

## HOUSE OF ASSEMBLY

Tuesday 24 September 1991

## ESTIMATES COMMITTEE B

**Chairman:**

The Hon. T.H. Hemmings

**Members:**

Mr M.K. Brindal  
 The Hon. B.C. Eastick  
 Mr S.G. Evans  
 Mr D.M. Ferguson  
 Mr P. Holloway  
 Mr C.D.T. McKee

*The Committee met at 11 a.m.*

**The CHAIRMAN:** I advise members of the Committee that we will adopt an informal procedure. I understand there has been some negotiation between the Minister and the lead questioner for the Opposition as to the timetable. If the Minister undertakes to supply information at a later date, it must be in a form suitable for insertion in *Hansard*, and two copies must be submitted no later than Friday 4 October to the Clerk of the House of Assembly.

A flexible approach will be taken in the asking of questions, with three questions per side, and any supplementary questions, if necessary, to maintain the flow, which I think will assist not only the Committee but also the Minister. I remind members of the suspension of Standing Orders that allows for questions to be asked on matters relating to the Estimates of Receipts. I ask that questions be based on Estimates of Payments and Estimates of Receipts lines. Reference may be made to other documents, such as the Program Estimates and the Auditor-General's Report. I ask members to identify the page number in the relevant financial paper from which their question is derived.

Arts and Cultural Heritage, \$69 456 000  
 Works and Services—Department for the Arts and Cultural Heritage, \$2 585 000

**Witness:**

The Hon. Anne Levy, Minister for the Arts and Cultural Heritage, Minister for Local Government Relations and Minister of State Services.

**Departmental Advisers:**

Mr D. Lee, Deputy Chairman, Local Government Finance Authority.

Mr G. Bunyon, Manager, Lending, Local Government Finance Authority.

Mr G. Johnson, Chairman, Local Government Grants Commission.

Ms G. Rimmington, Acting Executive Officer, Local Government Grants Commission.

Ms C. Procter, Director, State-Local Government Relations Unit, Department of Premier and Cabinet.

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

**The Hon. B.C. EASTICK:** First, I refer to program 9 at page 152 of the Estimates of Payments. The Local Govern-

ment Finance Authority is acclaimed, and rightly so, as a success story for local government in this State. It was by bipartisan arrangement that it was created and has functioned. In the course of normal proceedings, I would expect that the annual report for 1990-91 would not be released until about the time of the local government conference in October. The document to which I will be referring, therefore, is the report of the Local Government Finance Authority for 1989-90. Are there in this authority, as in others, any non-performing loans or loans that are not recoverable? That is not a reflection upon the authority but, purely and simply, in the climate that exists at present, with so many other authorities running into difficulties, it is necessary that such a question be asked.

**The Hon. Anne Levy:** The Local Government Finance Authority does not have any investments in equity, in property or in any such form that could be regarded as non-performing. It does have loans to councils, of course, but I am not aware that there has been any non-performance on the part of any councils in meeting their obligations under the loans from the authority. The Deputy Chairman might like to add to that.

**Mr Lee:** The question is correct in that the Local Government Finance Authority's report for the current year is not yet available. I can read from the draft, and that indicates that there were no non-performing loans as at 30 June 1991, nor were there any in the year to which the question relates.

**The Hon. B.C. EASTICK:** Is the Minister able to identify the number of organisations currently within the net of the Local Government Finance Authority beyond councils? Regularly, new organisations that are close to local government are accorded status. Is there a factual list of the numbers that currently exist?

**The Hon. Anne Levy:** I do not have a complete list with me, but I am sure that can be obtained. I should be happy to provide that list. The LGFA does cover all councils and bodies related to councils, such as controlling authorities that have been set up by councils and community hospitals where there is a local government interest. A complete list can certainly be obtained.

**The Hon. B.C. EASTICK:** Supplementary to that, do any councils not make use of the facilities of the finance authority? It is of their own volition whether they do or do not, and in the early days some councils stood out. I wonder whether there are notable exceptions at the moment?

**The Hon. Anne Levy:** As I understand it, at the moment the LGFA, in terms of loans to councils, feels that it is covering 97 per cent of the loans that councils are taking out. So, 3 per cent of loans undertaken by councils are still not through the LGFA. Certainly, the vast bulk of loans that are taken out by councils are through the LGFA. In terms of deposits with the LGFA, obviously a number of councils do not make use of the LGFA. It can be hard to get an accurate estimate, but the LGFA feels that it is approaching 70 per cent of all deposits from councils. I do not know whether Mr Bunyon knows of any exceptions where councils refuse to deal with the LGFA.

**Mr Bunyon:** We have councils that will either borrow or lend from us, and in either one part of our operations they would have utilised us. Whether that is 100 per cent, I cannot be absolutely sure. I think it would be so very close to it, that they have either borrowed or invested—one or the other, or both. We could confirm whether that has been 100 per cent, but it should be borne in mind that it is voluntary to use us.

**The Hon. B.C. EASTICK:** In the current liabilities shown in the last annual report there is a figure of interest accrued

on non-repayable capital. Could we have an explanation of the non-repayable capital? I notice that the sum accruing is decreasing, that it was \$1.447 million in 1990 as against \$1.613 million in 1989. If it is non-repayable, is this a reflection of reducing interest costs or is there some other explanation for the variation?

**The Hon. Anne Levy:** I think that that is the explanation. The non-repayable capital is from the State Government. The Treasurer has made \$50 million available to the LGFA as capital on which amount the LGFA pays interest to Treasury, and the interest bill will depend very much on what the interest rates are at the time. Any variations in those payments are due to fluctuations in the interest rate.

**Mr HOLLOWAY:** I follow up on the previous question which concerned the LGFA and the \$50 million capital that was provided by Treasury. Does this mean that the Government receives a share in the profits made by the LGFA each year?

**The Hon. Anne Levy:** No. The LGFA does not pay profits to the State Government; it is a local government organisation. Treasury has made capital available, as indicated, and receives interest on that capital each year. There is no profit distribution to the State Government. On the contrary, part of any profit the LGFA makes each year is put into reserves to cover contingencies that might arise; otherwise, the surplus is distributed to local government in the form of a bonus payment. This is distributed in proportion to the use made of the LGFA by constituent bodies. For the 1990-91 year, for which the final report is not available, I understand it is proposed that about \$700 000 will be distributed as bonus payments to the councils that have made use of the authority during the financial year.

**Mr HOLLOWAY:** In relation to the Local Government Grants Commission, I understand that this year \$61.9 million was allocated to the 119 councils around South Australia. Obviously, there was some variation between councils: for some councils the allocation from the Federal Government increased but for others it decreased. Will the Minister explain why this was the case?

**The Hon. Anne Levy:** The Local Government Grants Commission distributes Federal funds to local government. This is done on a needs basis under Federal legislation, with a proviso that there must be a *per capita* relationship such that no council can receive less than a certain amount *per capita*. However, in relation to determining grants to each council, the Grants Commission takes a large number of factors into account in drawing up what it calls a 'disability factor' for each council, which takes account of constraints in relation to the areas of both revenue raising and expenditure. The principles used by the Grants Commission in distributing these funds have been agreed by all parties as the methodology that should be used.

When the agreement was reached and the Federal legislation was passed, there were anomalies in terms of what local government had been receiving in the past. An agreement was made for a seven year phase-in period during which the amounts received by councils would gradually change towards the figures they should receive according to the agreed formula. Currently, we are in the fifth year of that seven year phase-in period, so there are still another couple of years before the fully equitable distribution of grants money is achieved.

When one compares years, this means that some councils will be increasing compared to previous years and others will be decreasing. From the grants which were announced for the 1991-92 financial year and which were released publicly just a few weeks ago it is apparent that some regions increased considerably compared to what they had received

previously, while others decreased. The councils in the northern metropolitan area, the northern, Riverland and Yorke Peninsula regions received above average increases, whereas the increases received by councils in the metropolitan area varied from .1 per cent for West Torrens to 8.9 per cent for Elizabeth.

Likewise, reductions occurred in some areas, and these ranged from 2.2 per cent for Hindmarsh, to the greatest reduction of 13.97 per cent for the Adelaide City council. The formula takes into account the ability of councils to raise money, and that depends a great deal on the valuations for the total area of a council. In the past year there have been quite a number of changes in land valuations, particularly affecting rural land in some council areas, so the change in valuations will obviously affect councils' ability to raise revenue and, hence, affect the amounts that they receive from the Grants Commission. So, the amounts that councils receive this year, compared with what they received last year, depend not only on the phasing of the formula but also on changes in such things as land valuations, which have had quite a marked effect this current year.

**Mr HOLLOWAY:** I refer to the Local Government Disaster Fund. I remember that, as part of last year's budget, the Minister of Local Government, as she was then called, announced the establishment of a Local Government Disaster Fund, and this followed discussions between the Government and the Local Government Association over the settlement of the District Council of Stirling's bushfire claims. Can the Minister explain the status of this fund, with particular regard to its financial position?

**The Hon. Anne Levy:** The disaster fund is administered by the Local Government Grants Commission, so it may be desirable to consider it while we are talking about the Grants Commission, in view of its relationship with the Grants Commission. As the honourable member indicated, the disaster fund was established following discussions between the State Government and the Local Government Association, following the settlement of the District Council of Stirling bushfire payments.

As part of last year's budget, the State Government legislated to impose a supplement to the FID levy, this being .005 per cent for five years. By agreement, this addition to FID was paid into the special disaster fund. It was agreed that the funds would be used for purposes related to the effects on local government of natural disasters and that one of the first calls would be to repay the State's contribution to the Stirling settlement, that being between \$10 million and \$11 million.

It would also be used to pay the minor amounts of interest payable by the Government over a number of years in respect of various past disasters, some of which date back many years.

The fund is managed by a management committee which has two representatives from the State Government, two representatives from local government—or proposed by the Local Government Association—and a Chair whose appointment was jointly agreed by the two parties. The current Chair is Mr Malcolm Germein, a former President of the Local Government Association.

During the past year the fund received a total of \$3 783 884. I will not trouble *Hansard* with the cents but, obviously, this income is not just from the FID levy; of course, it also includes interest on the fund as it accumulates, so that the actual amount raised by the FID levy is less than that sum. During the year three payments of \$1 816 384 were made. This was the first of the 10 instalments for repayment of the Stirling settlement and also for payments of other outstanding loans and service fees, the

latter amounting to \$148 434. The main payment was, of course, the first of the instalments on the Stirling settlement. The balance of the fund as at 30 June was \$1 967 500.

The fund produces an annual report which is distributed to the Premier, to me as Minister for Local Government Relations, and to the President of the Local Government Association. It is estimated that, during the five-year life of this extra FID levy, the fund will accumulate about \$20 million which includes not only the FID levy but also interest on the fund. It is also expected that it will be able to repay the Stirling settlement and any other natural disasters which may occur during that time, although I must hasten to add that we hope that there will not be any and that, at the end of the five years, the fund will have a very healthy balance. But, one cannot predict what disasters may or may not occur in the next few years.

**The Hon. B.C. EASTICK:** Turning to the non-repayable capital, which is indicated at \$50 million, is it possible to identify when that money was paid over? Was it original at the commencement of the Local Government Finance Authority of South Australia, and has it changed during that period of time? If it is not repayable, there is a difficulty in understanding why it should be, but I base the question on information that is in the notes to and forming part of the financial statement and on the statement which was contained in the Auditor-General's Report that the interest to accrue to this fund was determined at the time of making the funds available.

That leads me to the question, when the other questions are put into context: what were or are the terms relative to the non-repayable capital? Otherwise, the simple answer of a changing interest rate does not apply.

**The Hon. Anne Levy:** As I understand it, the original capital made available was \$10 million. It has been added to at different times since then. The interest repayable of course would depend on the interest applicable at the time the different sums were made available. However, Mr Lee can perhaps add to that with more precise information.

**Mr Lee:** The amount provided initially was not \$50 million but, as the Minister said, \$10 million. I cannot recall but I can provide through the Minister the dates on which the subsequent amounts were provided, totalling \$50 million. The rate of interest to apply to each parcel was set at the time each was supplied, but for a particular term, and some of those terms have matured since they were originally provided. The rate of interest to apply upon maturity of each of those terms was a commercial rate of interest appropriate at that time. Again, the information as to current rates and dates of terms can be provided if that is required.

**The Hon. B.C. EASTICK:** I would appreciate that being made available. Further on, in discussing the operations of the Local Government Finance Authority, the Auditor-General makes the point that the provision of \$700 000 (\$625 000 the previous year) was made for bonus payments to councils and local government bodies in accordance with the Act. A further amount of \$100 000 was provided to make a grant to the Local Government Association. What are the details relative to whether the bonuses are entirely for the transactions of the finance authority with its councils and other borrowing or lending organisations and not related to staff in any way? Under what circumstances was the \$100 000 made available to the Local Government Association, and is that a feature of previous payments or is it likely to be a feature of future payments?

**The Hon. Anne Levy:** As I mentioned earlier to the member for Mitchell, the \$700 000 is provided as bonus payments to councils that have used the services of the authority in the financial period. It is distributed according to the use

made of the authority by the councils involved. The \$100 000 to which the honourable member refers was a special payment made to the local government authority. Under the Act, such payment required my agreement, as Minister, and I readily gave that.

A new accounting standard has been determined for the keeping of local government accounts right throughout Australia. For many years, while it has been discussed, it has been called ED50. I think it now has a different name, equally non-informative to the non-cognoscente! This new accounting method will require a considerable amount of training and explanation for local councils.

There is agreement throughout Australia that all the 900-odd councils will adopt this new accounting procedure from 1993. The Local Government Association here has undertaken to provide a manual explaining the ED50 for all its constituent councils and to arrange for training of the finance officers in all councils so they will be able to adopt the new accounting system. Obviously this requires resources, and it was agreed that the LGFA make available \$100 000 for this purpose. Also, the State Government is contributing \$80 000 for this purpose. With the \$180 000 total, the LGA will be undertaking this training and preparation program for the South Australian councils to enable them to adopt the new accounting system on the nationally agreed date.

**The Hon. B.C. EASTICK:** Supplementary to that, we have not come to the question of the bonuses being made available. Is there any spotter fee payable or any advantage to any staff member of the authority or any council staff who transact the business associated with a finance authority's activities?

**The Hon. Anne Levy:** I will refer that to Mr Lee.

**Mr Lee:** The bonus payment goes entirely to the councils and other prescribed bodies that do business with the authority in proportion to the business that they have done in that year, whether it be deposit or borrowing. No part of that bonus goes to any staff member.

**The Hon. B.C. EASTICK:** Turning to the Grants Commission, I realise that the member for Mitchell has started the questioning relative to methodology and I return to it in the sense that I understand that, when there was a change of philosophy by the Federal Government, the methodology which had been created in South Australia was the base of the methodology which was taken up federally, with some alterations. At the time that was undertaken, the view was held that, because of the changed methodology, eventually it would interfere to some degree with the responsiveness of the Grants Commission to its own State activities and the wealth of experience that it had developed over a period of time. Whilst it was necessary to comply with the Federal Government's directions, some fears were held as to the ultimate benefit to local government. In hindsight, or leading up to the present and considering whatever other changes in methodology may be in the process for the next year or two—because I recall there was to be a seven year phase-in—where are South Australia's local government bodies in relation to what might normally have been expected to be a better South Australian model?

**The Hon. Anne Levy:** I am not quite sure of the drift of the honourable member's question. The phase-in period is a seven year one. We are now in year five of this phase-in. The basis is a horizontal equalisation to take account of the disabilities which some councils have, both in revenue raising and increased expenditure, and I hasten to say that that is increased expenditure through no fault of their own—not relating to their policy decisions. The Grants Commissions from all around the country meet periodically and discuss their methodology, and I certainly know that the

South Australian methodology has been very highly regarded at these conferences.

However, I am sure that the Grants Commissions getting together learn much from each other. Obviously, there was a certain amount of suspicion when the new methodology was brought in, but the members of the Grants Commission have met, and continue to meet, with councils around the State. It takes them three years to meet with all the councils. These discussions with councils have reassured councils as to the methodology that is being used.

When grants are announced each year, my impression is that, while councils might be disappointed that they did not get as much as they thought they would, they accept it as being a very fair decision on the part of the Grants Commission. The number of councils that might complain has virtually vanished compared with the early years, when a number of councils did complain regarding the grants that they had received. However, such complaints now seem to have virtually vanished.

Mr Johnson, the Chair of the Grants Commission, wonders what period of time the honourable member is talking about in the change of methodology. Does the honourable member mean when the new formula was applied in 1985-86?

**The Hon. B.C. EASTICK:** Year one of the seven year transition period. At that stage, grave fears were expressed that some local governing bodies within South Australia were likely to suffer as a result of what was being directed to the methodology program for South Australia. I suppose that an extension of the question I asked a few moments ago is: was the Commonwealth methodology change over seven years set in concrete and has this or any other State been able to identify to the Federal body that the course it was following was impacting unfairly upon local government, and were variations negotiated at ministerial level or at Prime Minister-Premier level able to indicate of the methodology process that it was sensitive to the distribution method and able to cope with such?

**The Hon. Anne Levy:** As I understand it, the Commonwealth legislation lays down principles of horizontal equalisation that the different States must follow. The Grants Commission, using those principles, has derived the formula that it uses. The Grants Commissions in all States do not necessarily have exactly the same formula, although they are all following exactly the same principles laid down in the legislation. Perhaps what the honourable member is asking is, does the Grants Commission feel that the principles are lacking in some respect, and whether there should be any change in those principles? Certainly, there have been no discussions about that matter at ministerial level since I have been the Minister responsible, and I am unaware of any suggestion from any State that the principles need amending.

**Mr Johnson:** The change that was made at the beginning of the seven year phase-in was moving the method of looking at the capability of councils to raise revenue, and in South Australia we used a very high standard. That meant that we took the top 25 per cent of councils with the highest valuations and averaged them, which meant that 12.5 per cent of councils received a negative grant on the revenue side. When the changes were made as a result of the Self inquiry, the Commonwealth Government said that it accepted what Peter Self had said and that all States were to use a straight-out average of the valuations, which meant that, immediately, 50 per cent of councils were receiving a negative grant. That is what caused the shift in the funds within the State. I could expand a little on that and say that I guess the only thing about which South Australia is

concerned, as regards the distribution of the funds from the Commonwealth, is that we believe it ought to be done in the same fashion in which the Grants Commission treats councils, and that is on horizontal equalisation on a needs basis.

A study has been undertaken and the Commonwealth Grants Commission has said that that is how it ought to be done. That would mean a far greater distribution of the funds to States such as South Australia. That relativities review is continuing, although at this stage the recommendations of the Commonwealth Grants Commission have not been taken up. If you go right back to the beginning, the South Australian Grants Commission really took up a methodology that was used by the Commonwealth Grants Commission, but many of the recommendations from the Self inquiry related to the way in which the system was working anyway. The factor that made the biggest difference was the average that we had to use.

**The Hon. Anne Levy:** I am sure that the member for Light is aware of the review that was undertaken over the past couple of years, initiated by the Premier of this State, concerning the distribution of the Commonwealth money between States, which currently is done on a purely per capita basis. The result of that inquiry was that the Commonwealth Grants Commission felt that the distribution purely on a per capita basis was not equitable; that it should be on a horizontal equalisation basis as applies to grants from the Federal Government to State Governments. They are not on a per capita basis, but on an equalisation basis. The Federal Grants Commission recommended that the Federal money for local government should be distributed between the States on an equalisation basis. It calculated what the effects of this would be, and there is no doubt that South Australia would have gained enormously from it.

There were discussions and disagreements regarding the formula that should be used and, according to which formula was to be used, South Australia would have benefited from anywhere between \$2 million and \$27 million for local government. However, because of some of the parameters on which the valuations had been done being a bit uncertain, the Commonwealth did not accept that recommendation, and the distribution of local government money between the States is still on a per capita basis. However, reviews are continuing, and South Australia is urging very strongly that some principle of horizontal equalisation should be embodied in the distribution of this money between the States.

Our argument being that the grants to State Governments are on an equalisation basis, and within each State the distribution of money to each council is on an equalisation basis, we feel that it would be fair for the distribution of local government money between the States to also be on an equalisation basis. This would result in Victoria and New South Wales having their grants reduced, and the less populous States would benefit. This obviously sets up tension between the States in this matter. We certainly continue to argue that some measure of equalisation should occur between the States for this local government money.

**Mr McKEE:** Has the LGFA met the expectations of councils in respect of the purposes for which it was established in 1984?

**The Hon. Anne Levy:** I think it can be said that the councils of this State are very pleased with the existence of the LGFA and are very cognisant of the benefits that it has provided for them. It has certainly become the main provider of debenture loan funds for councils. As I mentioned

earlier, in the last financial year it provided 97 per cent of the debenture loan funds that councils drew.

The LGFA applies no fees to councils for traditional borrowings. There is a further advantage, that any loan documentation is exempt from stamp duty, and that, of course, is a State Government contribution to the LGFA. A wide range of loan facilities are available to councils: they can have normal credit foncier arrangements, long-term fixed interest, CPI indexed loans, floating rate loans, low-start loans—you name it, it is available to fit the circumstances of any particular council.

The investment service that is offered is growing, and continues to grow. I understand that the peak deposit rate from councils reached \$222 million in November last year. As councils collect their rates they deposit them with the LGFA so that they can earn interest until they need be drawn on throughout the year. Of course, there is no obligation on them to deposit the money with the LGFA; it is entirely up to them as to where they deposit the money or whether they keep it under the bed. However, more and more, councils are depositing money with the LGFA because of the benefits that it brings them.

Furthermore, the deposits that councils make with the LGFA are guaranteed by the State Government; so, there is 100 per cent security for such deposits. The LGFA pays the State Government a fee for that guarantee, but it is felt that it is well worth it because having such a guarantee from the Treasurer in place does affect the interest rates that the LGFA is able to achieve in the financial markets. As has already been mentioned, councils can get a bonus if the LGFA has a profitable year, and each year there have been bonuses distributed to the councils that use the services of the LGFA. The fact that so many councils are using the LGFA by choice is an indication of the acceptability of the LGFA by the local government community, and the great benefits that it is bringing to local government in this State.

**Mr McKEE:** I note that this year special roads funding to local government is untied. How has this position come about?

**The Hon. Anne Levy:** This is new this year. Federal Government money for local government roads was previously distributed independently of the Grants Commission, and I am not sure of the make-up of the bodies that have determined the actual grants that go to each council. As a result of decisions made at the Premiers Conference in October last year, it was agreed that there would be untying of the roads grants and that these funds would be distributed as general grants. In other words, while councils would get the money they would be under no obligation to spend that money on roads if they preferred to put it to other uses.

For this current year the grants, while untied, are being distributed according to the old formula for road grants but through the Grants Commission. So, the Grants Commission is handling and administering that money but is distributing it according to the old formula in terms of quantum to each council, although as I stress it is untied money now so councils can put it to any purpose they wish. I would be surprised if most councils did not apply it to roads funding, but they will not be under any obligation to do so.

This has greatly increased the amount of money that has been distributed by the Grants Commission. This year it adds nearly \$18 million of Federal money for roads that is being distributed through the Grants Commission. It is as yet not decided what will happen next year. Obviously, the grants will remain untied but the formula to be used for the distribution of this money to councils is still being negotiated.

There are various possibilities: it could be added to the pool of money that the Grants Commission already distributes so that it will have a much larger sum to distribute or, alternatively, it could be allocated according to the sort of formula that has been used up to date which, as this money has been specifically for roads, has taken into account such things as kilometres of road that local government is responsible for, population, density of traffic and those sorts of factor.

As I say, discussions are still going on as to whether this money should be distributed according to some road funding formula or whether it just goes into the general pool that is distributed to councils. As I am sure members are aware, the general grants money does take account of roads for which councils are responsible but it is not the only factor that it uses in distributing the general grants. It is hoped that this matter will be settled at the forthcoming special Premiers Conference in November of this year. However, discussions are occurring at local, State and Commonwealth level.

**The Hon. B.C. EASTICK:** The changes certainly distorted the balance that used to appear between the councils on earlier occasions. If one compares percentages with percentages, one sees that the balance was distorted because the Minister took only the amount which was offered by way of the direct local government grants funds. The balance was further distorted when the Minister sought to add the road funds to it. As I understand their views, some councils are still trying to sort out their relative balance. That apart, initially, the money for the local government grants was a percentage of PAYE tax. It got up to 2 per cent, went back to 1.72 per cent and, at one stage, was 1.5 per cent. Has the commission or the Ministry kept figures on the relative amount ex the PAYE tax being made available Commonwealth-wise and then as a percentage, that comes to the State? In other words, is the Federal Government reducing the total amount available of the sum it used as the base for the distribution? Are the States and individual councils suffering as a result of a reduction of Federal input?

**The Hon. Anne Levy:** In relation to the distribution of grants, as I understand it, while the road money has come through the Grants Commission this year, of the total they were receiving, all councils were told clearly what amount was general Grants Commission money and what amount was road grants. This enabled the councils to do their calculations as to whether they were up or down for each component separately. The figures were identified clearly so that there would be no confusion in this regard.

**The Hon. B.C. EASTICK:** I am talking about the relative balance between individual councils.

**The Hon. Anne Levy:** It would obviously have an effect in that way. While all the funds came through the Grants Commission, they were separated clearly in all the figures that have been made available. As I understand it, the grants commission has not investigated the matter of the Federal Government's distribution as a percentage of PAYE tax. The amount distributed is determined by Federal legislation. The Federal legislation established a base in 1986 and, under that legislation, the amount to be distributed to local government was to be indexed by the CPI. A few years later that was changed in the Federal legislation. Between the States it is distributed per capita. However, the amount available for distribution is now fixed by a formula and is tied to the amount that is distributed to State Governments through the Federal Grants Commission. As the amount States get from the Federal Government increases and decreases, so does that of local government in proportion

in terms of the amount they get from the Federal Government.

**The Hon. B.C. EASTICK:** If we take into account inflation in those changes, local government has not fared as well in recent years as they had done previously when they were directly tied to PAYE tax.

**The Hon. Anne Levy:** I think the same could be said for the States: the States are not receiving as large a proportion from the Federal Government now as they have done in past years. Certainly, cuts in grants to State Governments have occurred. I know the details of cuts to this State Government, but I am not as familiar with the cuts experienced by other States. In the current situation that means that local government fares as well or as badly as the State Governments do in terms of grants from the Federal Government.

**The Hon. B.C. EASTICK:** In the *Advertiser* of 16 September under 'Public Notices' an advertisement was put out by the South Australian Local Government Grants Commission notifying that a meeting will be held at Enfield, both with the Enfield council and with other persons who might wish to appear. I do not want to be dogmatic, but this is the first occasion I have noticed such an advertisement in the public notices of the *Advertiser*. I have seen similar advertisements in country newspapers in the past. Is this a new approach? What is the philosophy behind this approach? I am not criticising it. Is there an attempt by the commission to get a broader feed-in from the community than may have applied in the past? What has initiated this action?

**Mr Johnson:** One of the changes brought in at the seven-year phase-in recommended by Professor Selth was that every time we visit a council it should be a public meeting, and therefore it must be advertised as a public meeting. As Dr Eastick has mentioned, he has seen that happen in the country press, etc. It is up to the council to do whatever advertising is necessary. The council must put up a public notice and, if it wishes, it can advertise in the press. What Dr Eastick saw in the press would have been done at the initiative of the Enfield council for a forthcoming visit that we are making next week. Certainly, the idea was to let the general public know more about the commission's functions. Unfortunately, it is something that has not really taken on; members of the public attend these meetings only on fairly rare occasions. However, that is how that came about.

**Mr BRINDAL:** My first question to the Minister concerns the Local Government Finance Authority. I note that the authority is provided for under the Local Government Finance Authority Act to engage in other activities related to the finances of local government authorities as provided by the Act or as approved by the Minister. I also note a new contingent liability on page 301 of the Auditor-General's Report and so that the LGFA has issued a financial guarantee on behalf of the Workers Compensation Scheme of the Local Government Association of South Australia in favour of the Workers Rehabilitation and Compensation Corporation of South Australia. The guarantee is fully secured against depositor funds. However, I also note on page 83 of the 1992 financial statement that the LGFA's liabilities, including deposits with it from councils, are guaranteed by the Treasurer. It would be my understanding that this contingent liability, because it is guaranteed against funds, is doubly guaranteed, because the deposits are guaranteed by the Treasurer. A sum of \$938 000 was paid as a commercial guarantee fee to the Treasurer, presumably for providing an authority with this fee. Does this take the new contingent liability into account, what is the predicted or likely extent of that liability in the worse case scenario, and

how will that increased liability of the authority through such exposure be affected in future years in the repayment of the commercial guarantee fee to the Treasurer?

**The Hon. Anne Levy:** I will ask the Chair of the authority to respond.

**Mr Lee:** I will involve Geoff Bunyon from the authority on the first part of the question, which referred to the proposition that a guarantee fee is paid to the State with respect to the State guarantee behind the Workers Rehabilitation and Compensation Corporation.

**Mr Bunyon:** It is true to say that we pay the Government a fee, because of the deposit that we have received from the workers compensation people in the first place. The fee is then calculated on the amount that they lodge with us. It would therefore mean that no fee would be payable or has been paid in respect of the guarantee that we will issue to the workers compensation people.

**Mr Lee:** The answer to the first part of the question is that, yes, we are paying for the use of the State guarantee behind that deposit. If the question is whether any further fee is payable by that authority for the LGFA's guarantee, the answer is that there is no explicit fee, but the placement of its business, for whatever profit margin goes with that business, is a consideration. It does have the option to place that money on deposit elsewhere.

**Mr BRINDAL:** As a supplementary question, does this new business that you are now doing expose you to potentially greater liability? That is what is behind the question. We have seen that WorkCover is in a bit of trouble. Does this expose the authority to greater financial risk, and is that covered in the money that you pay back to the Treasurer for the guarantee?

**Mr Lee:** I do not believe that this business does expose the authority to any further risk, as long as the deposit funds are with us to the same extent as the guarantee.

**Mr Bunyon:** It was a condition on those people prior to the issue of the guarantee that they have those deposit funds specifically earmarked and also, to cater for any claim against the guarantee, that those deposit funds could be broken, to satisfy any liability that arises out of it.

**The Hon. B.C. EASTICK:** Supplementary to that question, is this innovative financing or is it likely to be a pattern of future operation?

**The Hon. Anne Levy:** Again, I will defer to members of the authority, who themselves have responsibility for these matters.

**Mr Lee:** I cannot speak for the other party to this transaction but, for the authority's part, it is prepared to countenance that arrangement continuing for another year. So, it was not a once-off arrangement; it is something that we are prepared to see continued on similar terms.

**The Hon. B.C. EASTICK:** It is something that might bear watching.

**Mr BRINDAL:** What effect did the reduction in the credit rating have on the LGFA; what does it mean in terms of councils' borrowing interest rates and what does it mean in terms of councils' lending interest rates?

**The Hon. Anne Levy:** As I understand it, it has obviously shaved the profit margin that the LGFA is able to achieve, but perhaps the Chair would like to give more detail on this matter.

**Mr Lee:** Typically, the rates at which councils borrow from the authority are those published by the Treasurer of the State from time to time. So, to the extent that those rates have followed the downgrading of the State and its various authorities, then that has affected councils directly, but the greatest effect, as far as the authority is concerned, has been on its potential to earn a profit for its councils on

a margin between borrowing and lending. We are simply borrowing more expensively; that margin will be reduced and the profit to the authority will be reduced as a consequence of that.

**Mr BRINDAL:** Would it be possible to provide examples of current rates? Are they the same as commercial interest rates; is there a shaving of commercial rates?

**The Hon. Anne Levy:** As I understand it, commercial rates are always used. However, I am sure the authority will be happy to provide an example.

**Mr BRINDAL:** We are all aware that council rate increases are probably lower across the board this year than they were last year, and most ratepayers are very pleased about that. However, are there any indications that the councils are borrowing more from the LGFA this year (borrowings were up 14 per cent in 1990-91)? If they are borrowing more, can the Minister indicate the percentage? Further, has the LGFA provided for less being placed with it this year in real terms compared with the funds deposited in 1990-91, and what is the expectation of the authority overall for 1991-92?

**Mr Bunyon:** I will take the different aspects of the question one at a time. First, as to whether there are indications that councils are borrowing more this year, at this stage there is no indication to show that there is any more. Secondly, it is difficult to say whether we have provided for placement of fewer funds with us in real terms this year compared with last year because of lower rates being collected. Councils' cash flows are changing because councils are starting to receive their rate income at different times. A few years ago it was collected on an annual basis but, under the new Act, councils are able to bring in alternative timetables for the receipt of their rate income, so it would depend very much on their cash flow expenditure requirements as to whether we would see an increase or a decrease in deposit funds held.

**Mr McKEE:** My question relates to the Local Government Finance Authority. I note from the schedule of loans and investments at note 8 in page 29 of your annual accounts that the LGFA has a significant amount (in fact, \$169 million) invested in loans secured by bank letters of credit, what are these loans, and how do they operate?

**The Hon. Anne Levy:** This extends into the area of financial management, and I would defer to greater authorities than I to answer the details of such a question.

**Mr Bunyon:** A letter of credit is an instrument that we use to advance funds and, effectively, it is secured as a bank guarantee. The LGFA becomes involved in these transactions when a borrower is introduced to us by a bank or merchant bank, and gives us the opportunity to provide a fixed rate basis loan funds which the bank is not prepared to advance but is prepared to guarantee for a fee to its customer.

In the event of default by a borrower, we would then be able to claim on the letter of credit the principal and any outstanding interest. They are a type of security obtained and negotiated over a telephone, and the letter of credit is then issued to us. We find that it is an extremely secure investment, and it has been successfully utilised by the LGFA for quite some years.

**Mr S.G. EVANS:** I refer to note 6 on page 298 of the Auditor-General's Report: Borrowings and Current Liabilities. Where did the short-term promissory notes of \$46.129 million come from, and how long is short term? Notes 1 and 9 on page 300 of the Auditor-General's Report refer to deferred assets arising from swap agreements. What exactly are swap agreements and how do they work? The note says that the authority is removed from any exposure it may

have had to the swap counter party. Are there any financial downsides to this arrangement for the authority and/or local government in general?

**The Hon. Anne Levy:** Again, this is entering the region of high finance and, while I have some understanding of these terms, I suggest that members of the authority can doubtless explain it much better than I could.

**Mr Lee:** It may be divided into two parts. The first part of the question related to promissory notes, and I will defer that question to Mr Bunyon. I will deal with the question of swap transactions, which refer particularly to a series of transactions done several years ago of a kind which are not currently being done and in which the authority was introduced to other parties who wished to exchange parcels or debt, both as to the term of the debt and the interest rate. They were very complicated, but the end result of it all was that an up-front profit was paid to the authority. The interest rate risk was taken out by swapping from 'floating' to 'fixed' on the authority's behalf, and the term was also fixed, so the risks were taken out of it, the profit was up front, and what you now see is the back end of those transactions as they gradually recede and disappear from the books.

**Mr Bunyon:** In respect of the promissory notes, as you say, as at 30 June, \$46 million was outstanding. It is a method of financing that the authority uses. We try to maintain a matched book of assets and liabilities and, in the process of drawing down those promissory notes, some of the funds were utilised, for example, to provide short-term type debenture loans to councils. In other words, we were able to keep our liabilities matched with the other side, which is the assets. Therefore, it is a part of the management of our portfolio in total.

**The Hon. Anne Levy:** If I could add to that, I noted that, according to *Hansard*, in the House of Assembly criticism was levelled at the LGFA because its liabilities had increased by \$50 million or so in the past financial year. What, of course, was not mentioned was that assets had increased by virtually the same amount, and that the main contributor to this increase in liabilities was the issue of these promissory notes, which were very much to the advantage of the LGFA. The criticism that was levelled was quite unjustified and considered only half the picture.

**The Hon. B.C. EASTICK:** Referring to item 12 on page 300 of the Auditor-General's Report, dealing with LGFA Securities Pty Ltd, it is indicated that it is a wholly owned subsidiary company which is registered and will be utilised 'when appropriate'. Is this a managerial comment similar to that directly associated with the statements recently made about promissory notes: that it is there as a tool, or does it have a particular purpose? It has been in the accounts for some years but, as I understand it, it has never been a functional body. Is it necessary?

**The Hon. Anne Levy:** I pass that question to the Chair.

**Mr Lee:** There is no purpose currently in contemplation for that body. It was formed for a potential part in a transaction some three to four years ago, I would suggest, which transaction did not proceed. Having borne the expense of establishing a company, we have simply kept it alive against some future event (which, at present, is not known) in case it is useful to have a company in the stream of things. We could spend the extra money and get rid of it.

**The Hon. B.C. EASTICK:** Companies' future and past events are not really the flavour of the month, are they?

**Mr Lee:** No, but the direct answer to your question is that no present use is contemplated for it.

**The CHAIRMAN:** There being no further questions, that completes the section dealing with the Local Government Finance Authority.

**Additional Departmental Advisers:**

Ms A. Dunn, Chief Executive Officer, Department for the Arts and Cultural Heritage.

Mr S. Tully, Director, Corporate Services.

Mr U. Peisach, Manager, Financial Services.

Mr M. Barry, Director, Local Government Services Bureau.

Ms J. Fisher, Project Officer, State-Local Government Relations Unit, Department of Premier and Cabinet.

**The CHAIRMAN:** Minister, do you wish to make a statement?

**The Hon. Anne Levy:** Yes. The Department of Local Government was abolished on 1 March this year. This was in accord with the memorandum of understanding signed by the Premier and by the President of the Local Government Association in October last year. The basis of that memorandum is to establish a new cooperative relationship between State and local government. A negotiation process has been established which is to last for 18 months. Nearly half that time has now elapsed. The negotiation period will review all the functional, financial and legislative relationships between the two tiers of government. This is with the aim of reducing the level of State oversight and resourcing, and increasing local government independence, autonomy and self-management. Also, we wish to clarify and improve the functional relationships and the cooperation between the two levels of government.

As a transition body, the Local Government Services Bureau, set up on 1 January this year, is managing the services and functions that were previously in the Department of Local Government and its future is still being negotiated. The bureau is managed by a joint State-Local Government Management Committee with representatives from both the State Government and the Local Government Association. It is chaired, by agreement between the two parties by Mr Des Ross who, as I am sure everyone would know, is a person very highly respected in both State Government and local government circles. With the setting up of the management committee of the bureau, a number of powers held by me as Minister under the Local Government Act have been delegated to the management committee, pending a complete review of the legislative framework for local government. Presumably, many of those delegated powers will be dropped from the legislation and will simply become functions of local government without State Government oversight.

The bureau has already managed very successfully the transition of staff and resources regarding the Local Government Grants Commission and the Septic Tank Effluent Disposal Scheme and advisory services, and this will result in a full year of savings of up to \$500 000 for the bureau. In addition, the bureau was so efficient that it managed to achieve a surplus of \$123 000 in its first six months of normal operating and salary costs. It is very much to the credit of the management committee, the Director and all staff of the bureau that this was achieved in the last financial year.

In terms of other functions performed by the previous Department of Local Government, I remind members of the Committee that the State Library has been transferred to the Department for the Arts and Cultural Heritage, the Building Control Branch has been transferred to the Department for Environment and Planning and the Outback Areas

Trust has been transferred to the Department of Lands. As also previously mentioned, the new State-Local Government Relations Unit, housed within the Department of Premier and Cabinet, exists to facilitate the establishment of the new relationship between the two tiers of government. It is helping to establish a consistent State Government approach to local government, both by supporting and developing the negotiation process, and also coordinating the effective State Government participation in the negotiation process.

In discussion with the Local Government Association, it is conducting a review of the whole framework of local government legislation. It is also coordinating and assisting all State Government departments and agencies in establishing their relationships with the local government sector, according to the principles set out in the memorandum of understanding. In their spare time, officers of the unit also manage to provide me with policy support and advice as Minister of Local Government Relations concerning inter-government relations and the legislation for which I am responsible. I am sure members would agree that a great deal of work is being undertaken very capably by a small and dedicated unit.

Throughout this whole process of change we have recognised the autonomy, independence and capacity of local government for self-management, the aim of the whole exercise. We have a set of protocols that will ensure that State agencies do consult with the LGA on any proposals which could affect the powers, functions or finances of local government or which involve any changes to charging policies for services to local government. State agencies are also now required to consult with the LGA in the first instance where any proposed changes affect more than one council or have implications for other councils. However, if it involves one council only, they do not need to consult with the LGA.

This whole process is an historic one, and I can assure members that it is being watched with great interest by all other States, and forms a large part of discussion, not only with my ministerial colleagues in other States but also there is a great deal of interest in the Australian Local Government Association. Other States, both at local and State government levels, are watching our changes with great interest. I am sure they will benefit from our example, as I know that others will consider following along the same lines. I will be very happy to answer any questions on this whole process or on any other matters concerning local government.

**Mr S.G. EVANS:** Has the Minister or her department had any representations from either individual councils or the Local Government Association in relation to the method of voting on polling days? At the moment, I believe that they have optional preferential or proportional voting, and I have been told that some councils are concerned about this. Under the proportional system, only .33 of a vote is passed down from the first candidate to the second when they run as a team, and some are asking that a full vote should be passed down for the balance over the quota. I am also informed that some would prefer to go back to a system where it is not all in, all out at election time but half the council goes out at one election and half at the next. Has there been any representation and, if so, to what degree?

**The Hon. Anne Levy:** I do have the occasional correspondence from some councils on this matter, but I have not had any representations directly from the LGA, and I know that the LGA is considering its position on this and on many other matters. Doubtless, the matter will be raised



in the negotiation process. I do not think that the matter of electoral systems has been reached yet. This matter was very thoroughly discussed when the Local Government Act was amended a number of years ago, and I think it was in 1986 or 1987 that the current voting procedures were inserted in the Act. Basically, this gives councils two options: they can either follow a proportional representation system, as applies in voting for the Legislative Council in this State, or follow an optional preferential system, which is approximately what applies for State elections for the House of Assembly in this State.

In other words, they virtually have the option of following the Assembly system or the Legislative Council system. It is true that some councils occasionally say that they would like to go back to the first past the post system that used to apply in local government. Personally, I do not favour a return to that system. It is not used in any election system in this country. There are many disadvantages with the first past the post system, and the criticism that it is a fairly primitive voting procedure that does not gain support from anyone who is really concerned about the fairness of representation is often levelled at other countries where first past the post applies. It does mean that people can be elected on a minority vote; that someone can be elected while being opposed by the majority of people in the electorate.

The other matter that the honourable member raised was the question of half in, half out versus all in, all out. Certainly, some constituent councils of the LGA support a half in, half out, while others do not. As I understand it, the current official policy of the LGA is half in, half out, but I know that there have been discussions within the LGA regarding the matter. There are also many constituent councils that do not favour half in, half out, and I understand that a subcommittee of the LGA which considered this matter found that a majority were not in favour of half in, half out.

Again, obviously, this is something that we can discuss with the LGA, but I make it quite clear that, personally, I do not favour half in, half out. If we look at the tiers of Government in this country, it is true that some systems are half in, half out for Upper Houses at both State and Federal levels, but those are not Houses that determine Government. In every case, a Government is formed in a Chamber that is all in, all out. If we look at the House of Assembly in this State, at Lower Houses in all the other States and at the House of Representatives in Canberra, the Government is formed in a House in which the whole House is up for election at any one time. This means that, if the electorate changes its mind and wants to change Government, it is able to do so in one clean sweep. I think that the people of this country should have that right.

If local government is to be regarded as a separate, autonomous tier of Government, the same rules regarding formation of Government should apply. It should be an all in, all out situation at each election. I know that it could be argued that there are Party politics in this State and federally that do not enter officially at the local government level, but that is begging the question that, if an electorate wishes to get rid of every single member of a particular Government, because it is so displeased with what it has been doing, it should have the right to do so at an election. Personally, I feel that the all in, all out system is the best one to apply to any sphere of Government—at Federal, State and local government levels.

One question, which the member for Davenport did not raise but which ties in very much with the voting system and who is up for election, concerns the length of time between elections. Local government used to have elections

every year, and we now have a system whereby there are elections every two years. There have been suggestions that local government terms should be extended to either three or four years, and I would be very happy to have discussions with the LGA on this issue. My personal view is that four years is probably too long for a local government. People serve in local government in a voluntary capacity, and it would seem to me that to commit themselves for four years may be an unreasonable imposition on people who might otherwise be excellent candidates for office in local government. I know that there are some mayors who would cringe at the thought of a four-year term, as they feel that the responsibilities are such that it is asking too much of them to undertake such a task for that length of time. The compromise position of a three year term has been suggested by numerous people.

I feel that there could be a great deal of merit in a three year term for local government. It would enable them to undertake more considered planning and devise strategies for their communities without constantly being in election mode. I am sure many people in local government would welcome this. However, while I have been stating my opinions in this matter, I am happy to discuss these matters with the Local Government Association when we get to those sections of the legislative review. I stress that they were decided by this Parliament in the not too distant past and it would seem to me that many more pressing matters need to be discussed between State and local government at this stage.

**Mr S.G. EVANS:** I think you get the best results out of elected members when they are in election mode than when they think they are safe and can do what they like. I have no doubt that many in local government, whether that be staff or elected members, would like to see the term extended because they are the ones in there. Also, the single member ward is an option.

Have the Minister or her officers had any representations from people in Hills council areas where there is massive conflict at the moment and people's life savings are at risk? People who own scrub land in these council areas are applying to the council for permission to build on that land. The State Planning Authority says that they can clear only 20 metres around the site yet the CFS officer, who is usually associated with the local government of the area and works from the council, says that that has to be 50 metres. So, permission cannot be given because one body says that these people have to clear 50 metres for fire safety and the other body says that because of environmental matters it will not let them clear more than 20 metres. So, people who own these blocks of land, which are valued between \$30 000 and \$100 000 (that is their life savings), and hope to build a home cannot get permission.

**The Hon. Anne Levy:** I have had no representations to me at all on this matter. I imagine that people with such concerns would probably take it up with the Minister for Environment and Planning or with the Minister of Emergency Services if there is an impasse between the Planning Commission and the CFS. I have had no approaches by councils at all.

**The Hon. B.C. EASTICK:** The Minister referred to the dramatic changes that have taken place in relation to the administration of the activities that have been occurring between the remnants of the department and the Local Government Association. At a recent regional meeting a member of the executive of the Local Government Association, in the presence of a number of other executive members, indicated that it was not all peaches and cream and that there was considerable resentment felt by local

government about the manner in which the State Government had treated it. The terms used were that, despite the memorandum of agreement signed by the State Government with the LGA, the Government had increased its charges to local government in areas such as the Animal and Plant Control Commission, the Waste Management Commission, the Valuer-General's Office and the CFS, and the withdrawal of funds by the CFS to local government was referred to. It was also said that one council had been forced into an amalgamation against its will. To put that in context, the Truro council had been forced into an amalgamation with the Ridley council effective on 1 October.

A short time afterwards yet another person drew attention to the fact that the Valuer-General's Department, in implementing a minimum charge of \$2 000 for a valuation exercise, was really placing a minimum value on properties which was against the spirit of the Government's desire to take away minimum charges, albeit down to 35 per cent over time. I draw attention to these matters that have been discussed in local government spheres where the element of the lack of consultation is being criticised, particularly as it applies to an increase in charges that is impacting on local government.

**The Hon. Anne Levy:** Can I first express my astonishment at the comment made regarding the Truro-Ridley amalgamation. I am given to understand that this amalgamation is being agreed to by both councils and the population. Members of the Local Government Advisory Commission have told me that there is great pleasure and satisfaction with the amalgamation that is due to come into operation next Tuesday. I will be taking part in the celebrations for the inauguration of the new council, and I am given to understand that it will be a very happy occasion and is being welcomed by everyone concerned. So, I am most surprised at the honourable member's comment. Obviously, it is not 100 per cent unanimity; there must be some individual who is not welcoming it.

The other matter that the honourable member raised concerned fees and charges, and I cannot comment on each of the examples that he gave. I know that there has been concern and, in some cases, we have found that the fee or charge change had occurred before the memorandum of understanding, and obviously the negotiation was not going to be made retrospective. I am quite happy to agree that there have been some cases where the degree of consultation has not been as great as we would have wished. The fact that the memorandum of understanding was signed and the State Local Government Relations Unit was established in the Department of Premier and Cabinet does not mean that instantaneously every Government agency was aware of the implications of the memorandum. Certainly, the unit has worked very hard with Government agencies on the necessity for consultation with the Local Government Association in such matters.

I am sure that if the honourable member checks back he will find that the examples quoted are not recent and that the unit has been successful in ensuring that all Government agencies are aware of their obligations under the memorandum of understanding, and that currently proper negotiations are occurring whenever the question of changing fees and charges is raised.

**The Hon. B.C. EASTICK:** They are 1991-92 examples.

**The Hon. Anne Levy:** I agree, but it is not when the fee applies from—it is when the decision was made. Some decisions were made prior to the memorandum of understanding and prior to the unit being set up, and some decisions have been taken since then. I think the honourable member will find that those examples are not recent, that Government agencies now are aware of their obligations under the memorandum.

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

**The Hon. B.C. EASTICK:** Before the lunch break, mention was made of the fact that a number of determinations of additional cost to local government may have been made before the signing of the document. Seeing that was in October of 1990, it is apparent that a number of those determinations were decisions taken in the context of the 1991-92 budget and, therefore, were taken after the signing of the document. On this occasion the President of the LGA, when reporting to the same regional council meeting of which I spoke, indicated that the public library problem is a big one with a shortfall of \$900 000. He also indicated that ways must be found to provide funding. In relation to the local government aspect of funding for libraries, a guarantee was given that the Government would continue the funding for the life of this Parliament. However, the President of the association has said that there will be a \$900 000 shortfall. What will the situation be like during the remainder of this Parliament's life, which is at least another 15 months and possibly longer?

**The Hon. Anne Levy:** There is a slight misunderstanding here. The Government commitment is to maintain the real value of subsidies to libraries. If the honourable member refers to the Program Estimates, he will see that the subsidies for public libraries have been maintained in real terms—that was the commitment made, and it has been honoured. I think the honourable member is referring to the resources required for the maintenance of what used to be called the Public Libraries Branch which is now part of the Local Government Services Bureau and which is referred to as the Public Library Services. Previously that had been completely maintained and paid for by the State Government. However, having been part of the Department of Local Government, it moved into the bureau, and it is currently the subject of negotiation between the State and the LGA negotiating teams.

As part of the memorandum of understanding, the State Government agreed to fund the bureau completely for the 1991 year. For the 1991-92 financial year, half that amount of resources in real terms would be provided for the bureau, and then the Government would cease funding the bureau. The question of funding the bureau has arisen, including the Public Library Services for this current financial year. The previous annual funding rate for those functions of the old Department of Local Government had been at the rate of \$3.2 million a year. This meant that the Government was committed to providing \$1.6 million towards all the services in the bureau for the current financial year.

As I said, the future organisation, funding and maintenance of the Public Library Services are still to be negotiated actively by the negotiating teams. It was estimated that, to continue the Public Library Services and the other functions remaining in the bureau for the remainder of this financial year, would cost more than \$1.6 million. As a gesture of goodwill, the Government has agreed to put in nearly an extra \$1 million to maintaining all the current functions in the bureau for the remainder of this financial year, with the clear understanding that this is not to be taken as a prece-

dent in any way, and that the Government will cease funding those functions as of 1 July next year as was agreed in the memorandum of understanding.

It should be noted that the Local Government Association has contributed nothing in resources to the running of the bureau. Although it had not been stated in the memorandum of understanding that the association would, I think it had been implied that the association would contribute, but it has not contributed any resources. As a gesture of goodwill, the Government has agreed to put in nearly \$1 million extra for this financial year to enable the public libraries services to continue for the current financial year while its future is being negotiated.

**The Hon. B.C. EASTICK:** This is a pull back from a clear indication given by the Premier.

**The Hon. Anne Levy:** Not at all. The clear indication given by the Premier and me on many occasions is that the library subsidies would be maintained, and the library subsidies are being maintained.

**The Hon. B.C. EASTICK:** Will they be maintained for 1992-93?

**The Hon. Anne Levy:** The promise of the Government was that the library subsidies would be maintained in real terms for the life of this Parliament. However, the libraries subsidies are not the Public Library Services: the library subsidies are what is paid to the 135 public libraries around the State through the Libraries Board, the subsidies paid to these libraries which are jointly funded by State and local government. It is a 50-50 maintenance of these libraries up to Libraries Board standard. The real value of those subsidies is maintained and it has been promised that this will be maintained. That is quite separate from the question of the central Public Libraries Service.

**The Hon. B.C. EASTICK:** Which will be debated in the next session?

**The CHAIRMAN:** Order! Before the Minister responds, I do recognise that this is an important line of questioning, but I would like to justify the fact that I am sitting in this Chair so, if any member of the Committee has a question for the Minister, I would appreciate its being directed through me. It may be necessary to ask supplementary questions, and I am quite willing to go through that process.

**Mr HOLLOWAY:** My question concerns rates. In October 1990, Marion council put forward a proposal for an amendment to the Local Government Act to allow for a two-tier rating system. The problem faced by councils such as Marion is that, because of the very small number of relatively high value properties in their area and their average property value being low, they tend to have a higher rate in the dollar relative to councils in areas where the average property value is high. In other words, it is claimed that the combination of a high rate in the dollar plus a high property value is a penalty on those householders in those areas relative to the rates they would pay on similar properties in other council areas. So, can the Minister outline the Government's view of such a proposal?

**The Hon. Anne Levy:** It is certainly true that the city of Marion did put forward a proposal to allow for a rating system different from the current rating system. It proposed to maintain a minimum rate for the bottom proportion of properties, which under the Act can be no more than 35 per cent in a few years time, and then apply a base rate in the dollar to properties generally, which is the current situation. Then, it proposed a lower rate in the dollar, which would apply to a top group of residential properties with valuations above a set level—only for that portion of the value above that level—and that council would have the ability to specify a value above which that lower rate would

apply. Other councils have been interested in this proposal from Marion council; councils such as Noarlunga, Enfield and Salisbury, have come with Marion council to see me on this matter.

The reason why such a proposal was put forward in the first place can be found in concern amongst some areas of the community regarding the level of rates paid on high value properties. When similar value properties in different councils are compared, it may be seen that one council where the average property value is fairly high can set a fairly low rate in the dollar. However, a neighbouring council may have a much lower average value of property, so the council sets a higher rate in the dollar, with the result that high valued properties in the second category of council would pay much higher rates than the property of similar value in a council area where the average value was much higher. It is fairly complicated, I agree.

The effect of a proposal such as Marion's is basically regressive and results in a shift in the rate burden from higher valued properties to lower valued properties; to that extent, it is regressive. This is particularly so if it is combined with the existence of a minimum rate which, in itself, is regressive in that rates are disproportionately being collected on low valued properties. The effect of such a proposal from Marion would certainly result in this regressive shift, but at the same time I can understand some of the reasons for the council's putting forward such a proposal.

I have had discussions with Marion and other councils, and they have agreed to commission a study by the Centre for South Australian Economic Studies which would look at the effects of such a two-tiered system and the effects in terms of shifting rate burdens under a number of different parameters, such as the point at which the differential rates should cut in, the degree to which it will be less than the base rate in the dollar, the effect of abolishing the minimum rate at the same time, and a number of other such variables.

The Centre for Economic Studies has agreed to undertake this study, and Marion, Noarlunga and Enfield councils and the LGA have agreed to finance it. Salisbury council initially indicated that it, too, was interested in contributing to the study, but I am not sure whether or not it is still contributing. The other councils have agreed to commission this study whether or not Salisbury participates, so that is certainly going ahead at the moment. Presumably, we will get the results of that study by the end of the year.

It is basically a regressive proposal, but I can understand why councils want to implement such a scheme, particularly councils where the average property value is low and which have pockets of higher valued properties. These may be adjacent to other council areas where the average property value is much higher. One can have residential properties of about the same value virtually across the street from each other in two different council areas but, without such a scheme, they end up paying very different rates according to which council area they are in. Certainly such a scheme would mitigate against this.

I should point out that Salisbury council has virtually implemented such a scheme for the current financial year. It has instigated a system whereby owners of residential properties with a value greater than \$125 000, if they are owner occupied, can apply for a rebate of their rates for that portion which applies to the value above \$125 000. On application, they will obtain a rebate of half that amount—that is, the portion applying to the value above \$125 000. It is not quite what Marion council is proposing in that it does require the property to be owner occupied, and it does require personal application on the part of the ratepayer. The Marion proposal, if it were to be implemented, would

require legislative change to make it of general applicability, but Salisbury council is operating under a particular section of the Local Government Act which enables it to legally implement the system that it has devised.

I stress that this is a regressive system and needs to be considered very carefully because it is a transfer of rate load from high valued properties to lower valued properties. As such, I venture to suggest that it is against the intention of Parliament when the Local Government Act was passed.

**Mr S.G. EVANS:** On a point of order, Mr Chairman, do you think it is unreasonable to ask the Minister to be a little briefer with her answers? These are virtually second reading speeches, and that is not the purpose of the Committee.

**The CHAIRMAN:** The Chair always has to tread a very fine line on these matters. The Estimates Committees are somewhat different from Question Time which is carried out throughout the year. Because a question is of such significance, the Minister may feel that all areas need to be canvassed in providing the answer. I take the point raised by the member for Davenport, but, when we resume the debate on the procedures of these Committees, I would hate to think that this Chairperson had in any way curbed a Minister, regardless of which Minister appeared before the Committee. I would hate to think that a charge might be levelled at me that I had stopped a Minister from giving an adequate reply. I am sure that the Minister and other members of the Committee have taken the point of order raised by the member for Davenport. Let us hope that we can proceed in a very friendly way for the remainder of the day.

**Mr HOLLOWAY:** In July 1990 a green paper released by the Minister examined options for the fencing of domestic swimming pools as a means of improving their safety. I understand that, following the release of that green paper, there was a period of public consultation. Will the Minister explain the progress of a white paper and discuss any options it may contain for fencing both new and existing backyard swimming pools?

**The Hon. Anne Levy:** As the honourable member indicated, the green paper was put out presenting various options for the fencing of swimming pools from the point of view of safety. There have been a large number of responses to that paper—more than 100 submissions have been received—and currently a white paper is being prepared. I hope it will be ready soon, but obviously the abolition of the Department of Local Government and the setting up of the bureau and the unit has meant that officers have had other concerns, and the production of this white paper is taking longer than we had initially hoped. I certainly hope it will be available soon.

This is a very important matter, and basically it relates to whether there should be perimeter fencing, around the edges of a property where there is a swimming pool, or whether there should be isolation fencing—that is, a fence which isolates the swimming pool from the house, given the propensity for small children to go out the back door and that it is just not possible to keep one's eyes on a toddler 24 hours a day, seven days a week. I am sure that anyone with toddlers would appreciate that.

I do not think this is the occasion necessarily to go into all the arguments for and against the different types of fencing, but I hope the white paper will be prepared soon and will take account of the submissions we have received, and also of what is happening in other States. In at least two States there has been legislation for isolation fencing, both of new and existing swimming pools. Certainly our white paper will look at those two issues separately. It seems

to me that one can have different proposals for pools which are yet to be constructed compared to those which already exist.

**Mr FERGUSON:** Will the Minister outline the latest developments in the area of conflict of interest? A review was commissioned last year. Has a report been released and, if so, what are some of the findings?

**The Hon. Anne Levy:** The report, commissioned last year, was prepared and has been circulated to all councils through the good offices of the Local Government Association. Those councils are currently evaluating it. The LGA has agreed to collect all the responses from councils, and it is currently in the process of doing that. The recommendations from the conflict of interest committee include a number of very sensible proposals. It is true that there has been some concern and confusion about conflict of interest, but the review committee felt that to a large extent—but not entirely—this was due to lack of information on the part of members of council, and that a booklet to clearly explain the legislation in non-legal language would be of great assistance to councillors. Perhaps after each round of council elections, there could be a training session to inform new council members just what were their obligations under the conflict of interest rule.

Various other recommendations include the fact that the committee recommends that the register of interests, which currently all councillors must provide, should be made a public document or available to the public, in the same way as the register of interests for members of Parliament is a public document. Currently, it is not a public document for members of local government. From the responses that have inadvertently been sent to me instead of to the LGA—and I may say that I immediately pass them on to the LGA, of course—it seems that that is the recommendation on which there seems to be some difference of opinion between councils. No other correspondence that I have seen expresses anything other than favourable comments on all other aspects of the report from the committee, but it would be premature for me to generalise as to the reaction of councils, because it is the LGA that is receiving and collating the responses. As soon as it has done so, obviously, we will have further discussions regarding any legislative amendments that may be required.

**The Hon. B.C. EASTICK:** One final question relates to libraries. Has the Minister any knowledge of the degree to which the local government library system and community library system is being utilised this year compared with previously because of the number of libraries that have had to cut back services associated with reduced funding or effective funding?

**The Hon. Anne Levy:** There has not been any reduced funding.

**The Hon. B.C. EASTICK:** Why are they closing?

**The Hon. Anne Levy:** There has not been any reduced funding. As I indicated previously, the Government has made the commitment, which it has honoured, to maintain our subsidies to public libraries in real terms. I appreciate that this is only 50 per cent of the cost of maintaining those libraries to broad standards and that the other 50 per cent comes from local councils. However, a condition of the Government subsidy is that it is matched by the local council, so if local councils are cutting their funds to libraries, they will receive less from the Government because we will match only what the council has put in. I have not heard of any councils reducing their funds to libraries, or of any councils as a result receiving less from the Government, nor have I heard of councils cutting back in any way

on their libraries. I would be very surprised if that is happening, because, I repeat, their funds have not been cut.

**The Hon. B.C. EASTICK:** As a supplementary question, will the Minister undertake to advise the Committee or the members in due course what funds were not taken up by which councils in the past financial year, and what funds have not been taken up by councils in the present financial year?

**The Hon. Anne Levy:** We can obtain the figures, if there are such councils, for last year, but I am informed that data for this year would not yet be available. It is too early in the financial year for such to be available.

**The Hon. B.C. EASTICK:** Except that they may have advised the bureau of what they are not going to do.

**The Hon. Anne Levy:** Certainly, and if there is any such information, I will obtain it for the honourable member.

**Mr S.G. EVANS:** As the user pays system appears to be State Government policy more and more in the case of licences and fees, and local government itself is now moving more to a user pays system for the use of sporting, recreational and other community facilities, has the Government been approached by local government to allow local government to have a user pays system introduced at least partly if not wholly within the libraries, either by individual councils or by a collective of councils? If not, has the Government considered that aspect? At the moment, I believe that councils cannot move in that direction because of an agreement they had with the Government when the present library system was first set up.

**The Hon. Anne Levy:** I have had no approaches from any councils on this matter. The current free library system is in our legislation, and any change would not be by agreement but would require legislative change. As the legislation stands, councils can charge for the use of libraries, but any charge they receive is then deducted by law from the subsidy that they would receive from the Government. That is contained within the Libraries Act. Any change could not occur merely by agreement, but would require legislative change. However, I repeat that I have not been approached by any council. Certainly, it is the policy not just in South Australia but throughout Australia, as affirmed virtually annually at the Cultural Ministers Council, that public libraries should not charge.

**Mr S.G. EVANS:** As a supplementary question, will the Minister discuss the matter with her colleagues on the basis that, regardless of what has happened in other parts of Australia or in South Australia, there is now a move towards the user pays system in part if not totally? I know of at least two councils that are concerned about the cost of the libraries, but will the Minister discuss with her colleagues the concept of changing the Act so that it is up to councils whether or not they take that course, without having penalties?

**The Hon. Anne Levy:** The member for Davenport asked whether I would discuss it with my colleagues, but I am not quite sure which colleagues he means. I have already said that it has been discussed at the Cultural Ministers Council, which comprises the Ministers involved with library systems throughout this country. There has been agreement; amongst all those colleagues of mine that public libraries should be free. That is not just an Australia-wide agreement; the Minister for cultural matters from New Zealand was also a party to that discussion and agreement. So, it is the policy not just of this Government but of every Government in Australia and New Zealand that public libraries should be free and available to all citizens—free, that is, for basic services.

**Mr S.G. EVANS:** The Minister spoke about funding remaining as it has been in real terms. Is the Minister aware that the actual cost of literature in recent times has been increasing, so I am told, at a greater rate than the inflationary trend, so that that in itself places a burden on councils to maintain services they may have been able to offer in the past?

**The Hon. Anne Levy:** I appreciate that the CPI is not uniform for all items that may be part of council expenditure. The big advantage in having the public library services is that council books are ordered in large quantities and full advantage can be taken of bulk buying discounts. The lower price resulting from ordering large quantities has been of enormous advantage to council libraries throughout this State. This is probably the greatest advantage that accrues to our public library system, in having the public library services centrally, where such discounts and advantages can be maintained.

**Mr McKEE:** The Public Libraries Automated Information Network (PLAIN) has been a very proud achievement for the Government. Will the Minister outline the level of funding the PLAIN project will receive this financial year, and will this ensure its completion?

**The Hon. Anne Levy:** As the honourable member indicated, PLAIN is proving to be of enormous advantage to the library system. Through this, every library in the State is provided with a computer system. They are linked together so that at the touch of a button any borrower in any library has access to the full catalogue range of all the holdings in every library in the State, and interlibrary loans can be arranged if a book that is not in a particular library is wanted.

The introduction of PLAIN is taking a number of years. Currently, the PLAIN database has over 104 000 title records and over 1.2 million copy records. This means that users in every library virtually have access to 1.2 million books spread throughout the State. The total cost of PLAIN will be \$5.2 million over a six year period. It will be fully operational on 30 June 1992. The agreement for its maintenance is signed until the end of June 1993. An amount of \$1.56 million will be expended this financial year towards the implementation of PLAIN. It is certainly proving its advantage, and any librarian one talks to is most ecstatic about it.

**Mr FERGUSON:** Program 3 in the Estimates of Payments lists a contribution to the City of Adelaide Lending Library of \$400 000. This is the first time such an allocation has been listed. Will the Minister explain how this new library was established and the level of activity in it?

**The Hon. Anne Levy:** The new City of Adelaide Lending Library is a very fine example of the new cooperation between State Government and local government, and also is breaking new ground in the provision of public libraries in South Australia. It opened on 1 August this year but its opening was preceded by a period of at least 12 months discussion and negotiation with the city council. What occurred previously was that the lending service for the general public in Adelaide—not only residents but all the commuters, visitors and shoppers—was provided solely by the State Government, with the city council making no contribution at all to it. In fact, it was the only city council in the whole of Australia that did not provide a lending library.

It was agreed that a new City of Adelaide Lending Library would be established, be jointly funded by the City of Adelaide and the State Government in a 50/50 partnership which, I point out, is similar to the 50/50 partnership which we have with all the other public libraries. By agreement

with the city council, the library is situated where the old lending services of State Library used to be; it has taken over those premises. However, the siting of it is subject to an agreement: the lending service will operate from that place for at least three years, but if at any time subsequent to that it moves from that location that will be at the wish of the City of Adelaide. It is up to the City of Adelaide to determine its location.

This library differs from other public libraries in that it is jointly run by a management committee which has representatives of the City of Adelaide and the State Government, as well as an independent chair. I have just been corrected. The chair of the management committee is a member of the Adelaide City Council. I presume that that cannot be regarded as being independent in the circumstances, although Mr Crawford has the complete confidence of all parties, I am sure. Other than that peculiarity, it is an integral part of our public library system around the State. I understand that the City of Adelaide library currently has 55 000 registered borrowers, that in the first month more than 42 000 items were borrowed, and that its total collection comprises over 85 000 items. So, it has worked extremely well as shown by this data.

**Mr FERGUSON:** I refer to the new Australian accounting standards. I understand that the Australian Accounting Research Foundation has issued a new accounting standard for financial reporting by local government. What is the purpose of the new standard, and what process is proposed for its implementation in this State?

**The Hon. Anne Levy:** I referred to this matter earlier when I mentioned the financing for it. The new accounting standard which used to be known as ED50 and which is now called AAS27 is the new nationally agreed accounting standard for local government. It has been devised by the Australian Accounting Research Foundation. The standard is to apply to reporting periods ending on or after 1 July 1993. Transitional provisions will apply for three years relating to recognition of existing infrastructure assets. It will be done on an accrual accounting basis and it will require quite a bit of change and preparation on the part of local government to implement it.

There is general agreement that the standard will be of great advantage to local government. Certainly, it will put all local governments on a comparable basis, and that will make it much easier for bodies such as the Grants Commission, which needs such information. However, it will also provide a much more accurate picture of where all local councils are going financially. The LGA here has agreed to undertake the training and preparation of manuals and so on which will be required for the councils in this State; and this will be funded both by a grant from the State Government and a grant from the Local Government Finance Authority.

**The Hon. B.C. EASTICK:** Can the Minister indicate whether she or the Government contemplated, when the relevant section was inserted into the Local Government Act to provide for payment of rates by instalment, that that provision would be exercised by the South Australian Housing Trust? Will the Minister agree that the recent attempts by the South Australian Housing Trust to pay its rates to local governing bodies in instalments is a detriment to local government and its cash flow?

**The Hon. Anne Levy:** The Local Government Act does not differentiate between different ratepayers. If there were a provision for payment by instalments, I presume that would apply to all ratepayers, not just some. As I also understand it, it is a matter of council policy to be decided by each council whether it will agree to have payments by

instalments, or whether it requires payment in one fell swoop. Again, it is for individual councils to decide whether its rates payments, if they are in instalments, are in two or four instalments, and the time between instalments. The options available are set out clearly under the Local Government Act and it is for each council to decide for itself.

Once a council has made such a policy decision, that decision would legally apply to all ratepayers. The law certainly does not state that councils can make these decisions for one group but not another group of ratepayers, because that could lead to all sorts of favouritism games being played. If there is a policy, it must apply to everyone or to no-one. I imagine that that would apply to the Housing Trust as much as to any other ratepayer. There is no reason for councils to differentiate between them.

**The CHAIRMAN:** I understand that that completes the section dealing with local government.

#### Additional Departmental Advisers:

Ms J. Caust, Director, Arts Division, Department for the Arts and Cultural Heritage.

Mr K. Lloyd, Manager, Program Services, Department for the Arts and Cultural Heritage.

Ms F. Awcock, Director, State Library.

#### Membership:

Mrs Kotz substituted for Mr S.G. Evans.

The Hon. D.C. Wotton substituted for the Hon. B.C. Eastick.

Mr Matthew substituted for Mr Brindal.

**The CHAIRMAN:** Does the Minister wish to make an opening statement?

**The Hon. Anne Levy:** I would like to remind members that the new Department for the Arts and Cultural Heritage was established only on 1 March of this year and incorporated the former Department for the Arts and some functions of the former Department of Local Government. In order to make the Program Estimates and general budget information comprehensible, the functions that were transferred to other Government departments from the old Department of Local Government have not been included in the line or Program Estimates for last year. Consequently, if this year's budget documents are compared with last year's budget documents, there will be confusion, but we hope it simplifies making comparisons between last year and the current year for the functions that are still covered by the new department.

If members are interested, the particular areas that have been transferred are as follows: the Outback Areas Community Development Trust has moved and can be found in the lines for the Department of Lands; the Department of Environment and Planning now has the lines for the Building Control Branch, the Australian uniform building regulations and dog control; the Aboriginal community Government lines have transferred to State Aboriginal Affairs; the Local Government Equal Employment Opportunity Advisory Committee has transferred to the Commissioner of Equal Opportunity; the lines relating to State local government relations are now part of the lines of the Premier and Cabinet; the debt servicing of councils has gone to the Department of Treasury; and the servicing of the Youth Bureau has moved to the Department of TAFE. Of course, the entire maintenance of public records has moved to the Department of State Services and has become State Records.

So, as set out in the budget documents, the programs have been constructed with regard to the previous program

structure, and efforts have been made as much as possible to have a basis for comparison between last year and this year. There have been some changes in program structure, as set out in the documents, mainly, the previous programs 1 and 2 have been integrated into one, which is now program 1. The local public libraries have been amalgamated into the entire provision of State Library Services under program 3 and program 9 (provision of services to local government). The portions of the previous Department of Local Government's intra-agency support services are now shown under the new agency program 3, or the new agency's Intra-Agency Support Services. That applies particularly in the case of the Parks Community Centre and other support services, which are still covered by the Government Departments of Arts and Cultural Heritage.

I have already had questions on the City of Adelaide lending library under local government; obviously, it is now relevant also in relation to the Department of Arts and Cultural Heritage. This comes under the Libraries Board, which administers not only the public library support but also the State Library, which is now part of the Department for the Arts. I would point out that the formation of the new department from the two previous departments meant that the support services could be amalgamated, and this has meant a reduction in administrative overheads, and we are glad to achieve this. In fact, the allocation for the new agency is at least \$2.5 million less than would have been the combined allocations of both the old departments if they had continued on as before. I hope the setting out of the administrative changes that have occurred and the budget information have been set out in a way that makes comparisons possible, although I realise that confusion cannot entirely be avoided, when such major administrative changes have occurred.

**The Hon. D.C. WOTTON:** I refer to page 149 of the Estimates of Payments. I take into account what the Minister has already had to say but, as I understand it, this year the cost of administering the grants program for the arts has increased by \$425 585, or 48 per cent. What is the rationale for the dramatic increase in head office salaries and overheads in relation to administering this program? I ask particularly how these increases can be justified this year, recognising that the new department was established on 1 March but that actual salaries remain static and overheads decreased last year.

**The Hon. Anne Levy:** I think that is a confusion. Previously, certain services that existed for the support of the arts division were not allocated in the arts division. They were previously in the general corporate services of the department. With the re-organisation that has occurred, it was felt desirable that all the support services that were related to the arts division should be accounted for in the lines for that division in the same way as all or many of the support services that apply in other divisions, such as the Art Gallery, the Museum and so on, are allocated within those divisions, and that should apply in the arts division. This refers to areas such as receptionists, word processing and the typing pool, which operated for the arts division but which have not been counted as part of it previously. No new staff are involved; it is merely a shifting of staff and the lines to which they have been put.

**The Hon. D.C. WOTTON:** Further to that—and again I take on board what the Minister is saying—the fact is that we are told that salaries have increased by \$224 911, yet the average full-time equivalent positions are to increase by only two to 19, with an additional four people in the administrative support line and a reduction of two positions in the arts policy and research line. Does that really mean that

the two positions are to cost \$112 000 each and, if not, what is the explanation for the hefty salary component?

**The Hon. Anne Levy:** I understand that the increased expenditure is \$200 000, including 4.6 full-time equivalent support staff and the fact that the divisional director was there for only half the last financial year and obviously will be there for the whole of the current financial year. That also contributes to that \$200 000.

**The Hon. D.C. WOTTON:** I will come back to that later. Supplementary to that, there are no new budget lines nominating new arts grant programs. Therefore, will the Minister explain what additional functions, if any, are to be undertaken under the auspices of this program to warrant a 48 per cent increase in salaries and overheads?

**The Hon. Anne Levy:** As I have indicated, it is not an increase in staff. It is merely a reallocation of staff. Those 4.6 staff, including a typing pool and receptionist, had previously worked for the Arts Division but their salaries had not been put in the line for that division. It involves operating expenses, minor equipment and sundries. These individuals have been incorporated in the finances of the Arts Division, whereas previously they were elsewhere. There is no increase in the number of staff working on arts programs. It is merely that some of them were not being accounted for under arts programs previously.

**The Hon. D.C. WOTTON:** I find that hard to accept. In looking at page 149, I recognise that programs one and two have been combined this year. That means that the combined salaries last year were \$615 089, and this year salaries are estimated to be \$840 000, an increase of 37 per cent. The combined operating expenses last year were \$132 436. Operating expenses this year are estimated to be \$222 000, an increase of 68 per cent. The combined accommodation and service costs last year were \$137 890. Accommodation and service costs this year are estimated at \$249 000, an increase of 80 per cent.

**The CHAIRMAN:** I detect that the questions and answers on this line are almost leading to a debate. I have no objection to the member for Heysen putting a question and providing information as he has done in support of that question, but that further supplementary question was more of a statement in opposition to what the Minister had said. I will be very generous in allowing supplementary questions, but I would prefer them to be in the form of questions, not statements refuting what the Minister has just said.

**The Hon. Anne Levy:** I will ask Ms Dunn to comment on the reallocation. She may be able to convince the honourable member, seeing that I cannot, that there has been no increase at all in staff.

**Ms Dunn:** Part of it is a difference in budget operating methods. It is very simple: these 4.6 people did work for the Arts Division before but in what I consider to be a kind of older style accounting method. Because they are a pool of women who in the main operate word processing machines, they were considered to be part of the support services function. In the new arrangement, the support services function (which used to share the same floor with the Arts Division) moved upstairs because we had a reorganisation. They are exactly the same people; they do exactly what they did before. However, they are charged in a different place; that is all. There is nothing new. There is no new money; no new staff; and no additions into the Arts Division budget.

**The Hon. D.C. WOTTON:** Turning to page 152 of the Estimates of Payments, I note that the support services have not come down.

**Ms Dunn:** No, because two departments have combined. The support services in the old department totalled 15

people, of whom 4.6 were those who moved. Staff in the combined Support Services Division of the new department totals 30; they are people from local government. It is difficult because they are not immediately comparable. The Minister and I are assuring the honourable member that there are no new people and there is no new money—it is a different allocation.

**The Hon. D.C. WOTTON:** I will come back to that because I have more questions that relate to that matter. As the Minister has authorised a review of statutory authorities within the arts portfolio to determine administration costs that can be cut, has the Minister also authorised an investigation by independent management consultants of the need for the big increase in head office costs for administering the arts grants program this year? If not, why not?

**The Hon. Anne Levy:** I repeat: there has been no increase in costs in administering the Arts Division. Obviously, the bringing together of the old Department for the Arts and parts of the Department of Local Government has meant that we now have a much bigger department. The number of employees has virtually doubled compared with the situation in the past. The Arts Division has not changed either in function, staffing, overheads or costs. Nevertheless, we are reviewing not only the statutory authorities, as the honourable member mentioned, but also regional arts. There is a working party on the film industry, and we are reviewing every division of the department. The Arts Division is undertaking a review, as are the other divisions of the department, for instance, the Art Gallery, the Museum, the History Trust and Carrick Hill—all the divisions of the department are being reviewed, and the Arts Division among them is being reviewed.

**The Hon. D.C. WOTTON:** With reference to page 455 of the Program Estimates under 'Support Services', last year the recurrent expenditure for executive, professional, technical, administrative and clerical support in the Department for the Arts was \$1 million, with 12.8 average full-time equivalent positions. This year the proposed expenditure is \$6.6 million, with 34 average full-time equivalent positions. With the creation of the new department, the average expenditure for each person employed under this line has risen from \$83 000 to \$194 000. What is the rationale for this enormous leap in the cost of providing executive professional support services? Which additional functions, for instance, are now undertaken by the department that warrant the increase, and what measures, if any, are being taken to restrict the cost of the executive arm of the new department to a level that corresponds to the cost level achieved by the former Department of the Arts?

**The Hon. Anne Levy:** The new department has more than twice the number of employees that the old Arts Department had. The addition to the department of the whole of the State Library and Library Services has meant an increase in the Support Services Division. We are dealing with at least double the number of people. One factor is that the Parks Community Centre receives a grant of over \$2.8 million. Previously, the Parks Community Centre was within the Department of Local Government, but it is now part of the Department for the Arts and Cultural Heritage. That \$2.8 million comes under the support services line, and obviously contributes to the \$6 million.

That was not there last year, because the Parks Community Centre was then under the Department of Local Government. Also, without being able to look at the fine detail, there has been a doubling of the number of staff, hence an increase in the support services. The bulk of the difference comes from the Parks.

**Mr HOLLOWAY:** I note from the Program Estimates that the Adelaide Festival of Arts is being allocated an extra \$1 million this financial year. Why has the Government decided to provide these extra funds to the festival?

**The Hon. Anne Levy:** The Adelaide Festival has played a major role in this State in many ways, not only as an extremely important tourism attraction but also as a major cultural event that very much helps to define Adelaide in the minds of many Australians, including those who are lucky enough to live here. It has done a great deal for our regional economy as well. Last year's Adelaide Festival was shown by a comprehensive study conducted at the time to have provided a \$12 million boost to the local economy.

However, festivals cost a great deal of money, and the festival was facing greatly increased costs due to factors quite outside its control, such as the devaluation of the Australian dollar, the fact that artists' fees around the world have been rising much faster than the rate of inflation and a particularly steep rise in international air fares compared with those that applied at the time of the last festival.

These are all matters which are determined internationally and over which we as a State Government and the Australian Government have no control. It was to ensure that the Adelaide Festival could maintain its position as the pre-eminent festival in Australia that the State Government decided to boost the total financial support for the festival from the \$1.4 million that it provided in 1990 to the \$2.2 million that it is making available for 1992. That is a 50 per cent increase in funding, although it is still small in terms of the returns to the State. The whole of the \$2.2 million does not appear in this year's budget. Our festival being held every two years, there is an allocation each year. The larger component goes into the second year and the smaller into the first of the two years of any biennial.

**Mr HOLLOWAY:** Page 445 of the Program Estimates states that in March this year Artlab commissioned the North Terrace Disaster Preparedness Store. I was rather intrigued by the concept of a disaster store. Will the Minister explain the purpose of such a store?

**The Hon. Anne Levy:** The disaster preparedness store was an initiative of Artlab but has been enthusiastically contributed to by a whole lot of institutions along North Terrace, including the South Australian Museum, the South Australian Art Gallery, the State Library, the History Trust of South Australia and its various museums, the University of Adelaide and the University of South Australia. The aim is to have a store of equipment and materials that might be required in any disaster situation at any of those major institutions along North Terrace for the salvage and protection of cultural material.

If a fire broke out in one of these institutions the protection of the absolutely priceless heritage material there would require different steps and procedures from what might be applicable to a fire in an office building. The store is at the western end of the armoury building behind the South Australian Museum. It is contributed to by five State Government institutions and the two universities, which also house a great number of objects of very important cultural heritage. The facility will be available for use by any of those seven partners. I have a complete list of the contents of the store—material such as ladders, mops, waterproof overshoes, special safety lights, special wrapping, protective materials, spare generators and so on. I think the store contains about \$20 000 worth of equipment which would be available in the event of any disaster in any of these important cultural institutions. I hope, Mr Chairman, that they will never be used, but I am sure that all would agree



that it is desirable to think ahead and to take appropriate preventive steps.

**Mr HOLLOWAY:** The Aboriginal cultural institute, Tandanya, has recently appointed two new people to management positions. Will the Minister provide the Committee with information on these two appointees?

**The Hon. Anne Levy:** The Chair of the board of Tandanya announced three or four days ago the appointment of a new Director and a new Business Manager for Tandanya. They had been appointed after wide advertising and careful interviewing and selection by the board of Tandanya. The new Director of Tandanya will be Ms Kerry Comerford, who is currently the Executive Officer of the North Terrace Action Group. She has many years of experience of working in arts administration and arts marketing. She has worked with the Adelaide Symphony Orchestra, Come Out and the State Theatre Company. She has had experience in Western Australia working with the Deck Chair Theatre Company and the Spare Parts Theatre Company. She is currently the Deputy Chairperson of the South Australian National Arts Week Committee which is organising what we all hope will be a very successful National Arts Week in about three weeks time. As Director of Tandanya, Ms Comerford will be accountable to the board, and her duties will include promoting public awareness and interest in the activities of Tandanya. She will be responsible for establishing quality exhibitions, displays and activities for Tandanya for both the visual and performing arts and also in educational areas.

The second new appointment, which has been announced by the board of Tandanya, is that of new Business Manager, Mr Sam Harvey, who is currently the Administrator of the Festival Fringe. Mr Harvey has a Masters in Business Administration from the South Australian Institute of Technology. He has been with the Fringe for the past six years and has worked with Come Out at various times and with the Harvest Theatre Company. He will be responsible for the business management of the institute, its personnel, financial consulting, industrial relations and general administrative matters. I am sure that all members would agree that Tandanya has been very fortunate in having found two such experienced and well-qualified people for these important positions. We all wish them well in their new duties, for the continued growth and enhancement of Tandanya's achievements.

**Mr MATTHEW:** My question relates to page 447 of the Program Estimates, and in particular to the commentary under Major Resource Variations. What departmental efficiencies and savings were identified in your submission to GARG?

**The Hon. Anne Levy:** In which department?

**Mr MATTHEW:** We are talking about the Department for the Arts and Cultural Heritage, are we not?

**The Hon. Anne Levy:** The Department for the Arts and Cultural Heritage arises from the amalgamation of the Department for the Arts and sections of the old Department of Local Government. It was a submission to GARG which resulted in the abolition of the Department of Local Government and the reorganisation and/or abolition of its various components. As I indicated in my opening remarks, we have estimated that the amalgamation resulted in a saving of nigh on \$2.5 million, which would have been required had the two separate departments remained.

**Mr MATTHEW:** Will the Minister say how many departmental officers are on the redeployment list? What is the cost of that to the department? Also, what are details of the provision made in separation packages?

**Mr Tully:** The Department of Local Government commenced on 1 July 1990 with 384 FTEs. Throughout the

year 37.2 were transferred to the other functions the Minister mentioned earlier, 11 left on voluntary separation packages, which were fully funded from savings achieved through the department that year, and a further 28.8 left through normal attrition. That resulted in a reduction to about 307 FTEs by 30 June 1991. This year there have again been further packages, which again have been funded through savings achieved within the department. My understanding that that number is eight this year, to add to the 11 from last year. At this stage four people from the Department of Local Government are on the retraining and redeployment list, and efforts are being made to place them elsewhere.

**Mr MATTHEW:** What is the cost of those four officers to the department?

**Mr Tully:** Two of them are employees of the Local Government Services Bureau at the moment, and they are being funded through the Local Government Services Bureau lines until they are placed. The other two are being funded by the department but are undertaking training to assist with their permanent redeployment. So that would equate to between \$5 000 and \$10 000 each in salaries so far this year.

**Mr MATTHEW:** As a further supplementary question, and still relating to the commentary under Major Resource Variations, I notice that there is mention of a small reserve established to assist with award restructuring projects. What is the estimate of cost to be borne by the department towards that award restructuring?

**The Hon. Anne Levy:** It is expected to require \$650 000.

**Mr MATTHEW:** In relation to the current review of statutory authorities headed by Mr Peter Alexander, will the Minister indicate whether she or her department has given the committee details of the target savings to be realised and, if so, what are those savings?

**The Hon. Anne Levy:** No targets have been set. Mr Alexander and other members of the team are aware that we would like to make savings, but no figures have been suggested to them.

**Mr MATTHEW:** That surprises me, Minister. Why not?

**The Hon. Anne Levy:** Because the aim of the review is as set out: to make sure that these organisations have suitable objectives and that they are meeting them in the most efficient way possible. It is not an exercise in how to save X dollars. It is an exercise in looking at these organisations, judging whether they have set themselves a suitable mission, examining to what extent they are achieving the objectives they have set themselves and determining whether they are working in the most cost efficient way possible. Are we getting the best value for the dollars spent? The aim is to look at and review the organisations.

**Mr MATTHEW:** I refer to Program Estimates (page 447) under 'Issues/Trends', which states:

The Government's deregulation policy and commitment to review all Acts and regulations by the end of 1992 will be a major undertaking for this agency and will require a longer time frame to achieve satisfactorily.

Bearing that in mind, where is it necessary to seek an extension of time? What will be the effect of further time not being granted?

**The Hon. Anne Levy:** Obviously, the effect would be that the Acts would continue as they are. The reviews of all the statutory authorities do include a term of reference relating not only to whether changes might be desirable in any of the statutory authorities, regarding their management or objectives, but also to whether any legislative change would be desirable. Certainly, such an overview of the legislation is part of the review. As a result of that, we will be able to consider any recommendations regarding legislation, extract those from the review and proceed accordingly.

Some of the statutory bodies have made suggestions regarding the size of the board and how the members should be chosen and so on, which are areas that we will need to look at. However, we believe it is better that such a review of the legislation arise from the full review of the statutory authority rather than just do a legislative review. One wants it to be part of a full examination of what is the best way to have a particular statutory authority and, from that, will arise any necessary or desirable legislative changes. I can assure the honourable member that I will bring details of any changes to the Parliament at the earliest opportunity.

**Mr MATTHEW:** I appreciate all that, but I ask: have any extensions of time been granted to complete these reviews?

**The Hon. Anne Levy:** We have until the end of 1992.

**Mr MATTHEW:** Is the Minister saying that that might not be enough time?

**The Hon. Anne Levy:** It may not be enough time. Certainly, we have not requested any extension at this stage. It may be necessary to do so, but at this stage it is impossible to say whether or not that will be necessary. It depends on what is found in the reviews. It is difficult to forecast the result of a review. These reviews are not set up to provide a pat answer: they are genuine reviews. What follows from them will depend on what recommendations they bring down. At this stage we cannot forecast what they will be.

**Mr MATTHEW:** What is the estimated cost of these reviews, including the costs of all consultants? Will all reviews provide an opportunity for public input and for the findings to be released for public consideration?

**The Hon. Anne Levy:** An allowance of up to \$60 000 has been made for these reviews. Any other costs would of course be absorbed in existing resources, and it may well be that that \$60 000 is not required. It has just been pointed out to me that, of the \$60 000, \$9 000 has been allocated for the statutory authorities review. To some extent, public consultation will be up to each review committee. The Regional Arts Review Committee has called for public submissions, of which it received 80 by the closing date. Public meetings are being held in each of the four regional areas where the regional cultural trusts are situated. In fact, I may say that two of the members of the Regional Arts Review Committee will have to miss one of the public meetings this evening, because they are here as advisers today and cannot reach Whyalla in time, but I can assure members that the other members of the review committee will be in Whyalla for the public meeting this evening and these members will certainly be part of all the other public meetings that are to be held.

I do know that the working party into the film industry will start its proceedings with an open forum. It will be open to anyone, but, obviously, it is of particular interest to people in the film industry and that will be held next Monday or the following Monday—very soon, in any case. I am sure that, if any member is really interested in attending that forum, we can find out the actual date that it will be held in Adelaide. As far as the review of the statutory authorities is concerned, that review committee has not yet fully decided on its plan of action. However, I would be happy to ask it what its plan of action will be when it has decided it, and supply the information to the honourable member.

**The CHAIRMAN:** I understand that that completes the section dealing with the Arts.

#### **Additional Departmental Advisers:**

Mr H. Bachmann, Chairman of the South Australian Film Corporation.

Ms V. Hardy, Managing Director.

**Mr MATTHEW:** My question relates to a statement on page 447 of the Program Estimates under issues and trends, to the effect that the establishment of a public affairs unit fulfils a Government commitment to development and promotion of the arts and cultural heritage in South Australia. What is the budget of the new public affairs unit, including salaries, research and publication costs, who has been assigned to the unit, and what are their specific tasks?

**The Hon. Anne Levy:** The overall cost of \$400 000 has been allocated, of which \$250 000 is for salaries and \$150 000 is for other expenditure, including promotions, marketing and so on. I point out that the staff of the unit includes Mr Len Amadio who was previously the Director of the Department for the Arts. He has had new duties relating to arts promotion, cultural tourism and so on since 1 March. One person will be acting as a consultant, and that is included in that salary component, but the other members of the unit will all be reallocated from other duties within the department. Other than a temporary consultant, it is all achieved by reallocation.

I should point out also that the proposed unit was called the Public Affairs Unit at the time the papers were prepared. It is now to be called the Cultural Promotions Unit, a much better description of the proposed activities of the unit. It has not yet been fully set up, but we are in the process of achieving it. The costs that I have indicated are full year costs.

**Mr MATTHEW:** As a supplementary question, my reference in the documents included the statements that there will be a major emphasis on attracting private sector sponsorship and on capturing revenue for the State. What does 'capturing revenue for the State' mean, and how will the private sector be approached, what offices will be involved and how will sponsorship be coordinated?

**The Hon. Anne Levy:** It is a question not of seeking individual sponsors but of promoting sponsorship throughout the corporate sector as a valuable and worthwhile activity for the corporate sector to undertake. There is no suggestion that this unit will in any way cut across the activities of individual organisations who seek out and achieve sponsorship from particular bodies in South Australia. It is a promotion of sponsorship as an idea and an ideal.

The phrase 'capturing resources for the State' relates to the important role of this unit in cultural tourism. Mr Len Amadio is already chairing the Cultural Tourism Committee, which is a joint committee between the Department for the Arts and Cultural Heritage and the Department of Tourism. Tourists bring revenue to the State. Anyone who enters South Australia spends money, be it on accommodation, restaurants, fares, entertainment, cultural activities and so on. Very definitely one of the aims of this cultural promotions unit will be to increase the number of visitors to South Australia who come for cultural reasons and wish to partake of the wide variety of cultural activity available in South Australia. In doing so, they will spend money in this State to the benefit of South Australia.

**Mr FERGUSON:** I refer to the savings of \$2.2 million that have now occurred because of the reorganisation of the Department of Local Government. Is that \$2.2 million made up of salaries, or does it include components other than salaries?

**The Hon. Anne Levy:** Certainly salaries was the major component. It includes also savings in accommodation and a small amount of operating savings.

**Mr FERGUSON:** Were the 384 full-time equivalents, mentioned earlier this afternoon, the normal strength of the Department of Local Government?

**The Hon. Anne Levy:** Yes.

**Mr FERGUSON:** As a supplementary question, is the figure of 307 now the bottom line so far as full-time equivalents are concerned, or will we see further savings in due course?

**The Hon. Anne Levy:** The figure of 307 is the number that went into the new Department for the Arts and Cultural Heritage from the old Department of Local Government. The new department will be looking at making further savings, so there may well be further reductions, but they will be from the new department without necessarily subdividing into those who came from the old Department for the Arts and those who came from the old Department of Local Government.

**Mr FERGUSON:** As a further supplementary question, could this mean that the savings of \$2.2 million will be more in due course?

**The Hon. Anne Levy:** Yes, certainly the savings will be greater. I remind the Committee that the figures at the moment include the Local Government Services Bureau, which is still funded through the Department for the Arts and Cultural Heritage. The bureau is being wound back and will cease to exist as at 30 June next year. The future of its components is still being negotiated with local government, so certainly further savings will be achieved as the bureau winds down. There will be further savings also from the new department.

**Mr FERGUSON:** As a further supplementary question, will the further downward trend in numbers be by attrition or by voluntary separation packages?

**The Hon. Anne Levy:** I am sure that it will be by a combination of voluntary separation packages, attrition and redeployment. I stress that no-one has to take a package: the 'voluntary' is, certainly, voluntary. However, we would expect that all three possible avenues will result in a decrease in numbers.

**Mr FERGUSON:** Were the savings in the voluntary separation packages achieved out of the \$2.2 million or by other savings?

**The Hon. Anne Levy:** By other savings.

**Mr FERGUSON:** So, the \$2.2 million is a clear saving?

**The Hon. Anne Levy:** It is a clear saving from the abolition of the old Department for Local Government and the creation of the new Department of the Arts and Cultural Heritage.

**Mr FERGUSON:** Is the establishment of the asset register being done in conjunction with an asset management program?

**The Hon. Anne Levy:** Asset registers and asset management systems are being considered throughout the department, although it is obvious that full asset management cannot be undertaken until full asset registers have been completed. It is a major job to achieve this, and the department is working towards computerising asset registers as a way of undertaking the task efficiently.

A particular instance that I could quote is an asset register for collections at the Art Gallery and the Museum. This is a very considerable task. The Art Gallery, in particular, has commenced this task using computerisation, and the figures quoted indicate that, so far, it has achieved a register of about 10 per cent of its holdings. It has begun with the oil paintings, which are the most valuable part of the collection, and, while it may be only 10 per cent of the holdings in number, it is over 90 per cent of the holdings in value.

Obviously, therefore, it has begun with the most valuable items.

This year the Museum will receive funding for the purchase of equipment so that its assets can be put on computer rather than on manual storage. The Museum is not quite as advanced as the Art Gallery in this matter. I could point out that the Auditor-General has commented on the desirability of a full asset register for institutions such as the Museum and the Art Gallery. He also commented that he felt this should be given top priority. I can assure members of the Committee that the department is giving this a very high priority, but not such a high priority that we intend closing down these institutions while an asset register is constructed. We feel it important that the public programs continue, but that the asset register will be worked on to the maximum extent possible without affecting the public programs, which I am sure that all members of the Committee would regard as being of the highest priority.

**Mrs KOTZ:** In respect of the new positions that were created in the support services section of the new department, which I assume is now also known as the Corporate Services Division, were the positions advertised within the Public Service or the private sector, or were the officers of the former Department for the Arts encouraged to apply? If not, why not?

**The Hon. Anne Levy:** There were no new positions in the corporate services sector. The new sector consists of people who came from either the old Department for the Arts or the old Department of Local Government. They came with their positions: there were no new positions.

**Mrs KOTZ:** In agreeing to provide the South Australian Film Corporation with a loan of \$2.4 million, the Government endorsed the fourth of five recommendations by consultants KPMG Peat Marwick, namely:

To maintain film production and studio operations but reduce staffing and operating budgets by at least \$300 000 per annum, and rationalise activities.

Did the corporation achieve savings of \$300 000 last financial year and, if so, what specific measures were taken to realise those savings, and what additional savings in both staffing and operational expenses are proposed this financial year?

**The Hon. Anne Levy:** I am not quite sure of the figures at 30 June as opposed to now, but I do know that, at the moment, the Film Corporation has achieved savings of over \$500 000 per year. However, I cannot say what proportion of that was achieved before 30 June. Certainly, savings of over \$500 000 have been achieved on an annual basis by now.

In terms of staffing, it has been reduced from 33 to 22 at the moment, so 11 salaries have been saved. Some of those staff worked on contract, others took voluntary separation packages, and others have been redeployed. It has been indicated to me that, by 30 June, \$173 000 had been saved, but the figure has now risen to \$500 000. I also remind the Committee that the new managing director took up her position only on 27 May this year, only one month before the end of the financial year.

**Mrs KOTZ:** On a point of clarification, do the savings take into account the decision to release Mr Jock Blair from his contract as executive producer, acknowledging that the terms of his release require the corporation to continue to pay the balance of the term of his contract until 11 June 1992?

**The Hon. Anne Levy:** Certainly, Mr Blair, along with other staff members whose contracts are not being renewed, is included in those total savings. We are talking about savings on an annual basis, not necessarily that they have

been fully achieved at the moment. We are talking about a continuing basis.

**Mrs KOTZ:** My second question to the Minister also relates to the Auditor-General's Report and the area of financial projections. Last year the South Australian Film Corporation's operating loss for commercial activities was \$2.2 million, an increase of \$1.6 million. What is the corporation's projected operating income and expenditure and final results for this financial year, including income generated from drama productions?

**The Hon. Anne Levy:** I am informed that the budget for the Film Corporation for this year has not been completely finalised because of the organisational and management changes which are still being made. It is certainly expected that it will be finalised soon and, obviously, the Corporation's income will depend very much on the number of productions which can be undertaken. A film by the name of *Hammers Under The Anvil*, is already in pre-production, and shooting is to start next month or certainly in the very near future. But the income of the corporation will depend on how many other productions can be achieved for the remainder of the financial year. I understand that seven or eight projects are being developed at the moment, but I would also warn members of the Committee that it is quite normal in the film industry for development to be undertaken on many projects, and only a small number of them ever come to fruition. It seems to be characteristic of the industry.

**Mrs KOTZ:** Taking the Minister's answer into consideration, and obviously knowing the difficulties in arranging budgets in which there are so many variables, has the corporation produced financial scenarios for the next three years, as recommended by KPMG Peat Marwick and, if so, what are the ranges of possible operating outcomes?

**The Hon. Anne Levy:** I understand that the corporation has undertaken such projections, and that they have three different scenarios prepared, based on either no productions, or one or two productions per annum on average. Obviously, depending on which assumptions one makes, the results are very different. Perhaps the Chair of the South Australian Film Corporation could elaborate on this.

**Mr Bachmann:** As best as one can judge the future, operating on no productions in the next financial year, we would have a deficit of \$358 000. If we are able to produce one production, we would have a deficit of \$76 000. If we produced two productions, we would have a surplus of \$206 000 for 1992-93.

**Mrs KOTZ:** My last question relates to the Estimates of Payment, page 187, under 'Capital'. Under whose instructions, and under which accounting principle, has the \$2.4 million injection into the Film Corporation been treated as capital, and what identifiable assets have been created as a result of that?

**The Hon. Anne Levy:** It was an advance which was regarded as working capital for the corporation and has been treated as working capital in its accounts. Of course, it is also shown as a liability in the balance sheet—a liability which will be repaid. However, it is non-interest bearing, as it is an injection of working capital.

**Mr McKEE:** I refer to the report of KPMG Peat Marwick, consultants to the Film Corporation, who I understand made a number of recommendations in their report, the details of which were announced in January this year. Can the Minister outline to the Committee how many of these recommendations have been followed through and what costs savings, if any, have been achieved by the new Managing Director?

**The Hon. Anne Levy:** There is a very lengthy list indeed. One recommendation was that the Government was to review the objectives for the film industry and the Film Corporation. I have already referred to the working party which has been established and which will hold its first public hearing in the very near future. Another recommendation was to reduce the operating budget by at least \$300 000 per annum.

As I have already indicated, it has already been reduced by at least \$500 000 per annum. Another recommendation was for the Film Corporation to revise its corporate objectives, and the board of the Film Corporation has agreed on a new statement of purpose and policy objectives. The board was to assess strategies for contracting services from the private sector. I must admit that this recommendation was discussed as to what was actually meant by it. It was felt that with staff pruned to a minimum, it may be necessary from time to time to contract services from the private sector at times of need, and this will certainly be undertaken.

One recommendation was to develop a revised strategic plan, and that is being undertaken within the terms of the statement of purpose and policy objectives. Another recommendation was to create a production development fund, and the Government has certainly agreed to that recommendation and has provided \$200 000 to be treated as a separate production development fund. Another recommendation was to put a ceiling on the production development fund, and, as I have indicated, \$200 000 has been allocated for this purpose.

The next recommendation was for the Government to provide general policy directions for production and development objectives, and I have given general agreement to developing this statement of purpose and policy objectives. Another recommendation was to amend the Act to define 'responsibility of Minister and board'. This is being looked at, but is being considered in the light of general relationships between boards and Ministers across the Government sector. I can assure the honourable member that legislation will come before the Parliament on this matter.

A recommendation was that a wider review be undertaken of the local industry structure and, as I have already said, a working party on the film industry is undertaking that task. There was a recommendation on the computerised assessment of possible financial outcomes, and the Chair has already given some of the results from that scenario. There was the question of the selective scaling-back of activities by \$300 000 in a full year, and I have already indicated that the financial savings that have already been made greatly exceed that recommendation.

There was a recommendation on selling the back catalogue, and a consultant is looking at the cost benefit comparison of either selling or continuing to operate it. This matter is being examined. There was a recommendation on financial restructuring that should be finalised after the scenario analysis, which has recently been completed. Further consideration on financial restructuring will be required as a result of this. There was a recommendation to upgrade the quality of financial analyses, and this has been streamlined with the reports from the Finance and Audit Committee of the corporation.

There was a recommendation of putting no further funds to Portman of Adelaide until this had been reviewed. This has been looked at, and arrangements with Portman have been terminated by mutual agreement. There was a recommendation that a new organisation of the Film Corporation be consolidated, and the new Managing Director has approved a new organisation with different divisions in the staff of the Film Corporation; so, that has certainly been

achieved. There was a further recommendation of shared studio facilities being pursued, and discussions have been held with the ABC on this matter. It does not look as though it is likely that anything will come of that, but discussions are continuing. There was a recommendation on the use of contracted private sector services, which I have already discussed; and amendments to the Act, which, as I said, are in the pipeline.

**The Hon. D.C. WOTTON:** Mr Chairman, as the Minister is referring to this briefing note in considerable detail, would she be prepared to have this document incorporated in *Hansard* and distributed to the Committee?

**The CHAIRMAN:** The Minister can make it available to Committee members if she considers that it will be of some assistance.

**The Hon. Anne Levy:** It is a document from the board of the Film Corporation. I would like the approval of the Chair of the board before undertaking to distribute what is in fact his document.

**The Hon. D.C. WOTTON:** Is the Minister prepared to make it available, with the concurrence of the Chairman of the board?

**The Hon. Anne Levy:** I am very happy to do it with the concurrence of the board. It may be that there are some points that the board would not wish to be published in *Hansard*, in which case perhaps the board can give me an edited version which I would then be happy to circulate. I do not know of anything in it, but as it is not my document I feel reluctant to give a blanket agreement without consulting the owner of the document.

**The Hon. D.C. WOTTON:** As the Minister is sitting next to the Chairman of the board, I wonder whether he can give the Minister approval to distribute the document.

**The Hon. Anne Levy:** I will ask the Chairman of the board to comment.

**Mr Bachmann:** I personally prepared this statement as a mechanism to keep the board informed as to where we were on each of the recommendations of the KPMG Peat Marwick report. It has not been tabled before the board; I intend to do that at the next board meeting. I finished it over the weekend. I thought it would be a useful exercise to crystallise where we are at this point in time for the purposes of this hearing today. So, at this stage it has not been to the board, and it is my document really.

**The CHAIRMAN:** If the Minister could complete her answer and then, sometime after the next board meeting, she might wish to circulate the document to members of this Committee, if the board considers that that is appropriate.

**The Hon. Anne Levy:** I am sure that members realise that the consultant's report is a long one with a great number of recommendations. Perhaps I can be a bit selective here, due to time constraints. There was a recommendation about filling the position of Managing Director. Quite obviously, that recommendation has been carried out, and Valerie Hardy is with us today. There is the question of the role specification of the Managing Director, and that has been looked at. Periodic appraisal of the Managing Director and the specification for the Managing Director position are included in the performance criteria. This was agreed with the new Managing Director. Further, there was a recommendation concerning abolishing the position of solicitor. That has not yet occurred because of the level of work required in preparation of contracts. There was a recommendation to create the position of the Manager of Corporate Services, and that has been achieved. There was a distribution accountant transferred to corporate services, plus administration and finance. There has been a ration-

alisation of accounting staff. The recommendation was to reduce the finance section by one position. In fact, it has been reduced by two positions. There was also a recommendation of more use for independent producers, and the Managing Director has agreed that there will be greater use of independent producers by the Film Corporation.

There was a recommendation that payment by results be a substantial part of contract, and discussions have been held with existing staff, some of whom already had a payment of results portion of their contracts. A recommendation was made that the Managing Director should show strong business leadership to drama, and the specification for the position of Managing Director covered this question. There was a recommendation of a feasibility study on capital upgrading at Hendon to be conducted, and preliminary work has been done on this matter. There was a recommendation to develop a marketing plan for the studio, and discussions have commenced on a marketing strategy for the studio and a new brochure is being produced.

There was a recommendation to redefine the job of Manager of Hendon to include business development and marketing, and the job of Manager of Hendon has been so redefined. There was a recommendation for training the Manager of Hendon in sales and marketing, and he has attended a course in this area. A recommendation was made regarding the sound technician, which is not feasible at the moment. A recommendation was also made regarding multi-skilling the technical staff, and this is being undertaken. There was a recommendation that the number of full-time sound technicians be reduced from three to one, and as at September of this year only one was employed.

There was a recommendation to abolish the Documentary Division, and that was done in March this year. There was a recommendation to develop a business plan on documentary distribution, and discussions are being held with DETAFE. There was a recommendation that staffing drama distribution be reviewed. Some work has been done on this matter, but more needs to be done before it can be finalised. There was a recommendation to reduce staff by from eight to 10 positions; in fact, the staff number has been reduced by 11 positions. There was a recommendation on staff relocation and outplacement plan, and staff relocation of a non-technical nature will now be dealt with through the redeployment policies, with those for technical staff being subject to termination in the normal way as for redundancies.

There was a recommendation to renegotiate contracts for executive producers. Initially, they were unwilling to renegotiate their contracts, but later approaches have resulted in some changes. There was a recommendation to engage staff by contract, and it was observed that all the staff in specialist positions are already engaged by contract. Policies and procedures for recruitment and appointment were to be approved, and the PSA has been advised that all the policies of the GME Act relating to personnel practices will be followed. The merit principle will apply for all specialist positions. There was a recommendation made in relation to preparing job specifications for each person, and that has been done or is in the course of being done. The introduction of performance and appraisal schemes was also recommended. However, this is difficult to implement at the moment due to the current structure of contracts, but it may be achievable at a later date. That is a brief summary of a very large number of recommendations.

**Mrs KOTZ:** Mr Chairman, before continuing I would make the comment that perhaps the Chairman of the board has not realised that when a document as such has been read into *Hansard* it becomes a public document.

**The CHAIRMAN:** I think everyone is aware of that.

**Mr McKEE:** As a former founding secretary of Actors' Equity in this State, I have had some minor involvement in the film industry. I was a supernumerary in one of the State's more successful productions, *Picnic at Hanging Rock*. I understand there was some independent involvement in the making of that film, with I think the McElroy brothers. The KPMG Peat Marwick recommendations suggest that the corporation build bridges with the independent film sector. I note, through program one, that the Government provides funds to the independent sector through Film-South, the Government's film industry advisory committee. Will the Minister outline how links are being formed with the independent sector and how successful any attempts have been?

**The Hon. Anne Levy:** Certainly Film South is working very actively with the independent sector. Two major initiatives have occurred involving the Film Corporation. Ms Hardy has invited local independent producers to rent empty space at Hendon on a deferred rental basis if they wish and, so far, five producers have signed contracts in this regard, and more inquiries still have to be looked at. I am sure this will be of great benefit both to the Film Corporation and to the independent producers. Furthermore, the Film Corporation has entered into two joint venture arrangements with local producers, Film South, is jointly developing one feature film, and development funding is being sought for a children's drama series. These will be joint ventures between independent film producers and the South Australian Film Corporation.

**Mr McKEE:** Still on the Film Corporation, I noted that last financial year the South Australian Film Corporation break-down investment on film production was worth \$553 000. Can the Minister outline some of the more recent productions completed by the Film Corporation and how successful they were?

**The Hon. Anne Levy:** Two immediately spring to mind. They are the film *Golden Fiddles* and the series *Shadows of the Heart*. Both of these have been shown on national television and have won a great deal of acclaim for the Film Corporation. I can add that *Golden Fiddles* had a television rating of 30 when it was shown, which is an extraordinarily high figure and which is something of which the Film Corporation can feel very proud indeed. Furthermore, *Shadows of the Heart* has been nominated for two Australian Film Institute Awards, the winners of which have yet to be announced.

**The Hon. D.C. WOTTON:** I have two further questions on the Film Corporation, but before I do that, I have been rather intrigued when looking at Financial Information Paper No. 5, the Budget and its Impact on Women, where I am interested that, in the departments for which the Minister had the responsibility in 1990-91, 191 females and 98 males were employed. What is the Minister doing about the imbalance in gender?

**The Hon. Anne Levy:** I understand that this imbalance arises primarily in the State Library and sections of the public library. It is a fact that most librarians are female. Certainly, we are equal opportunity employers and I would welcome male librarians, should they apply for any vacant positions, as indeed I am sure the Director of the State Library would welcome them, but the situation is that there are far more female librarians than male librarians. Other sections of the department do not show this imbalance.

**The Hon. D.C. WOTTON:** I would make the point that there are legislative requirements in relation to that matter, of which the Minister would be aware, in regard to equal

opportunity and I would have thought that it was important that the Minister take them into account.

**The Hon. Anne Levy:** I am not responsible for the training of librarians. I may be responsible for their employment and, certainly, we welcome applications from male librarians when positions are vacant in the State Library, but I am not responsible for the training of librarians and I am not in a position to do anything about the imbalance that exists in the profession.

**The Hon. D.C. WOTTON:** The Minister would be aware of the requirements also in regard to affirmative action, and I would have thought that it was appropriate for the Minister to take some action.

**The Hon. Anne Levy:** I do not know what action the honourable member expects me to take when I have no control whatsoever over the training of librarians. When positions are vacant we welcome applications from men in order that the imbalance may be reduced but, if the men do not apply, there is nothing I can do about it, nor am I in a position to increase the number of males who train as librarians. I suggest that the honourable member take up that question with the Minister responsible for Further Education.

**The Hon. D.C. WOTTON:** As a supplementary question, I would make the point again that, if the private sector is required to take into account affirmative action, I would have thought that the Minister would be, in any Government responsibility.

**The Hon. Anne Levy:** I would point out to the honourable member that employment in the public sector is governed by the principle of merit as set out in the GME Act, and that we welcome applications from male librarians whenever positions are vacant, but I am not responsible for the imbalance in the profession, because I am in no way responsible for training and further education in this State.

**The Hon. D.C. WOTTON:** I return to the Film Corporation and to the questions that were being asked by the member for Newland with regard to the \$2.4 million Government loan. On 13 March this year the Minister advised Parliament that safeguards were being devised in regard to the \$2.4 million Government loan. Based on the corporation's loss last financial year, what is the Minister's assessment of the corporation's potential to pay back the loan and, giving that the corporation's accumulated loss at 30 June 1991 was \$5.4 million, while assets amounted to \$485 000, will the Minister advise what safeguards have been devised to ensure that the loans will be repaid and how the safeguards are to be enforced?

**The Hon. Anne Levy:** No arrangements have been made at this stage regarding the repayment of the loan. The first essential ingredient is to make the South Australian Film Corporation into a viable organisation, and I have detailed the vigorous steps that have been taken by the board and the Managing Director to achieve this. We certainly hope that a truly viable and vibrant Film Corporation will result, but not until the financial situation is better established will it be appropriate to undertake any negotiations regarding the repayment of the loan.

**The Hon. D.C. WOTTON:** In accordance with the statement the Minister made, what safeguards have been devised?

**The Hon. Anne Levy:** I do not have in front of me the statement to which the honourable member is referring. Perhaps he could quote it in context or give me the *Hansard* reference.

**The Hon. D.C. WOTTON:** On 13 March this year the Minister advised Parliament that safeguards had been devised in regard to the \$2.4 million Government loan. What are these safeguards and how will they be enforced?

**The Hon. Anne Levy:** I do not have the *Hansard* in front of me. I am not quite sure of the context in which these remarks were made. I suspect also that the honourable member does not have the *Hansard* in front of him, but I can indicate that there is now a Government observer to the board who attends meetings of the board of the Film Corporation, and the Chair of the board and I meet regularly to discuss the progress of the Film Corporation. Since that time there has been a very close and amicable relationship between the Government and the Film Corporation.

**The Hon. D.C. WOTTON:** As a supplementary question, we are talking about a \$2.4 million Government loan, and it was the Minister who referred to the need for safeguards and the fact that they had been devised. I find it unusual that she is not aware of what are those safeguards.

**The Hon. Anne Levy:** I can only repeat: I would like to see the *Hansard* for the full context of the quotation to which the honourable member refers. I suspect that he does not have the *Hansard* in front of him, either. I have already indicated the closer relationships and the safeguard which that provides. On whether anything further is indicated, I would really want to see the *Hansard* and see the context in which he is supposed to be quoting me.

**The Hon. D.C. WOTTON:** The *Hansard* will be obtained while I ask my next question.

**The CHAIRMAN:** To make it easier for the Committee, there is a mechanism to which I drew the attention of both the Minister and the Committee this morning. If there is anything that the Minister wishes to furnish to the Committee, a form is available for the Minister to do so.

**The Hon. Anne Levy:** I should be very happy to check the *Hansard* and provide further information.

**The Hon. D.C. WOTTON:** I refer to page 334 of the Auditor-General's Report as it relates to *Ultraman*. The Auditor-General's note No. 6 forming part of the corporation's financial statements highlights that the State Government has provided \$1.250 million towards the corporation's additional expenditure of \$1.472 million on the production of 13 episodes of the *Ultraman* series. Has the corporation been successful in selling the rights to *Ultraman* within Australia and New Zealand and, if so, what funds have or will be returned to the corporation? Secondly, has the corporation determined whether or not Tsuburaya Productions Company Limited will grant the corporation the right to produce a further *Ultraman* series and, if so, what are the terms and, if not, has the corporation abandoned efforts to secure such a contract?

**The Hon. Anne Levy:** The corporation has submitted an application for a C certificate to the Children's Program Committee of the Australian Broadcasting Tribunal. This matter has not yet been resolved and until the result of this application is known it is unwise to pursue selling *Ultraman* within Australia and New Zealand. Obviously its commercial value will depend considerably on whether or not it achieves a C certificate.

With regard to the second series, the Film Corporation has certainly had discussions with Tsuburaya, but at the moment we are given to understand that Tsuburaya is not considering making a second series in Australia. However, the Managing Director is certainly fostering a relationship with people at Tsuburaya Productions but at this stage we understand that Tsuburaya has decided against making a second series in Australia.

**Mr HOLLOWAY:** I understand that the Government has provided funds to the Film Corporation to establish a project development fund. How does the fund work and how will it help the corporation boost its production activities?

**The Hon. Anne Levy:** As I indicated earlier, the Government has set aside \$200 000 from the funding package as a development fund. This money is to be used for the development of a range of new projects which will broaden the corporation's production and creative base and, as such, will be applied to treatments, rights to property, script development and the engagement of staff. Its other use will be to establish joint ventures both within Australia and internationally. It has been agreed that the Government will receive reports every quarter on the activities of the fund, together with an annual statement. We certainly hope that the establishment of this fund will provide a stimulus to the corporation to enable a number of properties to be produced in the foreseeable future.

**Mr HOLLOWAY:** At page 438, the Program Estimates, state, 'A Heritage Collection Working Group has been established'. Will the Minister give more information on what the working group is expected to achieve?

**The Hon. Anne Levy:** The Heritage Collections Advisory Committee has been set up to prepare a forward plan for the State's heritage collection. It was originally set up involving the North Terrace institutions which were then divisions of the Department for the Arts—that is, the History Trust, the Art Gallery and the Museum. Since the creation of the new department, State Library has been added to this group as it is now part of the new department and has obvious heritage and collecting interests. The committee is chaired by the Chief Executive Officer of the department and regards as its role to advise on policies and strategies relating to collections of movable cultural heritage.

To some extent, this is also occurring at national level, and discussions have been held between collecting institutions in all States regarding development of a national policy. Basically, the idea is to appreciate that not all institutions can collect everything and that specialisation in areas of excellence should be undertaken by some institutions, thus obtaining a rationalisation around the country as well as within the State. There is still a great deal of work to be done in this respect. The committee is still in the early stages of looking at South Australian collections, but we hope that it will be able to progress before very long.

**Mr HOLLOWAY:** It is stated on page 443 of the Program Estimates that exhibitions in centres other than the Museum have increased the accessibility of collection material and information to the community. It is also stated as an objective for the current financial year to extend the outreach exhibition program to displays in other public places. Will the Minister detail those exhibitions and say what is envisaged?

**The Hon. Anne Levy:** An example I can quote immediately is an exhibition called 'Life and Lands: Three Aboriginal Cultures of South Australia', which was prepared by the Museum earlier this year. At this stage, the exhibition has not been shown in Adelaide. It opened at the Northern Cultural Centre in Port Pirie and is now showing in Renmark, and it is planned that it will tour throughout South Australia. It is an excellent exhibition. I had the opportunity of a brief glance at it before it left Adelaide, and I hope that at some stage it will be able to return to Adelaide for exhibition.

The aim is to tour throughout the regions of South Australia exhibitions that previously have been available only in the metropolitan area, so that people in the regions will also be able to appreciate the fine exhibitions that the Museum is able to put on.

**Mr MATTHEW:** I note from page 32 of the Auditor-General's Report that the department runs Artlab Australia, which was formerly the State Conservation Centre which,

in turn, operates commercial programs funded by a \$150 000 advance from the department. According to the Auditor-General's Report, last year Artlab lost \$20 000 on its commercial activities and experienced a net funds deficiency with liabilities exceeding assets by \$73 000. The Auditor-General warns:

... unless sufficient profits can be generated, the programs will be unable to repay the capital advance.

Bearing those comments in mind, what is Artlab's projected profit this year, and is it sufficient to cover past and current repayment commitments on the capital advance?

**The Hon. Anne Levy:** The short answer is that the corporate objectives for Artlab for this current financial year include the repayment of \$50 000 of the capital advance. It is only fair to Artlab to point out that it started the financial year undergoing a great deal of reorganisation. A business management committee was established to help it and to put Artlab on a more commercial footing. While it is true that Artlab made a very small loss this financial year, one needs to look at the trend throughout the year.

There was a considerable loss in the first six months but, by the second six months of the financial year, there was a complete turnaround of \$122 000. This was as a result of the reorganisation that had occurred and as a result of the advice from the business and marketing group that had been set up to help Artlab. With the great improvement in the second half of the year, I have every confidence that Artlab will operate on a very sound footing for the coming financial year. As I say, it does expect to be able to repay \$50 000 of the capital advance in the coming financial year.

**Mr MATTHEW:** As a supplementary question, what are the terms and conditions of that loan repayment?

**The Hon. Anne Levy:** The loan was made available as working capital, so no interest is payable on it. It is expected that it will be repaid over three years.

**Mr MATTHEW:** As a further supplementary, still looking at those recommendations of the Auditor-General, I note that in his final sentence on page 32 he said:

An independent report to Cabinet recommending the future directions of the commercial programs is due to be presented in August 1991.

Has that report been presented to Cabinet and, if so, what directions, if any, have been required as a consequence?

**The Hon. Anne Levy:** I am afraid that the report has been a little late and was, in fact, in my bag last night. I did not have time to read it last night but hope to do so in the very near future, and will report to Cabinet as a result of that. However, I cannot tell you what the report contains.

**Mr MATTHEW:** Perhaps if the Minister had given us a copy beforehand, we could all have read it while all these long answers were being given!

**The Hon. Anne Levy:** I have only one copy.

**Mr MATTHEW:** There is a need for a further supplementary question on this, as I think it quite important. I am concerned that the document has not yet made it to Cabinet, but I note that the Auditor-General stated:

An audit review of the programs revealed the need to update the business plan and upgrade information supplied to management to evaluate financial performance.

When was the original business plan actually prepared; by whom was it prepared; and for what period was it projected over?

**The Hon. Anne Levy:** I am told that a very comprehensive business and marketing plan is part of the report from the business advisory committee, and will be taken to Cabinet in the very near future. However, I am sorry that I have not had an opportunity to look at it. This is the business plan for the future. Of course, an initial business plan was prepared before Artlab ever undertook any commercial

activity, and this first business plan would date back as far as 1987. Of course, it has been revised since then, but Artlab now is taking a more commercial and structured approach to its commercial activities, and I understand that this report contains a very comprehensive business and marketing plan for the future.

**Mr MATTHEW:** Those commercial activities are obviously an important part of Artlab's activities. What was the value of the department's grant last year to Artlab for marketing that commercial program; how was the money spent; and who was engaged in the marketing and promotion of it? Was a particular consultant involved?

**The Hon. Anne Levy:** There was a grant of \$100 000 to establish the consultancy to promote and market the commercial operation. Bowe Marketing Services Pty Ltd were employed for the marketing of Artlab.

**Mr MATTHEW:** My second question also relates to Artlab, because I think there are some important matters to be looked at regarding it. As Artlab is competing with the private sector in terms of its commercial program, are the costs taken by the private sector considered when Artlab tenders or provides quotations for work? I obviously mean things such as FID tax, company tax, sales tax, bank account debits tax, fringe benefit tax, depreciation of plant and equipment, the training guarantee levy, superannuation and redundancy contributions, workers compensation premiums and interest on loans.

**The Hon. Anne Levy:** The Hon. Ms Laidlaw asked me that question in the Council some time ago, and the answer is already in *Hansard*, but I can assure honourable members that the tenders for commercial work take into account all local, State and Federal taxes, if applicable. Depreciation of plant and equipment is covered in Artlab's current price cost structure, and matters such as telephone and power costs are apportioned between the commercial program and institutional work, so it is fully competitive with the private sector. I can further indicate that institutions are not mandated to use Artlab.

**Mr MATTHEW:** Does Artlab charge Government agencies for the cost of work undertaken either in full or in part? Perhaps by way of answer to that question the Minister might like to refer to the 920 items that were treated by Artlab last year and indicate whether that applies across the board.

**The Hon. Anne Levy:** The answer to that is 'No'. At the moment there is no cross-charging, but this is part of the review which is being considered as to whether there should be cross-charging. I am advised that one does need to subdivide into agencies or institutions which are part of the Department for the Arts and Cultural Heritage and those which are not. There is already cross-charging for agencies which are outside the Department for the Arts and Cultural Heritage. The question currently being considered is whether there should be cross-charging for those institutions that are within the same department.

**Mr MATTHEW:** Would you be prepared to provide the Committee with a breakdown of that?

**Mr FERGUSON:** Sir, I cannot hear what is being said on this side of the Chamber.

**The CHAIRMAN:** I am sure that the speeches afterwards will reflect this Committee, because I was winning quite a few friends, but I am losing a few up to now. I point out again that a two way conversation between a Committee member and a Minister is not on.

**Mr MATTHEW:** I apologise, Sir. I wanted to ask the Minister if she could provide a breakdown of those. I appreciate that she would have to take it on notice.



**The Hon. Anne Levy:** I am happy to take it on notice, but I am not sure what you want a breakdown on. If you want a breakdown of those Government agencies for which Artlab is providing work, I am certainly happy to investigate that. However, I point out that all those who are not part of the Department for the Arts and Cultural Heritage are already cross-charged. The question relates to whether there should be cross-charging in relation to those within the department.

**Mr MATTHEW:** My third question refers to page 289 of the Auditor-General's Report and, in particular, his comments about the Jam Factory workshops. The Auditor-General reports that to 30 June 1991 accumulated losses of the city retail shop 'City Style' were \$175 000, an increase of about \$50 000 over the year. I also note that the Auditor-General expresses concern that 'financial information reported on the operations of the city shop . . .' was reported '. . . on a cash basis . . .' rather than a commercial profit and loss position, but that this form of financial information meets the funding requirements of the department. Why has the department refused to advise its requirements for the presentation of financial information on the operation of the Jam Factory's city retail store in order to meet the requirements of the Auditor-General?

**The Hon. Anne Levy:** I should point out to the honourable member that there has not been a refusal on the part of the department to do anything at all. The Auditor-General, prior to the publishing of this report, has never made any comment to officers of the department regarding methods of accounting. As a result of this comment appearing in the Auditor-General's Report, the department will certainly have discussions with the Auditor-General and attempt to accommodate his wishes. There has never been any refusal of anything on the part of the department. We have never been approached on this matter before.

I should also point out that, while the city shop made a loss last year, and certainly this was a greater loss than in the previous year, its projection that it expects the shop to break even this current financial year, does seem to be a turnaround. It has budgeted for a break-even position and as yet, nearly three months into the financial year, it is on target. Whether that will continue for the remainder of the financial year, no-one can forecast. But, as yet, its projections seem to be proving highly reliable.

**Mr MATTHEW:** The Minister's answer is at odds with the Auditor-General's Report which, on page 289, when referring to the Jam Factory workshops, states:

Last year, attention was drawn by audit to the need for detailed financial information to support such commercial activities. A similar concern was again expressed by audit in July 1991 with respect to the financial information reported on the operations of the city shop and the proposed Living Arts Centre shop for 1992. Information was being reported on a cash basis and therefore not reflecting the commercial position (profit/loss) of both shops. In response, the JFW indicated that the financial information was considered to be appropriate for its purpose and met the funding requirements of the Department for the Arts and Cultural Heritage.

The Auditor-General is saying that he has brought this up now on two occasions, but the Minister is telling us that they were not aware of it until they read it in this report. Did the Auditor-General or did he not bring it up on a previous occasion?

**The Hon. Anne Levy:** There is obviously confusion in the mind of the member for Bright. The Auditor-General may well have brought it up with the Jam Factory last year; he has obviously raised it again with the Jam Factory this year; but he did not raise it with any officers of the department prior to it appearing in this year's report. Mr Chair-

man, it has been suggested that I take this question on notice: we will consult the Jam Factory.

**Mr FERGUSON:** I refer to a media statement, entitled 'Arts Fat Cats Steal the Show' put out by Diana Laidlaw MLC, shadow Minister of Transport, on 24 September 1991, which states:

South Australia's arts bureaucracy is bulging at the seams with massive increases in departmental administration costs, salaries and overheads.

During Budget Estimates Committee, shadow Arts Minister, Diana Laidlaw, confirmed the cost of administering the Arts grants program for 1990-91 ballooned by a massive 48 per cent to \$425 585.

Salaries for the program increased by 37 per cent to \$840 000, operating expenses by 68 per cent to \$222 000, and service costs by 80 per cent to \$249 000.

The Minister has allowed these blow-outs to occur at a time when funds to major arts organisations have remained static or been substantially reduced.

Time does not permit me to continue to read the rest of the press release, which is in the same inflammatory and untrue mode. I pose this question to the Minister: is it true that an increased amount of money is being spent on the administration of the Arts Department?

**The Hon. Anne Levy:** I appreciate the question from the honourable member. This media statement was passed to me only a few minutes ago. It is a complete furphy, as I have already indicated only a few minutes ago in response to questions from the member for Heysen. It is a complete misreading. Either the press release was prepared before hearing answers to questions or, alternatively, the answers have been deliberately not taken account of. I have already indicated that there has not been any increase in the administration of Arts programs: there has been a reallocation of certain salaries and costs from one line to another, but there are exactly the same number of people and exactly the same operating costs for administering the Arts programs as applied last year. There has been no burgeoning of the so-called 'arts fat cats' in undertaking this. The only new money which could be in any way counted is in the operating costs where there is new money for setting up a computing system to keep track of Arts grants more readily than is currently done with the manual system.

That is a one-off grant and is the only new money that has been put into that program. The rest is by reallocation from one line to another. It is completely misleading for the shadow Minister to put out such a statement. As I said, either she has put it out without listening to the answer and understanding her mistake or she has deliberately chosen not to listen to the answer and to peddle what is complete misinformation deliberately, knowing it to be false.

**Mr FERGUSON:** The statement made by the Hon. Diana Laidlaw was that artists, performers and general public access to arts programs are being sacrificed to the needs of a swollen bureaucracy—is that statement true?

**The Hon. Anne Levy:** Categorically, no. Not one new person has been put on to the staff of the Arts Division. Not one extra cent has been spent other than the allowance for computing equipment. Indeed, there has not even been an allowance for inflation this year or for award restructuring within the division. Any cost increases resulting from that must be absorbed by the division within its existing resources. The statement is completely inaccurate and, I suggest, it is deliberately misleading on the part of the shadow Minister to put out such an erroneous statement. I hope she will have the grace to either withdraw it or apologise for it.

**Mr FERGUSON:** The capital works budget lists a figure of \$2.86 million allocated to the Living Arts Centre this financial year. Will the Minister indicate whether this proj-

ect is on target and whether it will be completed within budget?

**The Hon. Anne Levy:** It gives me great pleasure to tell the Committee that this project is coming in within budget, according to my latest information. Until a fortnight ago it was coming in completely on time. However, as we all know, there has been a considerable degree of wet weather in the past couple of weeks, which has delayed the project by a few days. I sincerely hope that workers on that project will be able to catch up that time due to the bad weather and complete it as scheduled before Christmas this year. However, I suppose this will depend on what the weather does in the next few weeks and months. Indeed, if there is more rain, it may keep the farmers happy, but it may also delay the project.

It has been officially announced that the development will be known as the Lion Arts Centre. This new name has been chosen by the organisations that will inhabit and work within the centre. It continues in the tradition of the site being the Lion/Fowler site, the original factory. The name ties in with the Lion Theatre, which is already one of the buildings operating on the site. I appreciate that it will take a while for people to get used to the new name, but I think with a little practice we will all do so quite easily.

**Mr FERGUSON:** Will the Minister outline the aims of the local government and arts consultancy project and the councils involved?

**The Hon. Anne Levy:** The councils involved are Prospect, Marion and Port Pirie. The Marion and Port Pirie councils, plus others, submitted proposals to take part in the pilot project. Marion and Port Pirie were selected as councils which had had little involvement with the arts but which were keen to develop their interests. Prospect was chosen as a council with a long history with the arts, and it will be acting in a consultant capacity to the other two councils.

The cost of this project is \$115 000, which has been provided by the Government to the Local Government Association, which will administer this grant throughout the duration of the project with the three councils involved. I am happy to provide further information to the honourable member if he would like more details regarding the project. I know the Chairperson of the supervising committee is a member of his local council, and I am sure she would be delighted to give him further information regarding the project.

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

[Sitting suspended from 6.1 to 7.30 p.m.]

State Services, \$6 972 000  
Minister of State Services, Miscellaneous, \$1 485 000  
Works and Services—State Services Department,  
\$5 353 000

**Chairman:**

The Hon. T.H. Hemmings

**Members:**

Mr M.K. Brindal  
Mr S.G. Evans  
Mr D.M. Ferguson  
Mr P. Holloway  
Mr I.P. Lewis  
Mr C.D.T. McKee

**Witness:**

The Hon. Anne Levy, Minister of State Services.

**Departmental Advisers:**

Mr W. Cossey, Chief Executive Officer, State Services Department.

Mr M. Jones, Director, Corporate Services.

Mr D. Patriarca, Director, State Systems.

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

**The Hon. Anne Levy:** I will provide the Committee with some information to begin with, which will be useful in the estimates for State Services. As members probably know, the department provides a range of services, primarily to South Australian Government agencies. These services include supply, forensic science, printing, transport, information, communications and information technology and clothing manufacture. During last year there was the addition of the management and storage of records, now known as State Records, which was transferred from the now abolished Department of Local Government. State Services is required to recover the costs of its operations from the fees charged for services rendered, except in a few limited cases where services are required in the interests of Government or the community. Community services funding is provided for these items from the State budget.

Nearly all the services that the department provides can be compared directly with alternative suppliers either in-house within Government agencies or in the private sector. However, the department does operate under a commercial financial charter and is required to achieve set targets. This charter commenced in 1988 and targets were achieved in the first two years of operation. In 1990-91, I am again very pleased to say that the financial performance of the department was significantly better than the targets that had been set. Revenue exceeded \$100 million for the first time, and a surplus on operations of over \$3 million was achieved, with the dividend of \$1.532 million declared and paid to State Treasury. The surplus of over \$3 million represents a return on commercial assets of 6 per cent, where the target was 5 per cent, and it also represents a return on subscribed capital of 23.2 per cent, compared with the target of 14 per cent which had been set.

For the current year of 1991-92 a surplus of \$3 million resulting in a dividend of \$1.5 million is forecast. However, there are a number of uncertainties for State Services this year. Although it will continue with its emphasis on meeting the expectations of its customers by providing service based on sound business practices and value for money, most of its customers, being Government agencies, are experiencing budgetary pressures and they will have less money to spend. This will mean that State Services will have to apply the same cost efficiency approaches as are expected of all other Government agencies. In order to achieve the financial results that have been forecast, there must be a reduction of staff throughout State Services. This will be achieved through attrition and voluntary separation packages and through restructuring of the organisation and a review of all the services that have been provided.

There is also the question of the proposed information utility, which certainly provides some uncertainties for State Systems, and we do not know whether with the information utilities State Systems will continue full operations within State Services. It is certainly not beyond possibility that some services and assets will be transferred to the information utility. This is still unknown and, consequently, the budget as presented assumes a full year of normal operation and completely ignores the possible information utility.

It is also likely that the GARG process will have a significant effect on some areas of State Services. A rational-

isation of Government workshops is occurring, and this will probably result in State Fleet taking over responsibility for the maintenance of all the light motor vehicles and therefore an expansion of its operations as other Government workshops wind down. It is also possible that State Fleet will take over the management of a greater number of the light vehicles in Government ownership. If this occurs, the opportunity will be taken to further rationalise the size of the Government fleet. So, taking all these factors into account, the estimated current expenditure for the current financial year is \$120.5 million, of which, I hasten to add, only \$7 million will be funded from Consolidated Account. The estimated capital expenditure is \$21.9 million but, again, only \$5.4 million of this will be funded from Consolidated Account, as the balance will be funded from internally generated sources. I am happy to respond to any questions that members of the Committee may wish to put forward.

**Mr LEWIS:** I note on page 413 of the Auditor-General's Report of last year that the State Clothing Corporation Act is to be repealed, and further I note in the Financial Information Paper No. 1, page 462, that the Government is to repeal the State Clothing Corporation. This did not occur last year. We were told it would occur this year. When will it occur and what will become of the people who presently work for the State Clothing Corporation?

**The Hon. Anne Levy:** The matter of the repeal of the State Clothing Act is certainly under consideration, but at this stage I cannot give any indication when legislation might be brought before the Parliament. However, I would hasten to indicate that repeal of the Act does not in any way suggest the abolition of State Clothing. Since April last year, State Clothing has been much more integrated into the State Services Department. It is operating more or less as a division of State Services while still retaining the board, but this integration has resulted in much greater efficiencies, and State Clothing has benefited from the management practices and the general efficient operation procedures in State Services.

The effect of this has been very marked. In 1988-89 State Clothing had a loss of close on \$500 000, which decreased in 1989-90 to a loss of about \$125 000. In 1990-91 the loss decreased to \$74 000, and that loss as recorded was largely due to a writing down of the assets—that is, they were one-off abnormal write downs on the land, buildings, plant, equipment and stock, resulting in a write down of \$105 000. So, the trading result of State Clothing in fact showed a profit last year of \$21 000, and we certainly expect this improvement in the performance of State Clothing to continue, and attribute it to the greater efficiencies which result from its being integrated much more into the ethos and general procedures of State Services.

**Mr LEWIS:** Supplementary to that question, the Minister did not say (but I think implied) that the employees would all become public servants. She tried to tell us that changing the corporation by repealing the Act and putting the operation inside the department would improve its efficiency, but nothing else would change. That is a bit quaint. I do not see how the esoteric notion of writing it up differently on paper changes anything.

I also note that she claimed that the corporation would have made a profit last year if it had not needed to write down the value of buildings and plant. Well, I suppose it might have. It would have made one hell of a loss if it had not had the Government force the Police Department to pay it that \$334 000 administration fee for looking after the unused stock as shown on page 208 of the Auditor-General's Report, and the \$84 000 that was simply dumped into its

coffers as a grant from the State Government. A bit of honesty will help!

My request is that the Minister tell us what it is about the State Clothing Corporation Act that the Government and the Minister find repugnant and that compels her to pursue this course, which has been on the books now for two years and which has not eventuated, of converting the corporation as a separate commercial entity where it can be identified in the open into some function within the department where it will be less easy to identify its costs and operations as a corporate entity involved in manufacturing. Would the Minister be kind enough to tell us what the State Government's grant to the Clothing Corporation in 30 June 1991 dollars has been for each of the past five years?

**The Hon. Anne Levy:** I object to any insinuation that I am not being honest with the Committee, and wish to register that objection. I am completely honest and open, and will answer all questions to the best of my ability. I resent any implication that I am not doing so or will not continue to do so.

With regard to the questions which the honourable member has asked, I would stress that the different divisions within the Department of State Services are reported on separately. If State Clothing becomes fully integrated into the department, it will be reported on and its accounts presented separately as they are now for the other divisions of State Services, including State Print, State Fleet, State Systems, State Forensic Science and so on. It is not a question of burying it. It will be treated in exactly the same way as all other divisions of the department and reported on separately, as it is now.

The Police Clothing Store was an arrangement by complete agreement between State Services and the Police Department. It was to the advantage of both groups. There was no suggestion that the Police Department was forced in any way to use State Clothing to run its uniform store. It had been running it itself previously, and decided that that was not an efficient way to proceed, but to have it run by somebody else would be of considerable advantage to it. State Clothing agreed to take on this responsibility, and it has been to the financial advantage of both agencies, both State Clothing and the Police Department. There is no suggestion that it was forced on anybody, or that somebody is paying an extra price as a result of this. It was very much a business decision on the part of both parties, and has been to the mutual advantage of both parties.

No retrenchments have occurred with respect to State Clothing. There has been a reduction in staff numbers by attrition, and further reductions may occur, but they will be by attrition, redeployment, etc., the same procedures as are being used throughout the Public Service in reducing numbers. In terms of the actual sums which have been provided to State Clothing over the past five years, \$300 000 was provided in 1989-90 and \$84 000 was provided in 1990-91. I will take on notice the grants from Consolidated Revenue for the three years prior to that, and supply the information at the earliest opportunity.

**Mr LEWIS:** Will the Minister supply us with a detailed budgeted business plan in respect of the operation of the proposed used car yard? If not, why not? What specific taxes to local, State and Federal instrumentalities would this venture have to pay?

**The Hon. Anne Levy:** There is no business plan that I can represent to members of the Committee, because one has not yet been developed. If State Supply does intend to set up a retail outlet, obviously it will prepare a detailed business plan before doing so. Any thoughts on this matter are still very much at a preliminary stage, and discussions

are taking place. State Supply officials have had one meeting so far with the Motor Traders Association (MTA) with regard to this matter, and other meetings and discussions with the MTA are planned. There has been advice and discussion in both directions at these meetings.

I repeat that no decision has yet been made and no business plan will be prepared unless State Supply wishes to continue this matter. If State Supply does feel that the matter is worth pursuing, of course, it would be run as a commercial operation and would comply fully with any legislation or requirements that apply to the private sector. There is no question that it would be otherwise. I should further point out that the size of the operation being considered is very small. State Supply currently disposes of about 4 500 vehicles each year for the Government, of which 3 000 (two-thirds of the total) are bought by dealers. Only 1 500 are being sold to members of the public.

This is all being done by auction. The question arose as to whether State Supply should dispose of some of these vehicles other than by auction, since it has been put to them that some members of the public would like the opportunity of purchasing a Government vehicle but are intimidated by, and do not wish to go and bid at, auctions; they would rather go somewhere where a vehicle was displayed at a fixed price and then decide whether or not to pay that price. It was that consideration which led to the thoughts of a retail sale outlet for Government vehicles.

If State Supply should decide that this issue is worth pursuing, it is proposing to deal with only something like 250 vehicles a year, a tiny drop in the ocean of the second-hand car market in this State. So it would be a very small operation. However, I can assure the Committee that, if it is proceeded with, all normal conditions of warranty will apply, as they do in the private sector.

**Mr LEWIS:** Will the Minister provide a list of commodities that are imported for or by the department? How many sales representatives are on the road actually selling surgical, medical and hospital supplies to hospitals, clinics and practitioners?

**The Hon. Anne Levy:** I presume that the honourable member is asking for a list of imported materials for State Supply that are then available for sale to Government agencies?

**Mr LEWIS:** Yes.

**The Hon. Anne Levy:** I do not have such a list with me, but am happy to obtain one. As I understand it, State Supply has no sales representatives who travel around seeking to make sales. Sales representatives remain at base and take telephone calls, but there are no travelling salesmen as there are with sellers of pharmaceutical products or medical products in the private sector. Certainly, we will check on that fact with State Supply.

**Mr LEWIS:** As a short supplementary question, has the Minister had a request from the Minister of Industry, Trade and Technology who has been advocating 'Buy South Australian' for such a list of things that are imported, so that, if they are not made here, they could be made here, and if they are made here the Government could discover why they are unsatisfactory in the opinion of the department?

**The Hon. Anne Levy:** No representations have been made to us by the Department of Industry, Trade and Technology, but State Supply itself works considerably with the private sector in this State to encourage it to produce items that will fulfil the requirements of agencies in Government. For instance, seminars have been held for the private sector in this State, to give an indication of the forward planning that State Supply is undertaking, and to indicate what types of items will be required further down the track so that our

manufacturers will be aware of what will be required and can, if they wish, prepare to be able to supply them.

A great effort is made to work with the private sector so that it can fulfil the requirements of State Supply. The State Supply Board is currently arranging to conduct a market discovery trade fair, which will be held in conjunction with the Department of Industry, Trade and Technology. This will provide a forum for local industry to discover market opportunities in the public sector that are currently sourced from overseas. This import replacement focus will be the central theme of the proposed trade fair.

**Mr LEWIS:** When will that trade fair take place?

**The Hon. Anne Levy:** That trade fair will occur in the first half of next year, although I do not think that a specific date has yet been set. This is only a continuation of previous initiatives which the State Supply Board has been undertaking, working with the private sector to encourage them to be able to fulfil the requirements of Government agencies.

**Mr HOLLOWAY:** My question almost leads on from the question asked by the member for Murray-Mallee in relation to the policy on buying Australian goods. I have been contacted by the national sales manager of a furniture manufacturer whose head office is in my electorate. This company tendered unsuccessfully in April of this year for an ergonomic office chair contract. The sales manager of the company believes that two of the three successful tenderers were importing part or all of the chairs. I believe that, in one case, a German component was being imported. In another case the manager believes that the chair was manufactured in New Zealand. Can the Minister provide some details on that contract?

**The Hon. Anne Levy:** I am happy to do so. Three contractors have been accepted by State Supply to supply ergonomic chairs, and I am happy to name them: Work Space Commercial Furniture Pty Ltd; Sebel Furniture Limited; and Carlton Office Furniture. In all three cases the chairs are made in Australia, but they all have an imported gas lift from Germany, because there is no suitable such item which can be sourced in Australia.

I should stress that the contractors were chosen after careful selection by a committee which included an ergonomist—a specialist in ergonomics—and, in each case, the chairs had to satisfy the technical requirements of an ergonomic chair. But, having done so, the chairs chosen were the best value for money. There may have been cheaper chairs which did not pass the ergonomic test but, amongst those that were ergonomically satisfactory, the cheapest ones were chosen, and they were these three Australian-made chairs, with the exception of one imported part.

**Mr HOLLOWAY:** According to the furniture manufacturer, one of the chairs was, I think, a Zaf chair. Was that one of the chairs in the contract and, if so, can the officers assure us that it was not made in New Zealand?

**The Hon. Anne Levy:** We will have to check that. I only have the names of the manufacturers, not of the particular chairs.

**Mr HOLLOWAY:** As a supplementary question to that, if there were local manufacturers that were cheaper but missed out on technical grounds, will the department contact them about its requirements in that area?

**The Hon. Anne Levy:** If the manufacturers care to contact State Supply, I am sure that they would be more than happy to have discussions with them. There is no inhibition on any members of industry contacting State Supply. They are always very keen to do what they can to assist local manufacturers.

**Mr HOLLOWAY:** I assume that they were actually local manufacturers who were cheaper but who were ruled out on ergonomic grounds?

**The Hon. Anne Levy:** I would need to check that. I am talking in general principles. In ordering anything, State Supply has certain basic standards which must be met, and they will always go for the best value for money, provided that these standards are met. But, if the standards are not achieved, the particular items are not considered.

**Mr HOLLOWAY:** In relation to State Forensic Science, I understand that it recently gained third party accreditation for its quality standards. Can the Minister indicate the significance of this accreditation?

**The Hon. Anne Levy:** Members of the Committee may recall that, in recent years, there has been something of a cloud over forensic science in Australia (I am referring not to our own department but to forensic science in general) which probably arose as a result of questions which were raised in the Splatt Royal Commission and, particularly, the Chamberlain Royal Commission. However, State Forensic Science has changed completely since those days, with new direction, new management, new systems, and a completely different ethos and restructuring.

I think that State Forensic Science currently has an extremely high reputation. Certainly, it has been contracted by the Australian Federal Police to do work for it, and it receives requests from interstate. It has a very enviable reputation throughout Australia and, indeed, in some places overseas for the standards of its forensic work.

One of the things which State Forensic Science has achieved, and of which I think they can be extremely proud, is that they have won accreditation from the American Society of Crime Laboratory Directors. This organisation accredits forensic science laboratories as being of a high standard, and before doing this they conduct a very thorough investigation. When they came to Adelaide they interviewed pretty well everyone on the staff of State Forensic Science to ensure that their standards were sufficient to meet the high standards of the American organisation.

The Adelaide laboratory is the first one outside the United States which this organisation has accredited. They have accredited no other non-American laboratory as being of the high standard which they expect of accredited forensic science laboratories. It has involved a great deal of work and a very strong team effort on the part of everyone in State Forensic Science to have achieved this standard, and I for one feel that they should all be congratulated on this achievement.

**Mr HOLLOWAY:** As a supplementary question to that, as the Minister said, the accreditation has improved the standing of State Forensic Science. Is that one of the reasons why it exceeded its income target in the past financial year?

**The Hon. Anne Levy:** Probably not directly, but certainly the productivity of State Forensic Science has risen markedly in the past 12 months and this, again, is due to a great deal of hard work, team effort and extremely high morale in State Forensic Science. Again, I think that they should be congratulated on their effort. They are doing wonderful work and pioneering work in many areas, including DNA research, which is being picked up by overseas forensic science laboratories, including a London laboratory. This has added to its income because it has been acting as a consultancy to forensic science laboratories elsewhere in Australia and the world, and has been receiving payment for the work it is doing and the skills it is transferring to other forensic science laboratories.

**Mr HOLLOWAY:** Page 459 of the Program Estimates states:

The major achievements during 1990-91 were: turnaround times improved to the point where 58 per cent of the 10 major case groups are completed within 42 days.

Can the Minister be specific on the performance of State Forensic Science in relation to sexual assault cases?

**The Hon. Anne Levy:** It is true that most of the work that State Forensic Science does is fairly sensitive in one way or another. There are two overriding demands of all the customers of State Forensic Science: they want the work done to be completed fault-free, in other words, to be 100 per cent reliable, and they want it done as quickly as possible. One might feel that these are incompatible requests, but State Forensic Science does its utmost to achieve both requirements. The most sensitive area relates to sexual assaults. State Forensic Science examines the samples that are taken during the medical examination of a victim and any other exhibits that may be taken by officers at the scene of the crime. The results of the tests, which do need to be obtained rapidly, are used not only by the police in their investigations and perhaps at trial but also by the counselling staff who specialise in the sexual assaults area and who deal with the victims of sexual assaults.

It is true that in the past year there has been a great improvement in the performance of staff dealing with this area. The number of cases they received fell by 7 per cent. In the previous year there were 242 cases, and last year there were 226 cases. However, the number of cases completed rose by 74 per cent, from 202 the previous year to 351, which is an enormous increase in productivity. State Forensic Science uses as a measure of its efficiency the proportion of cases that are completed within 42 days. In the past this figure was as low as 18 per cent, but last year it rose to 36 per cent—a doubling of the proportion of cases that were completed in 42 days.

There is still room for improvement, but this doubling of efficiency is a remarkable achievement. I should point out that it was achieved with no increase in staff numbers. So, it is a genuine increase in productivity on the part of the staff. One cannot select a single individual who is responsible for this incredible increase; it really is a team effort in which everyone from the Manager to the clerical staff have played a very important part. I commend them for their achievements in this area.

**Mr BRINDAL:** I refer to page 449 of the Program Estimates. I note that the size of the VIP fleet is the same as in previous years; that in 1990-91 the full-time equivalents were 26.5 but the actual number employed was 26; and that the budgeted figure for capital expenditure was \$530 000, but blew out to \$605 000—a blow-out in budget of 14 per cent. I view this as a very serious matter. As every member of this Committee would know, drivers are trained professional people, so their expertise at driving is not in question. The Minister's department knows that vehicles in the fleet should be changed at 50 000 kilometres, so it should be possible, almost to the week, to estimate when those vehicles should be changed. I also note that in the last year vehicle prices fell dramatically, and that the Government gets a subsidised price. How was it that there was a dramatic 14 per cent blow-out in that budget—\$75 000 in cash—when it is one area of the budget that the Government should be able to estimate almost down to the last dollar, provide that service and bring it in on budget?

**The Hon. Anne Levy:** Despite the confidence of the honourable member, it is not always possible to predict exactly when a vehicle will reach the 50 000 kilometre limit. While one can strike an average, the use of vehicles varies according to the number of country trips that Ministers or other users may have to make, and this cannot be predicted with complete accuracy. I can assure members that the main

reason for the change was the fact that a vehicle had to be purchased for the Agent-General in London. This had not been budgeted for because a replacement vehicle for the Agent-General had not been expected. This was an unforeseen expenditure that State Fleet had to accept in the circumstances.

**Mr BRINDAL:** I can understand that it would be difficult to buy a vehicle in London at an attractive price. What sort of vehicle was purchased?

**The Hon. Anne Levy:** I do not know. I do know that it cost the Australian equivalent of \$45 000, but I am not aware of the requirements of the Agent-General in London. We will find that out from State Fleet.

**Mr BRINDAL:** I think it is a very good progression that the Government fleet is more and more taking over the provision of light vehicles. I presume that departments still pay out of their own budgets for non-government plated vehicles for their senior executive officers, and I presume that some vehicles are on long-term lease to departments. How much revenue did the Government car pool receive with respect to the provision of vehicles for senior executive officers? What is the average cost of private-plated and blue-plated vehicles, including repairs, maintenance and fuel for a year? How many blue-plated and private-plated vehicles are presently in the Government fleet? What fringe benefits tax, if any, is paid to the Commonwealth? What cash contribution, if any, is paid by each public servant with respect to private-plated vehicles? I note the following comment at page 456 of the Program Estimates:

A campaign to improve fuel usage, ensure clients secure the vehicle after hours and only use Government vehicles on official business has commenced.

The department is to be commended for that. In relation to those people who have vehicles as part of their employment contract—and I know that is a valid part of their employment contract—it is important that we as a Parliament understand what those conditions are, how much those vehicles are costing and what is being met. Will the Minister take that question on notice?

**The Hon. Anne Levy:** Certainly, I will do that, as I do not have those figures available. Does the honourable member request the information in relation to private-plated cars used by CEOs or for all people in Government service who have private-plated cars? While all CEOs are eligible for a private-plated car, there are other Government employees who are also entitled to a private-plated car. Does the honourable member want the information specifically for CEOs or for all private plated cars?

**Mr BRINDAL:** I would like a more complete answer if possible. From memory there are about eight private-plated vehicles in the Education Department, and I do not know how many are supplied by the State Services Department or how many it purchases. However, I am referring to all of them; I do not think we should single out just the CEOs.

**The Hon. Anne Levy:** Individuals with private-plated cars do make payments. I think they pay \$500 or \$700, according to the type of car that they have. This is the same as applies in the Commonwealth Public Service. That payment is made not to State Fleet but direct to Treasury, so we have no records relating to that. We can give information only for the privately-plated cars that are leased from State Fleet: we do not have access to any of those bought by the agencies themselves for their officers.

There still are agencies that do not lease vehicles from State Fleet but purchase their own. In some cases, this would be due to the agency's location. Sometimes in country areas it is simpler for the agency to buy its own vehicle. This practice can also apply to special requirement vehicles. For example, the South Australian Museum has a vehicle which

is fitted out as a travelling laboratory. That is not the sort of vehicle that is readily available to be leased from State Fleet. It works out better for the museum to purchase and own such a vehicle itself. Apart from specialised vehicles, there are some agencies that still prefer to buy their own vehicles through State Supply. Those agencies are not mandated to buy them through State Supply, but I am sure all those who purchase their own vehicles do so.

**Mr BRINDAL:** Through the State Supply line, is the Minister able to provide a list of vehicles that were purchased in the past 12 months by other Government departments?

**The Hon. Anne Levy:** I will make inquiries from State Supply. However, it has been suggested that it may not be possible to get that information because agencies may purchase vehicles direct—using a State Supply contract, but not through State Supply, so that State Supply would have no information regarding such purchases. I suspect that is probably the case in most such situations.

**Mr BRINDAL:** I am concerned at the suggestion that the Government may establish a secondhand dealership in cars, although I am heartened by the Minister's early response that all conditions of warranty and conditions under the law will be complied with. The reason for my concern is twofold. First, I note from the Auditor-General's Report that there was a loss of \$441 000 on the current method of sale of motor vehicles, which I believe the Minister said was by auction. If we are already losing by the auction method, can we, by setting up a used-car yard, employing staff, having warranties and so on, turn that into a profit? Secondly, State Fleet is, as much as possible, moving from the ownership of vehicles to the leasing of vehicles direct from the manufacturers. I refer to the following reference under '1991-92 Specific Targets/Objectives' (page 456 of the Program Estimates):

... Increase the percentage of fleet vehicles leased from manufacturers, etc., whilst maintaining a capital reserve if leasing subsequently becomes uneconomic.

Taking into account that we have a diminishing vehicle fleet owned by the Government with therefore fewer cars available for sale and that in the past financial year, despite the discount which the Government gets and exemption from sales tax, we still lost \$500 000, how does the Government believe it might be possible to run a secondhand car operation for a profit?

**The Hon. Anne Levy:** The question raised by the honourable member in relation to how profitable a retail business could be is precisely the question that State Supply is looking at. State Supply would not consider undertaking such a venture unless it could be shown that it was going to be profitable. Many factors need to be looked at, and that is precisely what State Supply is doing at the moment. It will make no decisions until it is completely satisfied on those points.

**Mr Cossey:** The trend in the prices being fetched for Government vehicles at auction over the past couple of years has been that, whereas several years ago vehicles were sold at a greater price than was originally paid for them, that trend has been downwards. A couple of years ago we broke even but, over the past 12 months or so, vehicles have been bringing consistently lower prices at auction than they were purchased for. That explains that amount to which the honourable member referred. In relation to the proposal to lease vehicles, some are certainly available to be leased right now, to provide an economic advantage to the Government. Our estimates, however, are that that would apply only to a maximum of about 20 per cent of

the fleet, so it appears that the prices available for leasing of some vehicles represent an advantage.

**Mr BRINDAL:** What sort of vehicles are they?

**Mr Cossey:** I think they are in the smaller range.

**Mr BRINDAL:** Sedans?

**Mr Cossey:** Yes. So, for certain vehicles, leasing does appear to be more attractive at the moment. That is not normally the case; it appears to be associated with the current economic situation but, in any event, we do not see the majority of the fleet transferring over to leasing.

**The CHAIRMAN:** I remind the member for Hayward that all questions are to be directed through the Chair and all questions are to be directed to the Minister, not the advisers.

**Mr FERGUSON:** Will the Minister give some details concerning the loss of \$501 000 incurred by State Print for the year 1990-91?

**The Hon. Anne Levy:** It is true that State Print incurred a loss on operations of \$491 000 in the past year and, after adjustment for all abnormal items, the end of the year result was \$500 000 deficit. However, if we consider that State Print is operating what is in fact a \$26 million business in an extremely depressed and extremely volatile market, the result is really quite satisfactory. The loss was due not to an increase in expenses but to a considerable drop in sales, which is being experienced throughout the printing industry, throughout Australia.

The management at State Print was able to hold expenses to those of the previous year, and the drop in sales could be attributed primarily to pressures associated with price cutting across the whole industry. Margins in the whole of the printing industry were generally 15 per cent below those of the previous year and, across Australia, the industry margin was 4 per cent pre-tax—a smaller margin than one would have encountered for many, many years.

Some unplanned items of expense were incurred by State Print during the year. These included payments of \$180 000 for voluntary early retirements, and \$84 000 had to be found for maintenance to the building at Netley, and also some relocation costs were incurred when staff were relocated from the first floor to the ground floor. That may sound a trivial matter, but it resulted from a management decision which is expected to achieve significant savings in future years but which did involve these relocation costs, not just for staff but also for equipment. Obviously, it costs more to move equipment and set it up again.

While the deficit for the year is disappointing, compared with the printing industry in general, State Print's financial performance was really quite good for the year. The industry as a whole was cutting prices to compete. Numerous businesses have gone out of business and others have suffered very large losses, but State Print acted responsibly and avoided a price war with industry, which would have had other further deleterious effects on the rest of the industry. I should point out that, although there was this deficit, State Print did not require any cash support from the Government. It traded on its reserves as a part of State Services, so it is still a viable concern, and we hope it will turn the corner and show better results next year.

**Mr FERGUSON:** Supplementary to that, how many people took early retirement and what were their classifications?

**The Hon. Anne Levy:** I do not have that information with me, but we can certainly obtain it.

**Mr FERGUSON:** I understand that the typesetting computer at State Print would now be more than seven or eight years old. What are the plans to replace that very large capital item? Is anything on the horizon as far as that is concerned?

**The Hon. Anne Levy:** A lot of equipment at State Print is much more than seven years old; some of it is approaching 17 years old, and there is certainly a need for upgrading and computerisation of equipment there. It is planned to spend about \$600 000 as a one-off expenditure in this financial year, to obtain the most modern hardware and print industry specific software for State Print so that it will be able to modernise during this financial year.

**Mr FERGUSON:** Where will that be spent—in composing, the bindery, the machine shop?

**The Hon. Anne Levy:** It is proposed that about \$350 000 will be spent on printing equipment, about \$100 000 in the provision of an instantgraphics service, about \$50 000 in the provision of a mailing and distribution service, and there will be expenditure on general program support, which is the overall management of State Print. That is all the information I have available, but I can certainly ask State Print if it can provide more detail for the honourable member.

**Mr FERGUSON:** I would be pleased to receive that in due course. Will there be any further rationalisation at State Print?

**The Hon. Anne Levy:** It is certainly expected that there will be a continuing reduction at State Print, but I stress that there will be no retrenchments. Any reductions will be by either voluntary separation packages, retirements, redeployment or general attrition—people who leave not being replaced. I understand that about 40 people at State Print have indicated an interest in a voluntary separation package. That does not mean that all 40 will take a voluntary separation package, but they have expressed interest in pursuing the matter.

**Mr FERGUSON:** With respect to State Clothing, the Government established the State Clothing Corporation in 1977 to manufacture, supply and deliver clothing, linen and other textile goods required by Government departments and agencies. It was located in Whyalla to provide employment, particularly for women, in a disadvantaged area and to contribute to regional development. Will the Minister outline the performance of the corporation over the past 12 months?

**The Hon. Anne Levy:** I have indicated part of the success of State Clothing in the previous response, but the story of State Clothing certainly demonstrates what can be achieved even in the current depressed economic environment. Certainly there have been periods when financial performance has been of great concern, but there was a marked improvement in 1989-90 which can be attributed directly to the appointment of an interim General Manager who was given the specific task of improving performance.

As I indicated, in April 1990 control of the corporation was transferred to the State Services Department, and a new board was appointed. Under the current board, and with management support from State Services, many changes have been made which have resulted in further improvements in the performance. It now operates under a revised charter. There has been rationalisation of its product range, and the work load and product balance is improving. At the same time, quality standards have risen markedly and levels of customer service have greatly improved.

As has been indicated, 12 months ago State Clothing assumed responsibility for the Police Department's uniform store at the request of the Police Department, and this benefits State Clothing in achieving cost efficiencies through the shared use of administrative and other support facilities. In April this year, a new manager with considerable experience in the clothing industry was appointed, and he is developing further strategies to improve performance even

further. The State Clothing board has predicted that the business in Whyalla, not counting the police uniform store, should return to profitability within the next two to three years. I certainly hope this can be achieved. A great deal of credit for this turnaround should be given to all the staff of State Clothing who have worked very hard in difficult circumstances to achieve this result.

**Mr LEWIS:** I was astonished to hear the sexist remark made by the member for Henley Beach. I do not know where he gets it, but he treated the Committee to his subjective view of what the clothing factory is for and whom it is intended to give employment to when he told us that the location in Whyalla was specifically to give jobs to women. Perhaps I should put on the record that I was using a sewing machine and knitting before I went to primary school, and it is quite improper to suggest that the only people who would benefit from the opening of a clothing factory would be seamstresses.

Will the Minister give more detail about the decision made recently by the board to provide a significant trade-in offer to purchase program to secondhand car dealers, and say when that system is to be introduced?

**The Hon. Anne Levy:** All the statistics show that a very large majority of employees in the clothing trades industry are female. That is a statistical fact. I am not arguing whether it should or should not be: I am merely stating that it is a fact that the vast majority of employees in the clothing industry, not just in State Clothing but throughout the clothing industry from one end of Australia to the other, happen to be female.

With regard to the question of trade-ins, State Supply has discussed this with the Motor Trade Association (MTA) and has started introducing the trade-in scheme on a pilot basis to see how it works and whether it is cost effective from State Supply's point of view. The MTA is most enthusiastic about this scheme, and the trade-ins will be both to new car dealers and used car dealers. If the scheme proves successful, possibly up to half the fleet could eventually be traded in in this way. I stress that the MTA is very supportive of this pilot program and hopes that it will prove successful and be able to be extended, as the MTA feels that it is very much to its benefit if it also proves to be of benefit to State Supply.

**Mr LEWIS:** Supplementary to that, the Minister in her response said that it had been discussed with members of the MTA. When was it discussed, and how does the system work?

**The Hon. Anne Levy:** It was discussed in great detail at a meeting about a fortnight ago. Whether there had been preliminary discussions with the MTA prior to that occasion, I do not know, but I can ask the State Supply Board whether or not it had occurred previously.

**Mr LEWIS:** As a supplementary question, did the proposal come from the trade or from the Minister?

**The Hon. Anne Levy:** It was an initiative of State Supply, which thought that it may be a way of increasing the value of the vehicles, and so be of benefit to State Supply in terms of the returns which it achieves on behalf of the taxpayer. Certainly, the MTA, which has endorsed this most enthusiastically, is giving it its wholehearted support and is expressing its appreciation of the suggestion. I stress that it is only being piloted at the moment, to see how it works.

**Mr LEWIS:** The Minister still has not explained how that scheme works.

**The Hon. Anne Levy:** A trade-in.

**Mr LEWIS:** Who is trading in?

**The Hon. Anne Levy:** State Supply will be trading in a vehicle and obtaining a new one in exchange, instead of

disposing of a vehicle through an auction and purchasing a completely new vehicle. It is just a trade-in, as many private individuals do if they want to get rid of one car and buy another. They use the old car as a trade-in for a new one.

**Mr LEWIS:** I want to understand this system, because it is new. It is not in the program, but the Minister alluded to it. I asked about it, so now it is on the table. We know that it is about to be considered: I am most anxious that the Committee, on behalf of the Assembly, should understand this scheme.

Is the Minister telling us that the dealer from whom the department proposes to buy the car will simply be given the opportunity of quoting on the trade-in, so that there will be no competitive tendering involved: the dealer will get front running on the changeover price? Instead of a vehicle being offered to a number of dealers to give an indication of the changeover price, we are now going to one dealer.

**The Hon. Anne Levy:** No, there can still be competitive tendering.

**Mr LEWIS:** You said that there can be, but will there be? What are the details of how this scheme will work?

**The Hon. Anne Levy:** Perhaps Mr Cossey can supply the fine details.

**Mr Cossey:** As the Minister said, the scheme is being piloted. The intention is to select those vehicles which are ready for disposal and which look as though they represent the best possibility for high value from a trade-in point of view; to have a list of dealers who have registered interest in being part of a trade-in scheme with the Government; to invite those dealers to inspect the vehicles preselected at an appropriate time: and then for them to put in a sealed bid for the price at which they will trade in that vehicle for a new vehicle. So, it is primarily a scheme for new car dealers who also have used car outlets, rather than a scheme for used car dealers, although if used car dealers wish to take advantage of the scheme by simply putting in a bid for cash, some consideration is being given to that as an option in the light of discussions that we have had with the MTA, which has felt that used car dealers may not have quite the same opportunity as would new car dealers under that arrangement.

**Mr LEWIS:** We have tried to graft something of an auction system onto a swap with a payment on the difference. Mr Chairman, I really want to understand that because, as it now stands, the public knows and can see what goes on. The Government calls tenders for particular descriptions of vehicles, and the people in the marketplace with those vehicles who wish to offer them to the Government sell them or offer to sell them at fixed prices for each description. The Government selects one of those prospective suppliers, and that is open to audit scrutiny and the public knows. On the other hand, when our fleet surplus to our needs is no longer required, on occasions we advertise auctions, and anyone can go to those auctions to bid for one of those vehicles. That is a completely free market. But, if I am not mistaken, this scheme will restrict the bidders in number to those dealers who are actually registered.

I have every sympathy with the dealers' interests, and the simplicity which the department may claim could accrue from this, but my anxiety is that there would be grave risk of collusion between five or six of the people working for the dealers simply to say, 'Well, you have those three; I will have those,' and that is it. They decide on the price, put it in an envelope for the switchover, and the public purse loses. There is not an open process involved, and there is the risk of a cartel being established.



I am not ordinarily a suspicious minded person but, nonetheless, I want the Minister to explain to us how we can avoid that happening in the system that she is contemplating introducing so that we, in this Committee, can reassure the House of Assembly and, indeed, all the people of South Australia that their interest is secure.

**The Hon. Anne Levy:** If the tenders are not judged to be satisfactory, the car will not be traded in but will be sold at auction. There will be no obligation on State Supply to accept a tender if they feel that they can do better by going to auction, although I would point out that, when cars go to auction—as most of them do at the moment—over two-thirds of them are purchased by dealers. Therefore, the open market system will still apply. Tenders will obviously reflect market conditions, and if, from its auction experience, State Supply (and there is no suggestion that the auction system would be abolished) feels that it can do better by going to auction, it will do so, regardless of what tenders are put in through the sealed envelopes.

**Mr LEWIS:** I will leave that subject now. My fears are not exactly allayed, but I will leave it and turn to the second matter that I wish the Minister to help us with. I see that it is proposed to engage in yet another Government enterprise. I am not sure what the gist of this will be, but on page 456 we see that we will 'develop an effective, total courier service in Government to cover regular movement of correspondence with productivity and cost competitiveness similar to the private sector'. I would have thought that it would be better to simply hire a few blokes on mountain bikes in their short-sleeved wetsuits to buzz the stuff around the city blocks if documents need to be transferred in that way.

In this day and age with fax machines, and so on, why on earth do we need this kind of courier service? Why do we not simply use what is already being provided by Australia Post and other agencies around the city and the State to shift our documents? Can we be sure that the ultimate cost per item being carried will be cheaper to the taxpayer than it would if we simply shopped around for the type of jobs we wanted done and got the best bid, as other people do?

**The Hon. Anne Levy:** I think many Government agencies currently make as much use as possible of fax machines, but there is still a considerable amount of matter which needs to be physically moved from one place to another. I am sure that Government agencies do not spend any money which they do not need to spend, given the financial exigencies at the moment. I stress the point that courier services operate at the moment, and many Government agencies either have their own courier service or employ private courier services for their needs.

State Services is considering establishing an integrated courier service which could save agencies money, in that there would be one courier service to service all agencies. When I say this, it does not necessarily mean that all courier service delivery people will be Government employees. It may well be that a State Courier Service would employ private courier services for a large part of their work. We are considering integrating the courier services right across Government with the aim of achieving efficiencies and not having a multiplication of courier services, as tends to occur now.

Large agencies in particular tend to have their own arrangements for a courier service, either their own employees or a contract with a private courier service. What is being looked at is what savings could be made by integrating this across Government, again using a mixture of Government employees and private courier services.

**Mr LEWIS:** I refer to page 455 of the Program Estimates. A matter dear to my heart since primary school has been the State's archives. What records of State Archives are currently stored in warehousing premises, other than in those premises on North Terrace? In what buildings and locations are they stored? In what types of packages are these documents stored? What is the rental of this warehousing that is undertaken by the department on behalf of State Archives? Will the Minister assure the Committee that none of these records are at risk from damage—

**Mr BRINDAL:** Mice.

**Mr LEWIS:** My goodness, if it is mice, I would be terrified! I am anxious to know whether some of these very valuable documents of our State's heritage—things that have been done and duly recorded in the past—are at risk from insect damage of one kind or another or mould and bacterial damage. What rent are we paying for the storage of these documents? Will the Minister assure the Committee that none of the goods so stored are at risk of damage?

**The Hon. Anne Levy:** I hope that I can reassure the honourable member in relation to the records of the State that are stored by State Records. Some Government agencies are still storing their own records, although the new State Records is trying to encourage proper record management and storage by all Government agencies. State Records is the old Public Records Office, which was in the Department of Local Government and which, when that department was abolished, was transferred to State Services and now has the title State Records.

State records are kept predominantly in a purpose-built building at Gepps Cross. It is a large building, one-half of which is owned by the State Government for State Records storage, the other half of which is owned by the Commonwealth Government for Commonwealth Government document storage under the auspices of Commonwealth Archives. Records are certainly stored there in proper conditions and there is proper record management. I would be happy to arrange for the honourable member to visit the storage depot at Gepps Cross if he would like to do that; I can assure him of a very reassuring and most interesting couple of hours.

I stress that there are Government agencies that still maintain a lot of their own records, and perhaps these records are being stored under non-professional and poor conditions. I do not want to imply that other agencies do not know how to store records, but it is possible that they are not being stored under the best conditions. Certainly, State Records has been having seminars, training sessions and so on about proper records management with all Government agencies, encouraging them to commit their records to proper storage with State Records. It can be to the economic advantage of various agencies to do so because they will then require less space in expensive CBD offices. It is obviously much cheaper to store records at Gepps Cross than in the heart of the city of Adelaide, because the cost of land is very much less. It can result either in extra space being available for agencies or their requiring less space, with lower rental costs, in the CBD.

**Mr LEWIS:** I thank the Minister for her offer to allow me to look at those facilities at Gepps Cross. However, she said that most records are stored there. They are not the ones I am worrying about; I am worrying about the ones that I am told have been left around different places in the central business district, in basements and in inappropriate containers, records which are simply not yet collected and in which there does not seem to be much interest as regards getting on with the job of securing them. There may even have been some loss due to where they have been placed.

Will the Minister give the Committee an assurance that she will ferret out where those records are and what the rental costs are, and establish whether or not it is appropriate to continue leaving them in those buildings (locations) at present? Will the Minister let the Committee know what has been spent on rent paid for space other than for the records that are out at Gepps Cross?

**The Hon. Anne Levy:** I do not wish to be unhelpful but I have no control over what agencies do with their records.

**Mr LEWIS:** Not other departments—this one.

**The Hon. Anne Levy:** I can assure the honourable member that in the Department of State Services all the records are properly maintained and looked after by State Records. We do not have things lying around in basements susceptible to mice. Other agencies may well do that, and I have no authority to tell them what to do with their records. The State Records Management Consultancy, which the new State Records has established, is busy proselytising all Government agencies about the proper care of records and the disposal of surplus copies of material (there is no point in keeping 25 copies of something).

This consultancy is having an effect in jogging other agencies into realising the importance of their records. Numerous agencies are undertaking the proper management of their records and are depositing them in the Gepps Cross repository, but not all agencies have done so yet. However, I have great faith in the persuasive powers of the Director of State Records and I am sure that he will, before much longer, have convinced all Government agencies of the necessity for proper records management.

**Mr McKEE:** I recall that State Supply made a small loss last year but has now turned a profit this year. Will the Minister explain how State Supply managed this outcome during these difficult times?

**The Hon. Anne Levy:** State Supply, along with State Forensic Science, has a great deal to be proud of in the current year. A large measure of the success is due to the dedicated effort of everyone at State Supply. Their management has introduced an innovative customer service approach, with customer-first teams being established. This has altered the environment considerably. The teamwork is evident throughout the depots of State Supply. There is also an improved financial reporting system. Last year, as members may recall, there was discussion about the computerised central distribution system that had been introduced. There were some teething problems with that system initially, but these have been overcome completely and have certainly borne positive results for State Supply.

A more commercial approach has been adopted with the development of a fully professional marketing program. This means that there is a much better understanding of the needs of the customers of State Supply by the State Supply people themselves. Such an improved relationship has paid dividends. There has been a thorough review of the organisation. Any unnecessary expenditure has been eliminated, and savings have been made in that regard. Again, that has been a very commendable effort on the part of everyone in State Supply. They have extended the range of items that are stocked in the warehouses and prices have been kept at a highly competitive level. The contribution margins have been increased by lowering the overhead costs and by other such measures. Again, I stress that no-one is mandated to use State Supply: if it is not fully competitive, its customers will go elsewhere. However, it is competitive in price and often superior in service, as a result of the teamwork that occurs there.

**Mr McKEE:** Has the Government made any progress towards encouraging recycling and other environmentally supportive activities via its purchasing operations?

**The Hon. Anne Levy:** It is true that a great deal of progress has been made in encouraging the use of recycled materials and other environmentally supportive activities. Late last year, Cabinet approved a policy for recycled products. As a result of this, the State Supply Board has issued a policy which states that purchasing preference will be extended for a period of six months to recycled products whose prices are up to 5 per cent higher than their new material alternative. State Supply did this because some makers of recycled products claimed that they were unable to produce at sufficient volume to enable them to bring down the price to be competitive with new material products.

State Supply now stocks at the Seaton warehouse over 60 products that can be classed as recycled or environmentally friendly. There have been continuing discussions with staff from the State Supply Board and the South Australian Waste Management Commission, together with the Minister for Environment and Planning, to consider how best to promote the policy of using recycled materials and also how to measure the effectiveness of the steps that have been taken. It has been decided that an environmental care clause will be inserted into relevant tender documents and that State Supply will continue to promote the environmental questions and environmentally friendly products in its bulletin which is issued regularly and circulated widely.

A mini trade expo was held recently at Morphettville Racecourse which promoted environmentally friendly products and recycled materials. Certainly, the State Supply Board will promote the use of recycled products both to buyers and end-users, urging their use and also asking for any comments on problems which buyers may have encountered with the use of such products so that they can act as brokers and liaise with manufacturers to eliminate any problems that end-users may be encountering with the use of recycled products. We certainly wish to do all we can to promote the use of such products.

**Mr McKEE:** My final question is still about State Supply. I understand that Seaton warehouse was reviewed recently. Does the warehouse contribute to the State beneficially?

**The Hon. Anne Levy:** It is certainly true that the review team, which I stress was an independent review team, reported recently and, having reviewed the Seaton warehouse, that team concluded that central warehousing of common use goods for Government is most cost effective. It is estimated that this saved the Government in excess of \$2.5 million a year. The team was impressed by the strong customer focus of the staff at the warehouse and felt that they provided a very high level of service to their customers.

The warehouse operation provides a one-stop shop to customers such as schools and hospitals, and this reduces their administrative work and costs in sourcing and ordering goods from many different suppliers. The rapid response to any requests results in customers such as schools and hospitals having to carry much smaller levels of stock themselves. They know that when they re-order there is rapid delivery—three days, within the metropolitan area, from the placement of the order to delivery—which means that the customers need to store far fewer supplies themselves, which saves them space and money tied up in stock sitting in a storeroom and, indirectly, savings are made by the central warehouse providing a benchmark for prices. So, overall, the independent review judged that the Seaton warehouse is very cost effective and provides considerable benefits to Government, quantifiable to the extent of \$2.5 million a year.

**Mr BRINDAL:** I commend the Minister and her department for this wonderful new liberal philosophy in which the department seems to be indulging. It really is good to see the sort of choice and diversity that will be used by this Government in terms of how vehicles are purchased and disposed of; it is superb. This idea of the one-stop shop with all its diversity is truly commendable, but we should explore some of the problems.

We have heard tonight that (according to your Head of Department) those vehicles with the best possibility for a high trade-in value will be traded in. That is good. Then we hear that some will go for auction; presumably, these will be not such good vehicles. However, we are also investigating the possibility of using what my colleague and friend termed 'Honest John's used car yards'. Will the 'Honest Johns' (for want of a better name) have the best vehicles or the second rung vehicles? If the best vehicles are going for trade-in, what is the calibre of vehicles going to the used car yards? Some are going for auction and 20 per cent are being leased from the manufacturers. We have all these permutations, which is good, but who will decide which vehicles are disposed of in which manner?

I note on page 451 in relation to the provision of materials disposal services that seven full-time equivalents are employed and that this number will be reduced to 6.6 this year. Presumably, if the Minister is to achieve all these new processes and targets and all these choices and diversity without any extra staff, the Estimates Committees will give her an accolade next year; it will be a remarkable achievement. How will she achieve this? When the customers of Honest John are going for a test drive, how will the vehicle be insured?

**The Hon. Anne Levy:** I understand that decisions regarding the disposal option for any particular vehicles will be by agreement between State Fleet and State Supply. In every case the decision will be made to maximise the benefit to the taxpayer. That is the overriding criterion. They will be commercial decisions made on such a commercial basis by agreement between State Supply and State Fleet.

With regard to the possibility of the retail outlet, I have indicated that this is still very much in the preliminary discussion stage, and the matter of insurance is obviously one of the questions that will have to be considered, costed and taken into account in deciding whether to proceed in such a direction. Many factors need to be looked at, but State Supply will be doing this commercially and will make its evaluation on the commercial basis of what will give the greatest returns to the taxpayer.

**Mr BRINDAL:** I hope the Minister can achieve it, because I will come in here and congratulate her personally next year if she does what she says she will. My next question concerns Estimates of Payments financial paper no. 3, and I refer to page 156 and program 8, 'Provision of centralised printing and related services'. How many trips are planned and by whom and for what purpose will the overseas visit or visits of officers be made?

**The Hon. Anne Levy:** As I understand it, provision has been made in the budget for a trip by the Government Printer to enable him to examine the latest trends in printing in other parts of the world. It is an area in which there are rapid developments, of course, and it is important that we keep ahead and not slip too far behind. I should indicate that it is not yet certain whether the Director of State Print will be going to Europe, but it is a matter being considered. In addition, there are two pre-press officers who will be going to the United States very shortly for a short period. Again, this is to enable them to keep abreast of important

developments in their field so that we can remain up-to-date and not slip behind.

**Mr BRINDAL:** As a supplementary question, surely the announcement of this new Government initiative about the MFP to which you alluded earlier, could impinge not only on the provision of information technology services but also on the need that the Government may have in the future for centralised printing, publishing and related services. In the light of that, first, are the trips advisable at this time until you know the function and shape of this new service, and secondly, with an amount of approximately \$6 million set aside, specifically in the provision of information technology services, is it intended that a moratorium be placed on that money until the shape of this new service, which the Premier announced in connection with the MFP, is realised?

**The Hon. Anne Levy:** It may well be that the MFP further down the track will impact in some way on State Print. I think this is still very much in the realm of being a possibility which is a gleam in somebody's eye at the moment. What is currently being discussed and evaluated very seriously is the information utility in association with the MFP. The information utility involves information technology and would not have any effect on State Print. It may do so further down the track but, as currently being discussed and evaluated, it does not in any way relate to the activities of State Print. The budget proposed for this overseas travel is not large. Whether the trip takes place at all is still being considered, and it would need to be well justified and approved by the Government's Overseas Travel Committee before it could be undertaken.

It is a budgeted sum of only \$20 000, which is hardly enormous. In fact, it is .07 per cent of the sales of State Print. I can assure the Committee that it will be evaluated carefully, and no such expenditure will take place unless it can be demonstrated that the trip will be of advantage to State Print.

**Mr BRINDAL:** I commend the Minister. She has spoken consistently tonight about the price of space in the central business district and the advisability of having many of our services out in the suburbs—the warehouse at Seaton, the archives at Gepps Cross and others. I see that as very cost effective and a very positive initiative of the Government. I was, therefore, bemused to read on page 460 of the Estimates of Payments that a high tech printing facility is to be installed in the Riverside Building. I consider that that would not meet the same cost effectiveness in terms of the price of space rental, so I seek an answer to my question regarding the nature of the equipment in this installation, its cost and the rate of return, and why, in view of everything else that the Minister has said about cheaper and decentralised services and in view of the information technology that the Government is developing, we need and what is the nature and cost of this new high tech facility in the Riverside Building?

**The Hon. Anne Levy:** The aim of such a facility in the Riverside Building is for the convenience of customers who are in walking distance of that building and who would not travel to some distant location but would do without or find alternative sources, perhaps at greater cost. We do not have here a list of all the specific equipment.

**Mr BRINDAL:** What about the big ticket items?

**The Hon. Anne Levy:** I do not have the big ticket items, but we can obtain that information from State Print. Such a facility will be provided only if it proves cost effective and pays its way, given the obvious higher rental that will need to be paid for it. It is to provide a for people who wish to have such a service within walking distance and

who will not travel for it. It is to fill a niche in the market. If not economically successful, it will not continue.

**Mr BRINDAL:** I seek your guidance on the nature of the facility. I think that I understand what the Minister is saying. Does that mean that it is therefore some sort of facsimile reproduction service? It says here that it is a publishing service but, surely, it is not going to print great runs of books?

**The Hon. Anne Levy:** No, certainly not. As I understand it, it is a high tech laser printing of one-off documents.

**Mr BRINDAL:** Such as Government records, or what sort of documents?

**The Hon. Anne Levy:** As I understand it, it would be laser copies which would perhaps be required for architectural plans, say, for example, the Housing Trust. If they want quick copies they can just walk across the road and obtain them very rapidly.

**Mr BRINDAL:** The Housing Trust are in the Riverside Building, so the customers may well be other Government departments. They would not necessarily be people who walked in off the street?

**The Hon. Anne Levy:** Yes, I agree with you. State Print operates for Government agencies. It is not available for people who walk off the street.

**Mr BRINDAL:** Will the Parliament be a customer? Can you see a situation where we would use it?

**The Hon. Anne Levy:** Certainly the Parliament is a customer of State Print in general, and it may well wish to avail itself of that facility. It would be eligible to do so if it wished.

**Mr BRINDAL:** Might this be a new evolution in the development of *Hansard* with the Parliament, or is that going too far?

**The Hon. Anne Levy:** I cannot comment on that at this stage. As I am sure the honourable member knows, there are discussions regarding the production of *Hansard*, and it is a question of looking at the most cost-effective way of providing it.

**The CHAIRMAN:** I will not remind the Committee at this late hour that all questions should go through the Chair to the Minister, because members are bound to forget it by tomorrow.

**Mr HOLLOWAY:** I notice on page 456 of Program Estimates that one of the specific targets for the current

financial year is to develop strategies aimed at minimising costs for State Fleet, particularly those associated with vehicle depreciation and accidents, including stolen vehicles. Can the Minister provide some statistics indicating the dimensions of and the trends in relation to the problem of stolen vehicles?

**The Hon. Anne Levy:** We can certainly provide such information. I do not have it with me at the moment, but I know that State Fleet is conducting 'drive safely' campaigns for its customers, with the idea of minimising the frequency of accidents with the advantage not only of there being less damage to vehicles, which must be repaired, but, perhaps more importantly, fewer injuries to people.

**Mr HOLLOWAY:** Can the Minister briefly give some details about the recent joint venture between State Print and the Commonwealth Book Shop?

**The Hon. Anne Levy:** This is a very exciting development indeed. We recently opened a joint venture between the Australian Government Printing Service and State Print. Senator Nick Bolkus and I jointly opened this venture. It is a book shop which amalgamates the Australian Government Publishing Service and State Print publications. Of course, it will rationalise State and Federal Government resources. The idea for it came from the South Australian Government Printer, and one of its benefits will obviously be that people in Adelaide will have easy access to the publications of both Commonwealth and State Government Printers in the same location, including, of course, the many wonderful books which State Print has been publishing since 1922.

This is the first joint venture between South Australian and Federal Government departments. Although it is the first joint venture, we hope that it will not be the last and that in future there will be many other examples of cooperation between State and Federal Governments in this way.

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

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#### ADJOURNMENT

At 10.1 p.m. the Committee adjourned until Wednesday 25 September at 11 a.m.