector had declined to take up?

**The Hon. J.H.C. Klunder:** I am trying to recall the words that the honourable member used I think earlier today when he stated that the Opposition's policies were based on scientifically exact situations. I find it rather odd to think that the dollar invested by the Government should somehow or other produce a different result than if a dollar had been invested by private enterprise. A lot of people in private enterprise believed very strongly that this would be a successful project. The CSIRO, which has some reasonable reputation in this field, believed that it would be successful. I am not in a position to say that the reason why the Scrimber project has not been brought to a successful conclusion is due to A, B, C and D. Certainly, the fact that I believe that I was not kept fully informed, and indeed the board believes that it was not kept fully informed, as to the processes must have a major bearing on the amount of money that was put into the Scrimber project before, as I indicated, I brought in outside consultants who gave me a different picture from the picture that up to that point had been provided to me.

**Mr LEWIS:** The two scenarios I put in the last question are nothing but a consideration of the options. Will the Minister explain why, during the last three years that he has been the Minister of Forests, he visited the Scrimber site on only two occasions, the last time being the official opening of the plant in 1989 when nothing was working?

**The Hon. J.H.C. Klunder:** I thought that I had answered that question *ad nauseam*. Perhaps I ought to bounce this back. How many times does the Opposition believe that taxpayers' funds should be used to transport a Minister to look at a particular plant, and does the Opposition truly believe that if I had looked at it a third or a fourth time I would have automatically come to a different conclusion about the viability of the process?

**The Hon. H. ALLISON:** I visited 240 out of 780 schools in one year, if that is any help to the Minister.

**The Hon. J.H.C. Klunder:** How many did you get a different opinion on after visiting more than twice?

**The Hon. H. ALLISON:** It is not as if my schools lost \$60 million each—surely the comparison is fairly relevant.

I refer to page 419 of the Auditor-General's Report. Mr Higginson of SATCO is on the public record on more than one occasion as saying that he had given an undertaking to the Minister that the cost of the Scrimber project would not exceed \$50 million. Did the Minister discuss this precise limit of \$50 million with Mr Higginson, and did he agree at any time that such a limit should be imposed? Following that, does the Minister agree that, by limiting the amount of money being spent on new and difficult technology, this may inevitably have reduced the prospects of success?

**The Hon. J.H.C. Klunder:** The Chairman of SATCO, Mr Higginson, volunteered that statement to me in the same way as I guess he did so publicly. It was not a ceiling that

had been placed on the project, by the Government. Indeed, the Government would have been happy to see a much lower ceiling, but we believed that, if the project was going to be successful, it needed to be given a fair go. As I indicated earlier, as the cost of the project rose, we recognised that the amount of return that we would get from the plant was starting to become a marginal operation, and we expected to make up for that by further incomes from different sources.

But, no, at no stage did the Government or I place a ceiling on the project. No doubt Mr Higginson can speak for himself if he wishes to do so, but I think that he had the general belief that the project was capable of coming into production, as everybody else thought, on 1 February this year and he believed that, at that point, less than \$50 million would have been expended on the project, but I will give Mr Higginson the option to comment if he wishes to do so.

**Mr Higginson:** You are quite correct, Minister.

**Mrs HUTCHISON:** In relation to the Resource Assessment Commission, I understand that its draft report of the inquiry into Australia's forests and timber resources has now been released. I would like the Minister to comment on that report, with particular reference to how it relates to South Australia.

**The Hon. J.H.C. Klunder:** To give some background to the honourable member's question, in November 1989 the Prime Minister required the Resource Assessment Commission to inquire into the options for the use of Australia's forest and timber resources. The inquiry is chaired by the Hon. Justice D.G. Stewart, with Dr D. James and Dr G. Caughley as special Commissioners to the RAC for the purposes of this inquiry.

The main emphasis of the inquiry was on the merchantable native forests of the eastern seaboard of Australia and the south-west of Western Australia, with plantations as an additional resource. The South Australian Government prepared a submission to assist the commission in its inquiry and has appeared before it. The submission detailed the State's plantation experience and expressed the view that the extension of Australia's plantation resources should be based on economic viability.

It was argued that South Australia, which has developed a large softwood resource, should not be disadvantaged when funding of any further plantation development is considered. A draft report has been released by the commission for public comment. While the report concentrates on native forests used for log production, it highlights the increasing reliance of Australia on softwood plantation forests to meet domestic demand for timber products. The superiority of timber in terms of its environmental impact over substitute materials such as steel, concrete and plastics is highlighted in the report. The commission finds that the use of alternative materials could not be supported on environmental grounds.

The final report is due by the end of March next year, and the South Australian Government will be advising some suggested changes of emphasis or corrections of fact and will continue to support this important inquiry, as needed. I think that the report is a valuable contribution to debate on the best uses of Australia's forests.

**Mrs HUTCHISON:** On page 381 of the Program Estimates, it is noted that the commissioning of the Woodroom is still not completed. Can the Minister comment on the present status of that project?

**The Hon. J.H.C. Klunder:** I will ask Mr Mutton to comment.

**Mr Mutton:** On a number of other occasions in this place, the matter of the woodroom has been discussed and some background information on the basic uses of a woodroom have been given. Fundamentally, it is a merchandising facility to handle small diameter logs and process them into a range of products. The contract for the woodroom was a design, construct and commission contract, and that was let to a company from the private sector to produce a facility that would provide products within specification and to the volume required.

The construction of that plant was, for all intents and purposes, completed in December 1989 but since that time the principal contractor has been unable to achieve the required performance levels in relation to productivity and length accuracy of the products. In association with the major subcontractor—that is the supplier of the scanning and control system, and external consultants—the principal contractor has made a series of modifications to the plant to improve performance. Despite these improvements, the maximum productivity levels required have been less than those prescribed in the contract.

In November 1990 the department contracted its own internationally recognised wood products consultant to prepare an independent report on performance levels and recommendations to improve plant performance. Recommendations from this report were made available to the principal contractor. In January 1991 a report was received from the principal contractor's consultant indicating a number of modifications that could be carried out on the plant to improve its performance. The department agreed to a program of work on the basis that substantial improvement in plant performance would result.

In June 1991 a major performance trial was carried out that confirmed, despite the improvements in performance levels, there still was not the required level of throughput, *a la* the contractual requirements. As a result of this performance test and the inability of the principal contractor over a protracted period to get that plant operating at the required levels, the department made a decision to take over the work. The department has a series of claims pending on the principal contractor as a result of the delays in plant completion, and has been working closely with the State Supply Department, the State Supply Board and the commercial section of the Attorney-General's Department on this issue. The international consultant taken on by Woods and Forests to advise on the plant has been re-engaged to provide further information, and that report is now at hand and is being currently analysed by departmental officers in relation to taking the next step.

**Mrs HUTCHISON:** I refer to training and development and note on page 384 of the Program Estimates under 'Issues/Trends' a reference to improvements in productivity. Obviously, training and development of the work force is a very important issue in the running of the department. Would the Minister comment on or provide details of the training and development programs of the Woods and Forests Department?

**The Hon. J.H.C. Klunder:** I ask the Chief Executive Officer of the department to deal with that issue.

**Mr Mutton:** The Woods and Forests Department has put a considerable amount of time and effort into training and development, and a commitment to that. It continues to look at innovative ways to do that and have a dynamic approach to training and development to meet the targets that it has in order to have a well-informed and well-trained work force. I guess nowhere is this more obvious than in the progress made towards a skill-based career path for employees covered by the timber worker's award, and that

is the majority of the work force of the Woods and Forests Department.

Consultative practices and the merging of boundaries between industrial relations issues and training and development issues has resulted in an integrated, progressive approach to career development. Training modules are currently being developed as part of this process using the expertise of employees in each area.

In addition to documenting work practices, this process has resulted in the identification of efficiencies in work organisation. The department's philosophies on total quality commitment and safe work practices have been built into the training modules that have been put in place in the organisation. The ongoing program of skills upgrading in the areas of staff selection, trainer training and management development have continued during the year. All courses were conducted in-house by departmental training officers or those people who have been trained in providing those sorts of programs.

During 1990-91 a total of 51 apprentices, including 14 in their first year, were employed in seven trades. This is a significant commitment that the department makes in its community service obligations in training significantly more apprentices than it requires itself. It is the major trainer of apprentices in the South-East of South Australia and, therefore, it provides a trained resource not only to Government agencies but also to the private sector in the area.

The department also makes a major contribution to people who are interested in carrying out part-time studies, some of which would be in their own time and some in departmental time. A pilot work force literacy and numeracy program was developed and run in conjunction with the local work education unit with outstanding results. This program was the first of its type in South Australia, with 24 employees involved. The feedback that has come from those employees has been supportive and quite dramatic in their feeling that they are able to contribute more and develop their own expertise. With the introduction of the training guarantee legislation, the department certainly well exceeds its commitment in relation to meeting that guarantee for employees within the Woods and Forests Department.

**The Hon. H. ALLISON:** In relation to scrimber (Auditor-General's Report, page 419), did the Scrimber management provide detailed reports to the board on specific problems and, if so, how often were those reports prepared? What details did they provide? For example, did they include technical difficulties and the estimated cost of fixing the problem?

**The Hon. J.H.C. Klunder:** Because the honourable member has asked about reports by management to the board, I ask the Chairman to respond.

**Mr Higginson:** The manager reported in both written and verbal form to the board each month. He was naturally questioned on his report. Our main problem has been that the reports that came from the manager were not necessarily the reports in detail that were given to him by his senior staff. Therein lies the problem about which some questions have been raised here this evening.

**The Hon. H. ALLISON:** In relation to scrimber (Auditor-General's Report, page 419)—and this question can be taken on notice—the announcement made by the Minister that the project would not receive any further public funds from August 1991 ended a six year link between the Government and Scrimber. The management team at the end of the scrimber project was not associated with the project at the commencement. The decision to purchase the plant, the configuration and nature was made by people who have long since disappeared. Will the Minister advise who were the people responsible for the specifications of the scrimber plant as originally designed, and what were their qualifications? Could it be that difficulties of getting the scrimber project off the ground were magnified by severe design faults in the various components of the scrimber plant as initially specified?

**The Hon. J.H.C. Klunder:** I will take that question on notice.

**The CHAIRMAN:** I declare the examination completed.

#### ADJOURNMENT

At 10 p.m. the Committee adjourned until Tuesday 24 September at 11 a.m.