

## HOUSE OF ASSEMBLY

Tuesday 15 September 1992

## ESTIMATES COMMITTEE B

**Chairman:**

Hon. T.H. Hemmings

**Members:**

Mr M.J. Atkinson  
 Hon. D.C. Brown  
 Mr C.D.T. McKee  
 Mr E.J. Meier  
 Mr J.W. Olsen  
 Mr J.A. Quirke

*The Committee met at 11 a.m.*

**The CHAIRMAN:** I suggest that we will deal with the important matters first. I intend to adopt a relatively informal procedure. Members do not need to stand to answer questions. I understand that there have been discussions between the Premier and members of the Committee as to how we will undertake today's proceedings. Changes to the Committee will be noted as they occur. If the Minister undertakes to supply information at a later date it must be in suitable form to be inserted in *Hansard* and received no later than Friday, 2 October.

I propose to allow the lead speaker and the Premier to make an opening statement if they so desire. I will allow approximately three questions from members from each side. Members will be allowed to ask supplementary questions. Subject to the Committee's approval a member outside the Committee will be permitted to ask questions once an item has been exhausted by the Committee. Questions must be based on a line of expenditure or revenue as we deal with estimates of payments and receipts.

**Mr OLSEN:** I seek a point of clarification at the outset. With some fortuitous planning I note that the Economic Development Board allocation of funds, the \$40 million comes under the Premier's portfolio, rather than the Ministry of Trade and Technology. Some obvious pre-planning was in place, Mr Chairman. But on a serious note as it relates to the Economic Development Board, information utility and multifunction polis, I assume the Premier would be happy that we ask questions on those subject areas within this portfolio area under the Ministry of Industry, Trade and Technology. Is the Premier happy if we pursue questioning in those specific areas?

**The Hon. Lynn Arnold:** Mr Chairman, at the outset I am the servant of the Committee, and that depends on what the Chairman rules on that matter, but I am certainly very happy to answer questions today under industry and trade. I think it is correct to say that there are lines of expenditure which do have connection with all of those topics in one way or another. But in any event I am happy to answer them tomorrow evening

when I appear again before the Committees as Premier and Minister of State Development.

**The CHAIRMAN:** The Premier is quite correct; it is in the hands of the Committee and the particular lines but based on the timetable that the Leader has indicated to the Committee. There could be problems in being able to close a particular line which we have exhausted. We will follow closely the lines of questioning but again I remind members of the Committee that any questions to the Minister must relate to the documentation that we have before us. I think there is sufficient documentation to be able to put the Minister under scrutiny in those areas that he is responsible for. I will be closely following the argument that the member for Kavel is pursuing.

Industry, Trade and Technology, \$23 959 000

**Witness:**

The Hon. Lynn Maurice Ferguson Arnold, Minister of Industry, Trade and Technology.

**Departmental Advisers:**

Mr P. van der Lee, Acting Director, Department of Industry, Trade and Technology.

Mr J. Frogley, Executive Director, Corporate Operations.

Mr D. Mitchell, General Manager, Advanced Industry.

Mr I. Withall, Financial Controller.

Dr P. Crawford, Director, Department of Premier and Cabinet.

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

**Mr OLSEN:** An allocation of \$40 million has been made under the budget line related to the Premier; however, what proportion of that will be allocated to the Department of Industry, Trade and Technology this financial year for expenditure and for what purpose?

**The Hon. Lynn Arnold:** As has been announced previously, the Department of Industry, Trade and Technology is to be replaced by an Economic Development Board, and legislation will be brought before Parliament in this session. The Economic Development Board will take over the responsibilities of the department, and assume new responsibilities in addition to that. Therefore, its budget will be first of all the budget of the department and also the budget allocated on the 24 June announcement. It will have responsibility for those funds, including funds that will then be forwarded on to other agencies to deliver. For example, in the \$40 million there was the anticipation that there would be funds available for an enhanced minerals exploration program. That will in fact be administered under the Department of Mines and Energy but will have come through the Economic Development Board mechanism when that is established.

Obviously, we have to have a transition arrangement, because the board has not yet been established by statute, and as yet has not even be framed up in terms of its charter and appointments. So DITT fills a transition role at this stage in that regard. The \$40 million has been notionally broken down into a series of sub-items, but I want to make the point that this is a notional breakdown,

because there may need to be some flexibility as the year progresses. If it turns out, for example, that we are not able to spend a full amount on one line then it would be ludicrous to see it underspent when it may be able to go to meet a greater demand in another line. So the figures are notional only.

However, we are looking at something of the order of \$6 million for two particular sectors, the automotive sector and the textile, clothing and footwear sector, the bulk of that going to the automotive sector, some \$5 million in an indicative sense. Some \$11 million will go to the minerals exploration program through the Mines and Energy auspices. For the manufacturing modernisation program, again this will be funding that will be passed on to another agency to deliver, in this case the various programs under the Centre for Manufacturing—something of the order of \$8 million in that particular area. As to tourism infrastructure, again that will be coordinated through Tourism South Australia, but coming through the EDB, or the transition arrangements before the establishment of the EDB—something of the order of \$5 million. For infrastructure support, particularly the transport hub, there is a total of \$10 million, and that will also include export initiatives. Then, for the MFP there will be some allocation that may come from these funds, depending upon other notional allocations within the \$40 million.

**Mr OLSEN:** In the transition you talk about between DITT and the new Economic Development Board, will there be a continuing functional role for DITT or will its functions be totally overtaken by the Economic Development Board?

**The Hon. Lynn Arnold:** The proposal is that DITT will be subsumed by the Economic Development Board. It will have a board structure comprising representation from business, from unions and from the public sector. In other words, it will bring together all the stakeholders in South Australia's future economic prosperity. It would be something of an anachronism, therefore, then to have a separate residual Department of Industry, Trade and Technology. Clearly, certain types of functions will need to be defined for the board in meeting the mechanical functions that are met by DITT.

It may be that some of those more processed functions end up being dealt with in other areas of Government rather than by the board. Largely, the department will see most of its activities subsumed within the Economic Development Board, although there will be a passing on of some increased capacity to agencies such as the Centre for Manufacturing. Already we have looked at the area of the department that was responsible for promoting the minerals industry and have moved that section across to the Department of Mines and Energy. Some discussion that may come to fruition would see those involved particularly in food processing and agribusiness moving across to the Department of Agriculture to mix with its marketing and development section.

**Mr OLSEN:** Are negotiations complete or continuing in relation to the reallocation of staff within the department to their new functions and new location?

**The Hon. Lynn Arnold:** They are continuing but are not complete, although much work has been done. The rights and interests of individual staff members must be seriously taken into account, and that process is being

undertaken at the moment. It involves discussions not only with the individuals concerned but also with the union that covers them, since it clearly has an interest in looking after its members. So, those discussions are continuing.

Also, of course, there are ongoing discussions because we have not yet firmed up the final structure of the board. It was not possible to find quick answers on this matter, since we must look at the needs of economic development in this State. This is an opportunity to refine some of the ways in which we address these matters. I am confident that, with these discussions under way, we can meet our deadline of having legislation into the Parliament in November. If the will of Parliament is that that be passed, I am confident that the board can be formalised within the first month of the next calendar year.

**Mr OLSEN:** Are you receiving support from the Public Service Association or from the responsible unions in the restructuring of the department?

**The Hon. Lynn Arnold:** I have had some discussions and will be having more with them, as will the department. They have raised some concerns about the process and the final shape of things, and I expect more concerns to be raised. We also have concerns and are pursuing these. At this stage, the discussions are quite constructive. Just yesterday I indicated to a senior officer of the PSA that I will be having discussions with that association next week. In the meantime, the department is continuing its discussions with the union.

**Mr QUIRKE:** With regard to the \$40 million that has been identified as a restructuring fund or Government response to restructuring of industry in South Australia, what is the break-up in terms of manufacturing from secondary to primary industry in that equation?

**The Hon. Lynn Arnold:** In terms of primary industry in and goods that are not then processed in any significant form, it would be reasonable to say that there are no allocations under this budget line. However, clearly a significant part of the agricultural commodity sector is the producing of commodities that we hope will be processed in this country more than is presently the case, and to that extent there will be funds coming from this.

Therefore, various aspects such as the manufacturing modernisation program will see the opportunities for food processors, for example, to participate, and we will also see the opportunity for support for the wine industry, which is clearly a manufacturing industry using an agricultural input. We are very keen to promote that particular sector given that the A.D. Little report identified it as a key growth potential for the economy.

In addition, we have the work within the marketing and development section of the Department of Agriculture. I cannot give you a definite percentage because ultimately the board will decide on computing applications how it will allocate the funds available, and that will depend upon the extent to which agribusiness, for example, responds to the challenge to modernise and expand to meet markets.

**Mr QUIRKE:** What relationship do you envisage between the board and the Federal Government where this is concerned? Is there a hope that the Federal

Government may be able to provide extra funds so that important value-adding can take place?

**The Hon. Lynn Arnold:** We very much would look forward to that. I think that you are obviously drawing attention to the statement that was made a month or so ago by John Button and Simon Crean, where jointly they announced the need to increase the capacity in value-adding in the food industry in this country and the enormous potential there, and have committed funds behind that. We certainly would want to optimise the level of funds that come to South Australia from programs such as that and other programs, and the EDB represents a good means of doing that. I might say, for example, that the notional allocation of \$1 million to the textiles, clothing and footwear sector (to turn to another sector) under the EDB is premised upon the fact that we believe that that will free up more Federal funds to the TCF sector in South Australia from the TCFDA.

**Mr QUIRKE:** Will the relationship between the board and the Government at both the State and Federal level be formalised?

**The Hon. Lynn Arnold:** Certainly with the State Government it will be formalised; it will be formalised in statute. Unlike the MFP situation, where there is a formalising of the Federal relationship, I do not anticipate that we will formalise that in statute other than perhaps in the objectives of the board, to identify that as one of the objectives. But, I would be loath to see a formal directive link built into a State Act on a board that is largely State-funded, giving some form of directive powers to the Federal Government. As I say, the objectives will include the need to link in with them.

One of the other things that will happen in the programs of the board, as is already starting to happen, is a much better integration between Federal services and State services to support industry. I can cite the very successful integration of those programs with respect to the Centre for Manufacturing and the way in which it delivers national industry extension service programs, and I think everyone agrees that that has been exceptionally well done in South Australia—indeed, better than in any other State.

I can also point to the closer linkages with Austrade; we see that growing even further. The taxpayer pays for both Austrade and Statetrade promotion activities. It is important that we tell the taxpayer that we are collectively using those funds in the most effective way possible.

**The CHAIRMAN:** I would appreciate assistance from members. If they wish to ask a supplementary question, would they inform the Chair so that we can establish the fact that there is a supplementary question? So far I have allowed the member for Kavel a supplementary question which was fairly obvious.

**The Hon. DEAN BROWN:** What sort of person do you see as being responsible for the chairmanship of the Economic Development Board? Do you see that as a full time appointee, and do you see that person coming from the private or public sector?

**The Hon. Lynn Arnold:** Again, we are still working these issues through, and there are various pluses to various options that one might have. My initial view at this stage is that the concept of a full-time Chair is the correct way to go, and it would be better to draw that

person from the private sector. In this sort of corollary situation, in the Department of Industry, Trade and Technology, that is exactly what we have done with the senior officers of that department; each of the chief executive officers who have been appointed under this Government have come from the private sector and then filled a full-time role.

Other things would need to be taken into account, such as, if there is a full-time share, whether there would need to be a chief executive officer of the board as well, and what kind of role that person would play. We must balance off those sorts of things. At this stage, I think it would be concept of a full-time private sector person.

One other caveat is that it may transpire that there is a private sector person of particular expertise or calibre who we would all accept ought to be a chair of an Economic Development Board but who is not prepared to make a full-time commitment. They then may have to modify the view in that situation.

**The Hon. DEAN BROWN:** My question is directed to the Premier. Would you consult with the Opposition as recommended by the Little report, both on the appointment of the Chair and the other members of the Economic Development Board?

**The Hon. Lynn Arnold:** I certainly believe there will be a role to consult with the Opposition; obviously the Government has to make decisions at the end of the day, but I am quite happy to have consultations with the Opposition on the concept, the structure of the Economic Development Board, how that happens and the type of people who go to make up the board, and even to receive individual nominations of names that the Opposition might want us to consider. We will give them fair and honest consideration. However, at some final point when decisions must be made the Government must wear responsibility for those decisions and will do so, and we will advise the Opposition accordingly.

**The Hon. DEAN BROWN:** These are all supplementary questions in terms of the chairmanship and the board membership. Could the Premier give some indication as to the composition of the board, the numbers and how that will be broken up? I presume if legislation is to be presented to Parliament in November the Premier has already issued instructions to Parliamentary Counsel to prepare that Bill.

**The Hon. Lynn Arnold:** We are still having discussions on the whole makeup of it. As I said, it depends on a number of factors. If it turns out that we end up with a pre-eminent private sector possibility for the Chair but that person does not want to be full time that does mean some consequential changes on the nature of the CEO position. If we do find one who is prepared to be full time that changes things again. So, we have not finalised those situations at this stage.

However, in relation to the size of the board, in my own thinking I have grown from previously considering a board of perhaps four or five to seeing that expanded out a bit, maybe to 10 or 12 people, in order to pick up the breadth of interest of the South Australian economy and community. I guess that will partly be defined by the number of people who express willingness to participate in the board.

You are correct that we are having some discussions with Parliamentary Counsel. Some of that drafting is able

to take place to a more advanced level because it is the mechanical procedures that are not limited by any decisions on the size of the board. We have to come to some solutions on those matters within the next few weeks.

**The Hon. DEAN BROWN:** Will you give some indication of both the size, in terms of staffing levels, and the structure that will exist within the staffing of the board as I presume you have a board and, as you have indicated, a Chief Executive Officer? Below that I presume you have a number of different divisions. You surely know the total number of staff and the sort of structure they will have.

**The Hon. Lynn Arnold:** The sort of figure we are looking at is about 80 to 90 people within the Economic Development Board area. Some people have been transferred to Mines and Energy and some may be transferred to Agriculture. There will be some transferred to the Centre for Manufacturing—six or seven—leaving a residual of 80 or 90 within the Economic Development Board. I will ask Paul Bamley to comment on the structure being considered at this stage.

**Mr van der Lee:** The proposal for the structure of the organisation would have it divided into about five separate groupings, which we may call divisions. The first of those would be business development, which incorporates the functions of strategic planning, international business and marketing. A major projects and programs group would be looking to take responsibility for some of the very key projects, including such things as the transport hub, and also overseeing the main programs being delivered by other agencies outside the board's own organisation. The third group would be one of Government coordination and would be seeking to coordinate across Government all economic development programs. The next group would be one of customer service essentially, providing a range of services to clients that relate to economic development programs. Many of the activities undertaken here will be of a nature of referral to other relevant agencies. The final grouping would be corporate services in the sense of managing the support services to run the board and the agency itself.

**Dr Crawford:** One more special role would be a senior industrial adviser. The Premier was speaking earlier about the interplay between the CEO and the chairman. There is a third position designated as a special position—an industrial adviser—because part of the process is to drive the industrial networks in the State, and, if we could find somebody recently retired and well connected into the networks, they may be able to act as a special network agent within the agencies.

**The Hon. DEAN BROWN:** When you say 'senior industrial adviser' is it in terms of industrial development, industrial relations or simply linking together of industry?

**Dr Crawford:** In networking within industry one of the major roles is to wind industry and Government together in achieving common growth targets and in order to do that you need somebody who can assist you in oiling the existing networks and making them work. They need to be dedicated full time to the industry liaison.

**The Hon. DEAN BROWN:** What happens to the South Australian Export Council if you have an Economic Development Board?

**The Hon. Lynn Arnold:** The South Australian Export Council was established by the former Premier to provide a forum for a range of successful exporters and other relevant groups, such as the Chamber of Commerce, the South Australian Farmers Federation and Austrade, to chew the fat over export issues in relation to South Australian opportunities and to provide some advice to the Government. It was always acknowledged that that export forum would examine its own utility as time went by, change its focus if necessary and maybe recognise that at some point there was no longer a need for that forum to exist. It would be my intention that there be a further meeting of the export forum to discuss with this group of people how they see the situation and whether a need exists for the forum to continue. I make the point that, even with the establishment of the Economic Development Board, it should not close off other forms of communication with the Government or consultation with Government by industry. It will change the way in which perhaps it is done.

**Mr McKEE:** I refer to page 102 of the Estimates under the heading '1992-93 specific targets/objectives' wherein it states:

Support the auto industry to invest in new products, technologies, plant and equipment and use international market intelligence to identify the opportunities for export . . .

Where would that end up if we suddenly had a total reduction in tariff protection in the car industry?

**The Hon. Lynn Arnold:** When the national industry statement was given by the then Federal Prime Minister last year, it included a reference to tariff reductions. The South Australian Government was very quick to respond to that and say that it was concerned that the level of tariffs we had suggested were necessary in the automotive industry by the year 2000 had not been followed. We were pleased to note that the Federal Government had listened to us to the extent that it had not supported the Industry Commission suggestion that the effective tariff should be of the order of 10 per cent by the year 2000 and had increased it to 15 per cent. However, we were concerned that it did not follow our recommendation of 25 per cent. However, we knew that it would not be sufficient to continue our concern about that. We had to get out and work with industry in a productive way to encourage it to meet the challenge of the 15 per cent, which we knew would be a very tough challenge indeed.

So, the then Premier established the automotive taskforce and appointed me as chairman. We have been working with the automotive industry—both the fully built up car manufacturers, the automotive component makers and the unions—to see whether we can do what is possible to ensure that disinvestment decisions are not made, in other words, that they do not pull out or remove investments in this country. We have continued to do that. The funds allocated under the \$40 million program are all part of that process. That was all premised on the fact that we will move to a 15 per cent tariff regime by the year 2000. If we moved to a negligible tariff regime, all the funds allocated under the program by us this year and next year would face the grave danger of being wasted money as it would go into a sector that would

then find itself making investment decisions, as we have seen in public pronouncements, to pull out. Instead we would not have created an export competitive automotive sector exporting cars and components but rather an automotive sector exporting jobs.

This money is here as a critical commitment by this State Government in very tough financial times to help the automotive industry. If a changed Federal Government pulled the rug on that, the level of funding required to compensate for that would be beyond the capacity of this State Government and indeed, as I say, the automotive industry would be well and truly going downhill. As the Hon. Steele Hall said, it would be a case of people standing on the tarmac waving the industry goodbye.

**Mr OLSEN:** General Motors-Holden's supplied information to the Opposition which the Premier might like to comment on and which indicates that the 15 per cent tariff regime under the Keating plan equates to 5 per cent, or negligible levels, under the Hewson plan and that there is very little difference between the two, given that the Hewson plan includes the abolition of payroll tax, wholesale sales tax and in all some seven taxes. I make the point that General Motors-Holden's have put the view that there is little difference between the two when you take the total package.

**The Hon. Lynn Arnold:** I would be very interested to see the detailed reference to which the honourable member alludes. I noted with some interest, however, that in this morning's *Sydney Morning Herald* Ray Grigg, who comes from General Motors-Holden's and who is well known to all of us in South Australia, does not seem to have that view. It may be that he has been misquoted in the *Sydney Morning Herald*, but I note also that there are many other people in the automotive industry. In that same article, the Federation of Automotive Parts Manufacturers, for example, both the State, are referred to. The honourable member smiles at that, but the automotive components industry is a very important part of an automotive sector. They are also quoted in this article as having very serious concerns about the proposals.

I recently received a letter from a major and very efficient manufacturer component in South Australia, who has been, and still is, involved in export and who has committed his company to growth to meet the challenges of the '90s. Yet he has said in his letter to me that he is gravely concerned at the prospect of a zero or negligible tariff. We have Mike Ginn of Mitsubishi, who has made public comments on this matter. I will read with interest this document that has come from somewhere in Holden's, but as I say even Holden's themselves, through other voices, are saying something different to that, and certainly other producers are saying something different.

At the end of the day, from the point of view of major motor manufacturers, which are major international companies, and from an international decision-making point of view, there really is nothing in it, because they can produce cars just as effectively through their other subsidiaries in other parts of the world. In terms of maximising the international corporate profits, it may well be better for them to see them manufactured under the protected tariff regimes of Malaysia, for example, or Korea or other countries. They could take advantage of

the excessive protection they are being offered there, and hence maximise their own international corporate profits.

**Mr OLSEN:** When does the Premier think he will be in a position to announce the composition of the board? I presume that will be prior to the introduction of legislation.

**The Hon. Lynn Arnold:** It is anticipated we should try to get things moving as soon as possible. There are, therefore, transition arrangements that we are working towards. I would hope to see an interim board established in the next few weeks. I am not about to presume the will of Parliament, but clearly, if a Bill that comes through the Parliament is changed from what the Act contains, for example, about the composition of the board, clearly the interim board would have to be changed accordingly to reflect the will of Parliament.

**Mr OLSEN:** I note the Premier has said that he hopes the operative date will be 1 January.

**The Hon. Lynn Arnold:** That is the statutorily established board, but I would hope that we have the transitional arrangements, in the broad sense, working earlier than that.

**Mr OLSEN:** Is it correct to assume, then, that DITT will cease to operate effectively on the day that the new statutory board is actually formed or established?

**The Hon. Lynn Arnold:** Certainly that would be the aim, but I know from previous experience in other portfolios (for instance, when we established the Senior Secondary Assessment Board of South Australia and we had the Public Examinations Board that was to finish and be replaced by the Senior Secondary Assessment Board), there were some minor technical matters that prevented a 5 o'clock finish one day and a 9 o'clock start the next day. There was an overlapping period of a month or two in that situation purely for the technical arrangements. It may be that something similar has to happen in this situation, but, broadly speaking, one has to finish the moment the other begins.

**Mr OLSEN:** In relation to the CEO reporting to the board, will that be an advertised position or a contract position?

**The Hon. Lynn Arnold:** Again, I come back to the point about the Chair. If the Chair is a full-time Chair from the private sector it may be appropriate that the CEO be somebody from the public sector or somebody from the private sector; that is to be determined. It would certainly be a contract position. If the Chair of the board is not a full-time position and the CEO is to be the key full-time operative within the agency, then that certainly would be a widely advertised position.

**Mr OLSEN:** How many departmental staff have been transferred to other departments as of today, and, if there are some, how many are there and to which departments have they been sent?

**The Hon. Lynn Arnold:** Five have been transferred to Mines and Energy. Discussions are still proceeding with the possibility of transferring some other staff to other agencies, but no others have yet been transferred.

**Mr ATKINSON:** I refer you to page 103 of the Program Estimates relating to specific targets re confirmed Hong Kong representation. Will the department continue to employ a full-time commercial agent in Hong Kong?

**The Hon. Lynn Arnold:** Broadly speaking, it is our anticipation to continue to do that. However, from time to time we change the nature of the arrangements. For example, there has been some change in the way in which our agent, Miss Angelina Tse, works in Hong Kong. In other words, the support she is provided by Standard Chartered has seen some changes in that area. Also, circumstances change so that at one stage she had been doing more work in assisting export of education services in addition to her principal roles of business migration support and investment attraction support. However, circumstances change, so the balance could change in the next 12 months.

There is one other point I want to make, namely, a review was being proposed into our Asian representation generally, and now that I have taken over as Premier I am keen that that review should continue, particularly in the context of the A.D. Little report, in that we should expand our representation in various parts of Asia. For example, it referred to Indonesia, Taipei and even went on to talk about Los Angeles, on the other side of the Pacific. I think it is time we had an overall picture review of our Asian representation in particular and work out how best that can be arranged. In the longer term that may see some changes, but certainly I anticipate that we will be continuing our present arrangements for the next 12 months.

**Mr ATKINSON:** I refer you to page 101 of the Program Estimates relating to attracting appropriately skilled migrants and business migrants consistent with the State's economic needs. The 1992-93 specific target is to increase the number of business migrants coming to South Australia under the new business migration program and maximise our opportunities in this area. What percentage of total migration to Australia is South Australia now receiving?

**Additional Departmental Advisers:**

Mr J. Cambridge, Chief Executive Officer, South Australian Centre for Manufacturing Pty Ltd.

Mr B. Orr, Chief Executive Officer, Technology Development Corporation.

**The Hon. Lynn Arnold:** While we are getting those figures put together, I will make some general comments. The program has changed quite dramatically and we have been monitoring that very closely. South Australia has at various times had fluctuating fortunes in the business migration area. At one stage we were doing very well indeed. When the previous changes to the ones that were presently announced were put in place we warned that South Australia would be disadvantaged by those, and we were right. South Australia was disadvantaged and our share fell to a low level. We hoped that when the next changes were put in place we would have the chance to pick up a better share. It is still too early to say whether or not that will happen, but I understand from the registrations of interest that I see coming through from our Hong Kong office that there is an increase in the registrations of interest that that office is dealing with. I will get some more detailed figures for the Committee and have those inserted in *Hansard* at a later time.

With respect to figures that are available to me right now, I made the comment about the previous changes

and the fact that the introduction of accredited agents would hurt our share, and it did do. South Australia's share of business migration fell markedly from a high of 8 per cent to 2.2 per cent by the time of the abolition of that program. We hope that this new program will pick up the concerns that we have had. The new program is called the business skills migration program. As part of this program prospective migrants have to register with the State of their choice, and at present South Australia holds 14 per cent of the registrations. That reflects the comment that I just made about what our Hong Kong office is reporting. This has been achieved through the active marketing program of the Immigration Promotion Unit.

**Mr ATKINSON:** Staying with the same line, Minister, I understand that business migration from Hong Kong has all but stopped since the Commonwealth changed the rules in November 1991, and renamed the scheme the business skills scheme. The amount of money for investment in Australia has ceased to be the key to entry. Will the specific target of the department's be worthwhile if the Commonwealth persists in its policy, and have you made any representations to the Commonwealth about its policy?

**The Hon. Lynn Arnold:** Certainly I have participated in discussions at meetings of Ministers of Migration and Ethnic Affairs about South Australia's viewpoint. On those occasions I have told Gerry Hand of our views. I have also, by means of correspondence with him, told him of our views. I think it is a bit early to say what the longer-term effect will be in Hong Kong. Again, reading the reports of our Hong Kong commercial representative, it seems to me that there has been a lot of doubt in the minds of potential business migrants from Hong Kong as to what the scheme is and what opportunities it might offer. I think in the early days, frankly, it was not sold all that well by the Federal Government, so a lot of people thought, 'We just don't know what the scheme is, they have done away with the business migration scheme that we thought we knew. Now they have introduced something new. We don't know what it is. Maybe it will be easier to look at New Zealand, Canada or some other part of the world.' I am certain that that can be overcome and I know that our representative there, plus officers of the department who go to Hong Kong from time to time, are doing their best to get a much better understanding. It may be that, for example, the work they are doing is resulting in South Australia having a higher percentage of registrations than we might have expected.

**Mr ATKINSON:** I ask a supplementary question, Mr Chairman. With the change from the Department of Industry, Trade and Technology to an Economic Development Board, where will the migration function fit?

**The Hon. Lynn Arnold:** There have been some discussions about that, although not very advanced at this stage, I guess. There are various possibilities, remembering that the new business skills migration is seen by the Federal Government as linking more closely with other forms of service connection with other countries, for example, the export of education services and the tourism synergies that are possible. We then must be careful how we place that work in this agency. On the face of it, I would have thought that it made more sense

for it still to be related to the international division of the Economic Development Board, to work with them, but also we would not want to lose the opportunities that, for example, the Office of Multicultural and Ethnic Affairs might be able to offer. So we are still trying to work through how best we link all those agencies in together, including the Department of Employment, Technical and Further Education. Broadly speaking, I would see that the business skills area will stay with the international business section within the Economic Development Board; whereas there is some potential to consider the skilled and independent migration categories, and the work that we might be able to do in South Australia to promote South Australia as a destination, and may be that could be done more effectively through, or with much better coordination with, the Office of Multicultural and Ethnic Affairs.

**Mr OLSEN:** Would the Premier agree that if we get the economy right in South Australia it might of its own initiative attract some business migrants to this State?

**The Hon. Lynn Arnold:** The question as to whether or not the share of migrants is related to the national economy: yes it is. The percentage of migrants coming to Australia goes up and down accordingly. If prospective business skills migrants feel that the Australian economy is in deep recession they may well choose to go elsewhere. That is why the overall numbers have fluctuated over the years. On the question of whether or not they come to South Australia, there will be something about the South Australian business climate that affects their business decisions. What it will more come down to, of course, is what they perceive to be the business opportunities. It may well be in some cases that, in recession, the business opportunities may seem to be better, because the growth potential could well be greater. I think that the fact that we have a higher rate of registration of interest at the moment, and yet we fell to 2.2 per cent in the year before we went into recession, means that there is not a direct correlation between the two.

**Mr OLSEN:** From such a low base, I suppose 14 per cent of the total registrations at least is a move in the right direction, but it is coming off a fairly low base. The Premier has indicated that some notional \$8 million will be allocated for the manufacturing modernisation program, which was part of the release by the former Premier of the interim Arthur D. Little report. I seek advice as to when the specifics of that program will be announced?

**The Hon. Lynn Arnold:** I will ask Paul van der Lee to make further comments in a moment, but some of this is really a speeding up, an expansion, of programs offered by such agencies as the Centre for Manufacturing. Just last Friday, in fact, there was a meeting of the national industry extension service stakeholders about that program and how we could expand interest in it by South Australian businesses, and it was very pleasing to note on that occasion the number of firms that have been involved already. I think some 293 companies in the last year benefited under the NIES program. We hope in the forthcoming year that we will report a much bigger figure still. As to the actual details of how quickly we can get those funds moving into the centre, I call on Paul van der Lee to comment.

**Mr van der Lee:** I will ask John Cambridge from the centre to comment, who is doing intensive work right now trying to define the specifics of the program, and thus he is in a better position to give us an up-to-date report.

**Mr Cambridge:** There are four elements to the factory modernisation program in its draft form at the moment. Those four elements are, first of all, the business enhancement part of helping enterprises, which has been in place for some five years. It is envisaged that that will be enlarged and broadened in terms of the criteria, although there are quite stringent existing criteria for companies to get application to those funds. It is anticipated that an additional \$1 million would be provided under the manufacturing modernisation program into that sub-element.

The second element is assisting companies in the adoption and diffusion of advanced manufacturing technology. Those guidelines are currently being worked on, and I hope to have them completed to go up to the department within the next month and a half. That program would help companies to acquire advance manufacturing technologies with a major contribution on the part of the enterprise itself, and to be able to evaluate, through obtaining assistance funds for the evaluation of technologies, competing technologies world wide, so that our companies have access to the best possible technology.

The third program sub-element is the development, financing and resourcing element, which provides companies of all types and sizes with access to funds to assist them with going overseas to study markets and to evaluate potential ventures and finance them, if necessary, in joint ventures, a form of quasi-venture capital funding, with the ability to go up to the current SADF for higher levels of funding than would be appropriate to be in the hands of the Centre for Manufacturing.

Those guidelines will probably take until November to determine, and they will then be forwarded to the department and, I presume, to the Premier for approval. The final element is the export and market development program, looking to develop market partnerships, for which another amount of money would be provided. In that, we would work in conjunction with Austrade and the Chamber of Commerce and Industry's Export Centre to ensure non-duplication of effort. Hopefully, those guidelines will also be completed in November.

**Mr OLSEN:** I understand that funds would be earmarked to ensure that the State and its industry have international market intelligence. Do I take it that part of the program Mr Cambridge just talked about picks up that commitment, or are we looking at additional funds? I am referring to the former Premier's statement of commitments in the release of the interim Arthur D. Little report.

**Mr van der Lee:** The issue of market intelligence is vital for all programs that the Economic Development Board (previously known as DITT) is pursuing. There are elements of that right across our programs, and one example of where it is a significant portion of the program is in the automotive area. In order to formulate some strategic initiatives, both in the trade and in the investment attraction areas, it is necessary to have quite



detailed market intelligence in terms of some of the global players and ways in which we could formulate a strategy to get their interest.

**Mr OLSEN:** In relation to the specific commitments, and there were a number of them in the initial announcement of the Arthur D. Little report, when the legislation is introduced in November will an announcement be made by the Government indicating action in those specific areas?

**The Hon. Lynn Arnold:** I anticipate making regular progress reports on this matter and, if that has not happened before that time, it certainly will occur during my second reading explanation.

**Mr OLSEN:** I also refer to that statement which said that a number of opportunities had arisen for private sector involvement by SAGRIC International as it relates to infrastructure projects in which investment would be welcome. What are those projects and when will an announcement be made as to whether or not the next step for private sector involvement will be taken?

**Dr Crawford:** That refers to the view that, where there is some commercial return, much existing infrastructure could be developed jointly between the public and the private sectors. There has been ongoing activity of an inter-agency kind to develop a schedule of upcoming infrastructure projects where private sector investment might be appropriate and where there might be some form of business case that is jointly developed, leading to a return to both parties.

Before that can happen in a practical way, a set of guidelines needs to be in place to identify how the Government will carry out that process. At this stage, these guidelines have been produced in draft form, have been reviewed at length by the State Development Executive, and a small subcommittee has been set up to refine them further. Already, those guidelines have been developed through a consultative process, because they start to impact on questions such as asset management and asset registers, capital works and a number of other issues of Government activity.

There is a need to ensure that they all dovetail together satisfactorily. It is anticipated that those guidelines will be available in their finished form for Government promulgation within a month, together with a list of infrastructure projects at about the same time.

**Mr QUIRKE:** The decision by the New South Wales Government to close its operation in London was an interesting one. Have you looked at that possibility or is it part of the growing internationalisation of the South Australian economy—and an essential part of it?

**The Hon. Lynn Arnold:** It is certainly part of our growing internationalisation. The previous Premier put that process in place, not only by the person appointed to the position but by the way in which that officer was asked to work. He changed dramatically the role of the Agent-General in London. First, it became much more commercial or trade and investment related, and the incumbent of the position, Geoff Walls, has significant experience, both directly in the private sector and also in terms of trade promotion activity, such as Austrade.

Secondly, it was changed from being a position purely for the United Kingdom to focus now not only on the whole of Europe but also on the Middle East. He or his staff have actively participated in the successful

completion of the various trade missions I have led to Europe and the Middle East. In my view, it would be a mistake to close the Agent-General's office in London, because the record shows that Mr Walls and his staff have effectively opened lines of communication. With respect to the European Community's formalising the nature of its cooperation, it is even more important that we have good representation in London.

**Mr QUIRKE:** I understand that we have representatives in Hong Kong and a few other places. How will they relate to the new Economic Development Board? Will they have a close relationship with it?

**The Hon. Lynn Arnold:** Yes, they will. Just before coming to that, I have some information on some aspects of the Agent-General's work in London. For example, in the 1992-93 year there is a wide range of migration counselling activities, particularly business skills promotion, in which the officer will be involved in various parts of the United Kingdom and also, in the coming year, in Stockholm. In terms of wine promotion activities, a limited yet very important area, there will be support for Austrade's involvement in Vin-Italy in Verona in April 1993; in Vin-Expo at Bordeaux in June 1993; and also in other areas of support that are to be developed.

There is the visiting journalists program, working with journalists to encourage their reporting of the activities of South Australia; then there are the promotion opportunities for investment in leather tanning, automotive, medical equipment and systems. So, there is quite a wide range. I will obtain a summary of those activities and have it inserted in *Hansard*. In terms of our other representation, it is anticipated that those offices would relate with the Economic Development Board. Presently we have our commercial representative in Hong Kong and the Tokyo office in Japan.

We have representation on a case by case basis in Singapore. We have our representation through Loxley's Bangkok in Thailand. We are now moving towards some degree of closer cooperation in Kuala Lumpur with Austrade. We are looking at those areas. In fact, I was participating in some of those discussions earlier. A.D. Little recommended that we should be doing something in Indonesia, and we have been having some examination of the best way of doing that.

It is worth noting that the Government at large is already participating in something in Indonesia which does not come under my portfolio area, and that is through Austraining and is a three-way partnership involving the South Australian DETAFE, SAGRIC International and the New South Wales Department of TAFE. That is a very exciting cooperative arrangement bringing together something like 60 per cent of Australia's TAFE training capacity, and South Australia is sort of two shares out of the three in that, which is good to see.

**Mr QUIRKE:** Are our outposts around the world well briefed on the MFP project and are they part of the work-up to the MFP and its international perspective?

**The Hon. Lynn Arnold:** Certainly they have been briefed on progress to date and understand that they will play an important role in investment attraction in the MFP project as things scale up. Members well know the processes that we have had to go through, and the



legislation was one of those important processes. The next important process is the establishment of the board, the appointment of its chair and CEO. I know that we are very close to finalising those details in the next few weeks, and when that happens the whole activity of the MFP can scale up. These officers will play an important part, and they will be well briefed. The other ambassador of the MFP is the International Advisory Committee of the MFP which consists of people from various parts of the world. They are also well briefed. I understand that the next meeting of that advisory board will be in March next year. We provide them with an opportunity once a year or so to come to Adelaide and get themselves well briefed on the latest developments about the South Australian economy and the opportunities.

**Mr QUIRKE:** Is South Australia House in London playing an intermediary role in relation to the other multifunction polis projects that are presently taking place in France and ourselves? If not, could that be one of the other functions of our London operation?

**The Hon. Lynn Arnold:** I do not know that it is quite in the context of an intermediary role as such, because we have particularly good links with Sophia Antipolis. In fact, Barry Orr has played I guess something of an intermediary role with Sophia Antipolis, the MFP and South Australia. I know that in the setting up of appointments Barry's work has been important, but Geoff Walls' work has also been important, for example, when John Bannon went across there, in establishing those contacts. In time to come it will be important that we take the opportunities that the Agent-General offers. Indeed, in its action plan for this year, objective No. 1 is listed as 'to secure European investment in the MFP Adelaide', and it is stated, 'fulfilling that will require that by June 1993 they shall have made major presentations to 20 leading European countries identified through pre-selling market research using a combination of external and in-house resources; and by June 1994 they will have secured the firm commitment of four European participants in the project'.

**The Hon. DEAN BROWN:** When the new MFP board is appointed, do you expect it to fundamentally refocus its attention away from the Gillman site to a broader application for the whole of South Australia, in particular Adelaide?

**The Hon. Lynn Arnold:** I know that there has been this debate about moving things away or whatever. I have never felt comfortable with the view that things have to be polarised: that it is either Gillman or nothing or it is somewhere else and not Gillman. The reality is that the MFP always was going to be a series of inter-related activities in South Australia that presided over some national points of contact as well. The name of the project is MFP Adelaide, and that picks up the fact that it will draw on the strengths that we have here. So, we are not dealing only with the Gillman site; we are dealing also with Technology Park, Science Park and the other avenues of technological excellence that we have in South Australia and, for example, the companies that are located in various other parts of the metropolitan area.

That being the case, I have never, previously as Minister of Industry, Trade and Technology and now as Premier, had the view that it is all at Gillman and nothing elsewhere or all elsewhere and nothing at Gillman. The

two must run in parallel. We must see things happening at Gillman over the next 18 months to two years, and we will. However, at the same time, we will see things happening at other sites as well. Indeed, the Signal Processing Research Institute project is quite correctly cited by many as being one of the first building blocks of the MFP, and that is located out at the Levels.

By way of a note I have been reminded that the MFP Adelaide project that we talk about is now named MFP Australia for the whole project, so that point is certainly worth noting. I never saw this playing one off against the other. Gillman will be developed, as will the other opportunities in South Australia.

**The Hon. DEAN BROWN:** As a supplementary question, you have allocated \$30.965 million for capital expenditure this year. On what specific works do you see that capital money being spent?

**The Hon. Lynn Arnold:** I will get a detailed report as to where that money will be spent and also the money spent to date because our involvement in the Signal Processing Research Institute, as I say using that as a building block of the MFP, effectively therefore becomes funds for an MFP-related project. My understanding is that a significant percentage of that funding will go to engineering works at the Gillman site and will include a lot of work that has to be done there. But, that does not preclude the focus of investment of looking at all areas of Adelaide not just the Gillman site.

**The Hon. DEAN BROWN:** Again as a supplementary question, when I became Leader I asked for a briefing by the MFP team; I was offered that and took it up. One of the things they stressed was that they expected works to start on site at Gillman this year, and they talked about the canal and certain other works in terms of the collection of stormwater and so on. Is that work to be addressed under this \$30.9 million for this year? I am somewhat surprised that we have an allocation of \$30.9 million and the Minister cannot give us an answer now as to how that will be spent this year.

**The Hon. Lynn Arnold:** We will give you an answer on that. I would suggest, given that this matter comes under the Estimates Committee that I will be on tomorrow, when I have the relevant officers able to give me chapter and verse of the actual breakdown of that expenditure that that is when you will get the answer. It is unfair to ask the present set of officers to give you figures which they are not directly involved in and which is not in their lines.

**The Hon. DEAN BROWN:** Under 'Program 1, Strategic Planning' it states:

One of the 1992-93 objectives for this program was to assist in developing a competitive business environment in South Australia by monitoring and advising on key parameters such as electricity charges, WorkCover levies and other direct and indirect costs to State industries.

What specific reports have you done in terms of electricity charges, WorkCover levies, and so on? How uncompetitive were we in those areas during the past year as part of that program?

**The Hon. Lynn Arnold:** Not so much detailed reports as such, but more work with relevant agencies of Government in helping to advise Government on what should be happening. For example, I know that when the previous Premier made announcements about a program of electricity tariffs for the next few years, and the fact

that in this year real decreases will occur in the cost of electricity to business and agriculture, that was done partly on the base of work using the Minister of Mines and Energy's Office of Energy Planning, also clearly the Electricity Trust and also input from the Department of Industry, Trade and Technology. That kind of role is one they have always played, and I will see them continuing to play that role in the metamorphosed role of the Economic Development Board.

**The Hon. DEAN BROWN:** As a supplementary question, I refer not so much to reports as I do to activities. Could you highlight to me what has been achieved in terms of making our WorkCover levies more competitive during the past year?

**The Hon. Lynn Arnold:** There have been ongoing decisions within Government about WorkCover, and those discussions will continue. There has been a minor levy reduction in the past 12 months. I hope a situation will develop where further levy reductions can take place in the coming 12 months.

**The Hon. DEAN BROWN:** Are those reductions as a result of your discussions or as a result of other reasons?

**The Hon. Lynn Arnold:** The reductions that took place in the past 12 months took place because of financial assessments within WorkCover; I cannot predict what will happen in the next 12 months.

**The Hon. DEAN BROWN:** I ask a supplementary question in relation to electricity charges. Small business people have complained—

**The ACTING CHAIRMAN (Mr Quirke):** I have just been advised that five supplementary questions have been asked in the Leader's battery of three questions, and I hope that this will be the last in this threesome.

**The Hon. DEAN BROWN:** It was just that the Premier opened up the area and I was simply pursuing it. I will accept that this is the last supplementary question. In terms of the electricity charges, small businesses have complained to me that they have seen the Premier's announcement, which suggested that there were real benefits as a result of a reduction in tariff rates. It would appear that the only companies that can get any benefit from a reduction in tariff rates are those that operate seven days a week, 24 hours a day and that there are no reductions whatsoever for small businesses. Because of the nature of this clear objective that you have, could you get your officers to look at this matter in some detail and report back to this Committee on how ineffective those new tariff rates are?

**The Hon. Lynn Arnold:** I certainly will get a detailed report on that, and I will have to take aspects of that question on notice. However, I might say that the very point that was being made to us by business in South Australia earlier was that we were not that uncompetitive in many areas of electricity charging and, indeed, in some areas we were very competitive. Arthur D. Little confirms that point, and I will get the page reference to that in a minute. There is less need to have real reductions in the cost of areas where you are already competitive. Why expend forgone funds in that area?

However, areas were acknowledged in which we were not competitive and, frankly, they were the three shift areas; they were the areas where businesses might be involved in significant out-of-hours production. That is where emphasis should be going: on reduction in

electricity tariffs. My guess is that that has a lot to do with the restructuring that took place. But we will come down with a detailed report; in that, we will also pick up the Arthur D. Little comment on electricity.

**The Hon. DEAN BROWN:** As a result of this objective, we have covered WorkCover and electricity charges, and I think it is fair to say not much has happened in both those areas, except something very minor in electricity. What other direct and indirect actions have been taken to improve the competitive position of South Australian industry?

**The Hon. Lynn Arnold:** I know that the Leader would willingly acknowledge the leading work of South Australia in the area of payroll tax. In two years we have had financial returns in the area of payroll tax, and that clearly becomes an important area. Last year, I think that cost about \$15 million. This year's rebate program will add another \$10 million to that, but that is in addition to the fact that \$15 million from last year recurs. So, the cumulative annual total of payroll tax reductions and/or rebates amounts to something like \$25 million in this budget. That is a significant amount, and I am sure the Leader would agree with that.

Reductions in port charges were also announced by the former Premier on 24 June. You can get details from that from the Minister of Marine and Harbors in due course. That represents a significant benefit to companies that trade overseas, and we constantly monitor the role various forms of regulations have in Government. I think this Government has had an aggressive program of deregulation—certainly not always supported by some in the Parliament—and the aim of that has been to remove unnecessary costs that some regulations which have been proven to be unnecessary result in business having to wear.

**The Hon. DEAN BROWN:** Under that payroll tax rebate scheme, how many additional jobs does the Premier expect to be created in the next 12 months?

**The Hon. Lynn Arnold:** It is difficult to estimate the actual number. It is a program that we estimate will cost \$10 million. That therefore means that \$10 million is presumed to be rebated at the payroll tax rate of 6.1 per cent. We must retain 98 per cent of previous employment. We will do the mathematics of that. The point needs to be made that if many more jobs are created then that is one area of over expenditure that will happily be tolerated.

**Mr McKEE:** Page 101 of Program Estimates, under the title '1991-92 Specific Targets', refers to a feasibility into light satellite launch vehicle opportunities. Will the Premier say what stage that feasibility study is at? When does he envisage it might be completed?

**The Hon. Lynn Arnold:** I will ask David Mitchell to comment on that.

**Mr Mitchell:** That study is due for completion at the end of September. It is being completed by a team, including British Aerospace Australia, Hawker De Havilland and Ausspace. In fact, they are having a review meeting this week with Lockheed, who are acting as their technical reference authority. It will probably be three or four weeks before the study becomes available.

**Mr OLSEN:** I refer to the Premier's reply about a reduction in port charges; perhaps he will look at the case I raised with the Minister of Marine the other day, where

port charges have been reduced but crane hire fees have increased threefold. So, oranges going out of the Riverland accessing the North American market for the first time for many years—decades I guess—had an actual loading cost addition of \$7 500 per shipment on a new export market when we are supposedly reducing port costs and fees. Will the Premier review that, particularly as it relates to those fees with the hire of cranes and loading facilities at the port?

**The Hon. Lynn Arnold:** I will certainly look into that matter. I know the question was raised, and I know my colleague the Minister of Marine and Harbors is looking into that matter. However, I can assure the honourable member that, if he is implying that the Government is not forgoing revenue by the reduction in port charges, it is the case that revenue is being forgone—in other words that has been given back to industry. However, I will look further at this matter that the honourable member has raised.

With regard to the \$10 million payroll tax rebate scheme, it requires some assumptions about what would be the average wage of people employed, but if you work out an average wage of \$25 000, with the 6.1 per cent payroll tax of late applying, it would mean about 6 500 jobs.

**Mr OLSEN:** The Leader asked about the investigation in a range of areas relating to business costs and, given the thrust of the Arthur D. Little report of establishing a good business environment and culture in South Australia, has an investigation been undertaken yet in accordance with the Little recommendation of an accommodation levy as a means of substantially increasing resources to the tourism industry and, if not, why not?

**The Hon. Lynn Arnold:** Not by the Department of Industry, Trade and Technology. I know that over the years some consideration has been given to the concept of accommodation levy or bed tax, but I suggest that the question ought to be referred to the Minister of Tourism who can identify to what formal extent that work reached within her department. Within the Department of Industry, Trade and Technology work has not been done on that matter. Clearly there are some circumstances where, if guarantees could be made that the accommodation levy all went to the tourism industry, it might be a viable alternative to other forms of supporting promotion of the tourist industry. The industry itself has to feel comfortable that that is the way to go and I suggest that at this stage industry is uncertain about the effect that a change of Federal Government would mean with the GST and it would want to carefully consider the impact of such before it were to enter into an accommodation levy. In broad principle, all other things remaining the same, the concept of an accommodation levy totally hypothecated to the tourism industry may have some merit. Arthur D. Little says that it should be looked at.

**Mr OLSEN:** Will it be actively pursued?

**The Hon. Lynn Arnold:** It will be further looked at.

**Mr OLSEN:** I refer to the heading 'Encouragement for Investment' under which the former Premier said, during last year's Estimates Committee, that:

Negotiations are in hand to develop a full feasibility study to utilise stored methane at Moomba to produce a range of gas-based chemicals at a pre-destined and environmentally approved

site at Port Lowly adjacent to Santos. If this concept were to be successful, the full value of the investment that could be achieved for the area would be \$1.23 billion.

Has the feasibility study been undertaken and, if so, what is the outcome and, if not, why not?

**The Hon. Lynn Arnold:** A lot of work has been done on this area of expanding petrochemical activities in the Whyalla area including business attraction activity with potential overseas investors. A proposal exists for investments to produce various products from the petrochemical range including ethylene glycol and methyl tertiary butyl ether and to look at how it can be done with technologies that have no toxic emissions to air, land or sea. We have had investor interest expressed by organisations within Australia and Taiwan. Taiwanese and South Australia Government representatives have met in Taipei to consolidate negotiations. My colleague, the Deputy Premier, has been part of those negotiations. The stage we have reached at this point is to establish a petrochemical industry zone at Port Bonython to be known as the Whyalla Resource Development Estate, covering 2 000 hectares of Crown land at Port Bonython. We have engaged Klockner Industrie Anlagen of Germany to provide the pre-feasibility study for the proposed MTBE plant and the study has been jointly funded by the South Australian and Commonwealth Governments. I will ask Paul van der Lee to comment on the status of that study and when it will be completed.

**Mr van der Lee:** All of the feasibility studies that have been done to date indicate that the projects are viable. Projects have evolved from one project into three separate ones. The state of negotiations remains intensive and there is on-going refinement of the proposal to meet the specific requirements of the Taiwanese investors. There has been no further milestone reached at this stage, but we are responding directly to the continued interest of the Taiwanese potential investors. I am not aware of the feasibility study completion.

**Dr Crawford:** It has been subdivided into a number of feasibility studies according to the different projects and most of them are over. The particular one to which we alluded should be finished within a month.

**Mr OLSEN:** In relation to the intensive negotiations with the Taiwanese—the group mentioned—when would you anticipate being in a position to indicate whether the project is likely to proceed or otherwise?

**Dr Crawford:** It is always awkward in these transition moments. I am closer than my colleagues to this issue. When we talk about the Taiwanese we must understand what we are saying. We are saying that if we have dedicated product out of a specific purpose facility, you need a dedicated market and dedicated client. The Taiwanese represent that dedicated market and client. At any given point they have a particular demand for the particular chemical product about which we are talking. They are obviously cost sensitive, so the negotiations go backwards and forwards as they say, 'We have reduced the number of other potential clients or facilities in terms of the cost structure. Could you meet the following cost structure? What sort of contribution would you make if we made this sort of contribution?'

It is an on-going dialogue process. Each time they ask a question it can take time. If we are going back to Santos or SAGASCO we are asking them whether, if we help them carry out this sort of business assessment, for

what sort of cost structure could they develop ethane at the wellhead or what would be the cost structure of a pipeline in this mode. When we say that it is intensive, it is going backwards and forwards all the time with them asking questions and deleting other potential sites and providers and our staying in that small group of options that they are currently actively considering. It is hard to say at what point you reach a concluded view as that will be determined automatically by their cost structure and whether we are able to meet it. So far we are.

**Mr OLSEN:** The whole subject of petrochemical plants and the extensions have been around for a long time and floating backwards and forwards on the agenda in South Australia. It would be a great boost if we could get to the point of proceeding with it. During last year's Estimates Committee reference was made to the development of the feasibility of the Alice Springs to Darwin railway. What progress has been made in that area?

**The Hon. Lynn Arnold:** You will understand that that is in a formal sense driven by the Northern Territory Government. The South Australian Government, through the previous Premier and me, has indicated our support for such a project going ahead. We believe there is merit for the national interest in seeing that project adequately supported by the Federal Government.

We provided some feasibility work done by Morrison and Knudson in that area, and, while I say the formal driving of this was the Northern Territory Government, I think it is fair to say that given the expertise we have had within my department that we were in a good position to provide some of the actual driving of that particular consultancy.

**Mr van der Lee:** The project is essentially in the hands of Morrison and Knudson as a private investor or a consortium of private investors. The Department of Industry, Trade and Technology has worked closely with them to provide what assistance we can to make the best possible case for that project. At this point in time the business case that has been developed indicates that the project falls short of commercial viability by several hundreds of millions of dollars. Consequently, it is with the investors as to whether they can find a means of bridging that gap in viability. They would probably put the case that that gap should be filled by some form of public sector investment or support. Essentially, the project is in their hands.

**Mr OLSEN:** What progress has been made in the construction of a gas pipeline from the Amadeus Basin to Port Augusta?

**The Hon. Lynn Arnold:** I will get a report from my colleague the Minister of Mines and Energy on that. Indeed, he may well be questioned on that at a subsequent Estimates Committee.

**Mr OLSEN:** Has any consideration been given to uranium enrichment in terms of value adding from our minerals?

**The Hon. Lynn Arnold:** No.

**Mr OLSEN:** Will there be?

**The Hon. Lynn Arnold:** There are people who have raised the issue from time to time in the community but the Government does not intend to proceed down that path.

**Mr OLSEN:** I notice the Arthur D. Little report indicates there are difficulties in gaining access and mining rights to lands with restricted access title, the scarcity of geological and geophysical information which is a major impediment. I note with the move to upgrade, through the Department of Mines and Energy, that information base. With regard to the first point, that is the restriction of access rights to Aboriginal lands, is it the Government's intention to take note of the Arthur D. Little report and take some action?

**The Hon. Lynn Arnold:** The honourable member has quite correctly noted the geophysical funds we have allocated. In this area as with all areas of the Arthur D Little report we will further investigate them and consult as is appropriate about those recommendations and therefore in this instance that would have to be something we discussed with the Nungar community to determine their reaction to that particular recommendation. Clearly, they have a right to be asked. I would point out that this State Government, over the past 10 years, has achieved the respect of the mining industry for taking reasonable views in these matters, and some of the work that takes place with respect to assessment of mineralisation potential in areas under Crown control have been, I think, appreciated by the mining industry.

**Mr McKEE:** On page 97 under Program Resources and Sundry Program Resources, in the area dealing with interstate and overseas trade promotion, I notice that the proposed budget for 1991-92 of approximately \$2.5 million we actually came in below budget which is obviously quite a good thing. But I notice that we are also proposing for 1992-93 a lesser amount. I am wondering why we are actually proposing a lesser amount than we actually spent in 1991-92? Is that because promotion is closer to Australia than the Asian region?

**Mr Withall:** During the year we changed the format of the accounting policies of allocating and marketing expenses, and you will find that the marketing expenses in that program should have gone down.

**The Hon. Lynn Arnold:** What we will do is get a reconciliation of these figures so we can compare like with like. Can I just say, that to go through the actual overseas representative offices the actual budgets, in the Japan office we voted to \$290 000 in 1991-92. We spent \$373 484. The proposed expenditure for 1992-93 is \$300 000. That figure of expenditure last year also did not take into account the additional funds recouped from other agencies. So, Tourism SA contributed \$100 000 to that office, save for \$40 000; Marine and Harbors 49 and Premier and Cabinet 29. The total operating cost was \$608 000. The Hong Kong office voted expenditure last year of \$180 000. The actual expenditure \$143 159. The proposed expenditure this year is \$190 000. So that obviously has gone up. Singapore, the voted expenditure \$54 000. The actual expenditure \$38 491. The proposed expenditure \$60 000. The United Kingdom—here we are just talking about the industry trade component of the Agent-General's office, not the Agent-General expenditures that come under the lines that will be addressed tomorrow. Voted expenditure \$180 000. Actual expenditure \$180 903. Proposed expenditure \$180 000 this year. Thailand voted expenditure \$60 000. Actual expenditure \$9 657, but I am advised this is as a result of

a delay in submitting invoices. An amount of \$70 000 was paid to Loxleys in August 1992. Proposed expenses for 1992-93 are listed here as \$60 000 but that should have been \$130 000. It should be the 60 plus the 70 because it was spent within this financial year. Malaysia, as I say we are having negotiations with Austrade on this matter because those negotiations are not finalised last year. The voted expenditure of \$100 000 results in expenditure of only \$5 000. The proposed expenditure for 1992-93 is \$85 000. The situation with Indonesia is we are still further considering what may be pursued. I make the point however that all of these are overseas representation costs related to the Department of Industry, Trade and Technology. As I mentioned with the Japan office there are some funds allocated by other areas of Government, for example, the Agent-General. While I have been provided that wealth of financial information Paul van der Lee can actually answer the question that was asked.

**Mr van der Lee:** It is very much the result of an accounting change in policy. There was a substantial amount of funds under the trade program previously related to marketing activities and in fact that was an amount of \$627 000 and that has been transferred into the marketing budget. So, that the moves between the investment and the trade promotion programs are solely attributable to achieving the practise of allocating the marketing activity and the expenditure equally between the encouragement of investment program and the trade promotion program. It does not represent any substantial change in the level of activity between those two programs.

**The Hon. DEAN BROWN:** I come back to my earlier question about the number of jobs created under the payroll tax rebate scheme. Have you been able to work out that figure?

**The Hon. Lynn Arnold:** The Leader was absent from the room when I gave the answer. The answer is 6 500—on the assumption of an average wage of \$25 000, and, of course, the payroll tax rate of 6.1 per cent. As I said before, if it turns out that 7 500 jobs are created that are eligible for the rebate then they will get the rebate. There will be no ceiling to paying the rebate, just because we have a figure of \$10 million allocated.

**The Hon. DEAN BROWN:** Can you give some indication of how many of those you expect to be created in the first six months on a more or less proportional basis?

**The Hon. Lynn Arnold:** I guess that will depend on the general level of economic activity in the country. One would expect that, if the economy tracks out of the recession at an even rate over the year, there would be a linear increasing number of jobs created and therefore the expenditure will match that. If, however, there is a very quick pull out there may be different spending patterns. Most pundits are predicting that, while we will track out of the recession relatively slowly as a nation, employment will lag a bit behind that, so my guess is that we will therefore see most of the funds being rebated in the first half of next year. That therefore will affect the total number of jobs that may be assisted under this program, because that figure was based upon a full year employment effect. So the actual funds in this financial

year may end up funding, for example, 13 000 jobs, if all of them take place from 1 January as opposed from now.

**The Hon. DEAN BROWN:** So that is the basis on which that calculation was made, about 13 000 jobs?

**The Hon. Lynn Arnold:** Yes; in terms of a half year effect, in that not everyone was put on on 1 July, which they would have to have been for the 6 500, and then you have to pick up some point along the way. So you could work out any assumption you want to what is the most likely case.

**The Hon. DEAN BROWN:** I refer to program 3, Service to Industry and I refer specifically to the hub development steering group that was established and chaired by the Director of the department. It was stated in the annual report of the department that this steering committee would look at the concepts, strategies and business plans needed to make Adelaide an international express freight gateway and it also stated that negotiations had begun with relevant international consortia. I wonder whether we can have a copy of that business plan.

**The Hon. Lynn Arnold:** I am happy to have the Leader see the document on a confidential basis. The problem is that we have been pushing very hard on this transport hub concept. It offers lots of potential. But as we will market our opportunities with different carriers, for example, we do not want to lose a competitive edge to other ports in Australia that might be trying to develop the same sort of concept. There is no doubt that we are ahead in this race and we would not want to throw away our own advantage by making public this business plan documentation. But to respect the rights of the Parliament we are certainly happy to have it available on that kind of restricted basis.

**The Hon. DEAN BROWN:** I will give some further thought to that. A subsequent question to that: basically how many international consortia have been involved and what, so far at least, has been the outcome of those negotiations?

**The Hon. Lynn Arnold:** I was involved earlier in the year when I met an industry mission group to Singapore, and as a result of that there was the establishment of a formal hub to hub relationship between the port of Singapore and the port of Adelaide. At that same time there were discussions with various members of the Federation of the Asean Shippers Council, and with some shippers in particular. There have been further discussions, and I will ask Peter Crawford to comment further on the matter.

**Dr Crawford:** I think we can divide the project into a number of facets. First of all, there is creating a project management process, because we are talking about many elements in this hub. We are talking about rail linkages, road activity, port development, warehousing, associated manufacturing sites and airport development, for example. So in each of those areas there are different consortia companies that are interested. In terms of project managing the approach, we have developed a lot of the concepts to the point, through various forms of planning, where the Government has determined that there should be a form of strategic alliance to create the project market. In that instance, there are eight companies that have all expressed interest in carrying out that project management. In recent times, interviews have

taken place, after a short listing process, with two of those consortia, one of which has international partners and the other one is Australian only.

In relation to the various elements of the project, with shipping there has been direct negotiation with three major shipping lines. There have been indirect negotiations with a number of feeder lines that they have alliances with. In relation to warehousing, there have been negotiations with about half a dozen consortia or companies, and a number of those have expressed interest in investing in the warehousing. In relation to terminal operation, there are negotiations ongoing with several consortia. In relation to airline services and the airline area, it has been more difficult, because the Federal Airports Corporation has a controlling interest, and to some extent a deterministic influence, and so it has been more difficult there to link potential consortia members together. But I think we are getting to the point where we may be able to crack that issue in the near future. So there is a whole array of companies that have expressed interest in various facets of this development. The need for a project management strategic alliance arrangement with a major player is very much about trying to integrate all these things together and get the business development relationships correct.

**The Hon. DEAN BROWN:** In the last year, what has been the highlight in terms of industrial development achievements in South Australia? What single project would you put down as the biggest achievement for the year?

**The Hon. Lynn Arnold:** We fight on many fronts. It is not a case of just picking up one particular one. I think the transport hub has clearly been a major project for us. The work on the petrochemical industry has been—

*The Hon. Dean Brown interjecting:*

**The Hon. Lynn Arnold:** I know what you are asking; you are asking for one. I am not prepared to give you a one-off answer, because there are a number of things we have had to do. I treat the work with the automotive industry, for example, as being of equal importance. The fact that we have 2 500 manufacturing companies in South Australia across all sectors is of equal importance, as is the work we have been doing through the centre and in other ways. It is almost like a press-type interview question, but it cannot be easily answered. If you want to pick up individual companies which have done particularly well and with which we have worked—and for which there has been some means of assisting those—then we could talk about the expansion of Sola, as an example there, and we have been pleased to assist there. We have been pleased to assist with the paint shop at Holden's, and clearly that is a major boost. In terms of other projects that have happened, there has been the ongoing construction of the Apcel plant in the South-East, with a \$200 million expansion. There has been the expansion at Olympic Dam, involving \$70 million. There is the expanded market access by Fauldings, for example. There is the continuous caster at BHP Whyalla. They are all significant events that have happened in the past 12 months, which we are very pleased to have seen take place.

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

**Mr OLSEN:** In 1992 there was a program for a major trade mission to Europe, flowing over from last year. I understand that that has not been undertaken. What trade missions are proposed for this ensuing year?

**The Hon. Lynn Arnold:** The concept of a major trade mission to Europe has been replaced by other trade arrangements that have seen a series of minor missions being undertaken. One thing that we would like to pursue is to look at the automotive industry in the United States and Japan, particularly in relation to the principals of the companies that are involved in Australia, to work more closely with them on what their future investment plans might be. That might involve visiting them. There was to have been a small trade group leaving tomorrow for the Thessalonika trade fair and then the Seville Expo. That is now not proceeding, and some deferred arrangements are being put in place for both of those.

Some consideration has been given to a trade mission to go to Japan and, possibly, Shandong Province next year. I note with interest that a major group of companies is going to Shandong in the next month or so, although not under the auspices of the Government.

**Mr van der Lee:** We foresee that, in the next 12 months, particularly in terms of rethinking this area of activity as a result of the Arthur D. Little report, future trade missions are likely to be somewhat smaller and far more focused in their objectives. Also, there will probably be a switch in emphasis towards investment attraction rather than trade in the sense of purely exports. Many of the programs we are seeking to enhance are more about identifying strategic partnerships than about the standard export-type objective.

As an example, the Transport Hub has already run a mission to advance the relationship between Singapore and Adelaide, and further visits will need to be focused on quite specific objectives of the Transport Hub project. The medical services area is another area in which the scope and focus of future missions will be defined by the private sector participants in that program. Likewise, in the automotive strategy area it will be the strategy itself that will define which companies will participate and the specific objectives of those missions.

Next month a major mission is to be mounted by the Department of Mines and Energy to the United States, in order to capitalise on the substantially enhanced exploration program. The objective of that mission is to get US exploration companies involved in South Australia, to take advantage of the exploration program and also to seek to make them aware of the advantages of setting up an office here—and, hopefully, an Australian office.

Other aspects that we will be taking into account in revamping our program for the next year will be the relationship with Austrade and the enhanced role of the Chamber of Commerce. At this stage, therefore, there is still some uncertainty as to the full year's program for trade missions.

**The Hon. Lynn Arnold:** Can I just add two other points: first, some consideration is being given to a small trade group going to Hong Kong on the occasion of the inaugural flight of Cathay Pacific from Hong Kong to Adelaide. That may take place within the next few weeks. The other matter takes up Mr van der Lee's point that country-specific chambers of commerce have for some

time been eager to promote trade with their country. We are giving some increased capacity to the Greek, Italian, Spanish and Middle Eastern chambers, and the like, in terms of financial support, although they would not necessarily be missions in which the Government would participate, other than by giving some degree of financial support to the groups of companies going under the auspices of those chambers.

**Mr OLSEN:** Have there been specific budget allocations for that?

**The Hon. Lynn Arnold:** Yes, there is a specific budget line for that, which appears under the Ethnic Affairs budget, being the transfer of funds from DITT to the Office of Multicultural and Ethnic Affairs, that will provide for support for country-specific chambers of commerce, and that will include consideration of applications for support by those country-specific chambers for trade activities.

**Mr OLSEN:** Which chambers and which countries did you have in mind to receive subsidies?

**The Hon. Lynn Arnold:** Any chamber that has established itself as a formal chamber will be eligible for consideration if it can establish its *bona fides*. At the moment, in South Australia we have the Italian Chamber of Commerce and Industry, the Hellenic Australian chamber, the Netherlands chamber, the Polish Australian chamber and a Russian Australian chamber. As well, there is the Arab Australian chamber, the Chinese Chamber of Commerce (which represents the interests of Chinese business in any country that has Chinese residents), the Korean chamber, a Malaysian chamber, an Indonesian chamber and a Scandinavian chamber.

**Mr OLSEN:** In relation to trade missions and representation, the Arthur D. Little report refers to Indonesia, Taipei and North America. In the discussions so far today, no reference has been made to North America. What is your intention in relation to picking up that recommendation and what representation are we considering, if any?

**The Hon. Lynn Arnold:** We actually have an officer participating in an Austrade mission to North America at this time. I noted the Arthur D. Little recommendation with great interest since, in fact, we did have representation in Los Angeles when Orm Cooper was based there. Without any reflection on Orm Cooper himself, it is fair to say that our experience of representation there was not as successful as it could have been, as a result of the focus having changed from when we established that office.

Members might recall that in earlier Estimates Committees I reported that that office had opened in order to focus on defence industry opportunities. When it was established, that was a reasonable decision to make, because it was worth while having an office located in Los Angeles where the major defence industries are headquartered, especially in relation to the Australian Government's program for procuring more of its defence requirements from activities within Australia, using the involvement of key companies from overseas.

However, the nature of the procurement changed quite dramatically, and it became clear later that the decisions were effectively being made in Canberra and in parts of the States other than where the companies were actually located in Los Angeles. Our representative then had to

spend much of his time travelling to other parts of the States and, in the end, we made an assessment that we could do that just as effectively from Adelaide.

He endeavoured to look also at other market opportunities at the time, working on the premise that Los Angeles is either the second or third largest financial centre in the United States, depending on how you want to view it; that key aspects of other industries were involved; and that it made sense to have Los Angeles as the base. However, in the end we decided that the cost of running that operation was just too great, given the return we were getting from it, and the decision was made to close the office. What Arthur D. Little has put before us is that we re-examine how best we target the west coast of America, particularly.

We will certainly do that re-examination, if we can feel convinced as a result that the experience we had previously is salutary and will lead us to define our representation in a different kind of way—maybe in a different city—and certainly with a different charter: we would no longer look to limiting it as much as we did before to the defence industry. Then it is possible we may have some representation there. I want us to look at some much closer arrangement with Austrade in the US, and we should take the opportunities offered by Austrade to contract it for services that it might offer in that particular market and look at that as an alternative to having our own free-standing representation.

**The Hon. DEAN BROWN:** You have talked about this link with Austrade and using Austrade, and that makes a great deal of commonsense. Could you describe in some detail how you envisage this link occurring? It also comes up in terms of your aims and objectives on a number of occasions.

**The Hon. Lynn Arnold:** There are some generic areas whereby we can contract them for market research, and we can contract them for particular activities in terms of helping trade groups or trade missions. But there are other areas where we could move to a more formal type of arrangement. When I was in Malaysia just recently, that is one of the things we were looking at. We chose a particular sector, that is, the health sector in Malaysia.

Given that there is a major increase in investment in the health industry under the current five year development plan in that country, we thought there were opportunities for the 50 or so companies that are members of the South Australian Medical Supplies and Equipment Group, which is a network of companies in this State, to obtain some benefit out of that program. The best way for us to do that was to have some special kind of relationship with Austrade, which we pay for, whereby it also acts as an advocate for this South Australian group. We are still pursuing that particular issue.

On the broader question, a joint representation project with Austrade was first suggested by the former Premier on 22 March 1991 at the National Trade Strategy Meeting of Federal, State and Territory Ministers on 28 November 1991. The matter of overseas representation was further pursued. At the time, I indicated that I thought there would be benefits out of having collocation of the State branch of Austrade with the State Government officers responsible for trade, as well as having collocation of the State Government commercial



representation with Austrade officers overseas. That is something at which we can look much further over time.

In November 1991, the department developed a proposal with Austrade for a joint representation program to be undertaken in Malaysia. That has since been narrowed down to look at the health sector. The broad nature of the joint representation with respect to this health sector is that Austrade will carry out specific services for the South Australian Government for a period of 12 months, during which time the process will be assessed. The decision on its contribution and in what form it will continue will be made at the end of 1992, after consultation between both parties.

With respect to Malaysia, a first stage market study was prepared by Austrade in late March 1992, and this now forms the basis for ongoing market development work to be undertaken by Austrade on South Australia's behalf.

**The Hon. DEAN BROWN:** You mentioned that a delegation of companies is going to Shandong province; was I right in hearing you say that they were not related to any Government activity, or is it a private mission?

**The Hon. Lynn Arnold:** This is a private mission that I think really focuses around the sister relationship with the Port of Adelaide and a sister arrangement in Shandong province itself. The Port Adelaide council has been supporting the development of a trade group to go over there. We are offering some technical advice to that group, but essentially it is a joint private sector local government driven trade group.

**The Hon. DEAN BROWN:** As a supplementary question, the former head of the Premier's Department was recently in Shandong province. Could you outline the nature and purpose of that trip?

**The Hon. Lynn Arnold:** At this moment, in a technical sense Bruce Guerin remains Director, but he is on other duties.

**The Hon. DEAN BROWN:** I was referring to the former acting head of the Premier's Department.

**The Hon. Lynn Arnold:** My understanding of that mission—and I will certainly have this confirmed—was that it was part of an ongoing examination of the way in which the Shandong and Australian relationship can be further advanced. My advice from him is that he is recommending that there be some form of visit from South Australia to Shandong in April or May of next year which could involve a trade group going with it.

I also understand that there are some senior officials and businesses from Shandong coming here. We will check the date on that, but I understand that some companies are coming to South Australia in the next couple of months, and he was ascertaining more information about that.

**The Hon. DEAN BROWN:** What is now the state of the relationship between the two in terms of any specific achievement that has come out of this program, which has been going I think since 1983 or 1984? What specific programs or contracts, and so on, have arisen from that association?

**The Hon. Lynn Arnold:** I do not think it goes back as far as 1983—certainly not in the formal sense. In 1986 the then Premier travelled to Shandong and signed a letter of intent with Governor Lee. So, that really marks the official starting point of the relationship. In 1987 I went

and actually did the technical signing of that agreement. So, from a legal sense I suppose it started in 1987, but to all intents and purposes the memorandum of understanding the year before was the key. A lot of discussions had occurred leading up to that.

It is fair to say that in the first few years we did not see as much outcome from the relationship, and neither did they, as we might have hoped. There was a very successful participation in the Adelaide international expo by companies from Shandong; they were very happy with that. Certainly, companies that came from South Australia to Shandong have been developing some degree of trade contacts. We have had some contact at Government department level, and my Department of Agriculture has been particularly pleased to provide some technical assistance to officers from Shandong. I see that role increasing. We had hoped that there might be some opportunity for some aquiculture exchange of information; that does not seem to have happened as much as we would have hoped.

In terms of individual companies, there is one South Australian company that actually maintains a representative office in either Yantai or Qingdao (I forget which), and they are involved in some commodity trading. There has been some export of irrigation equipment to the province and some work in the development of the poultry industry in that area.

**The Hon. DEAN BROWN:** But that is outside the relationship as such.

**The Hon. Lynn Arnold:** The relationship itself provides the environment under which companies can feel more comfortable to operate and under which authorities over there can feel more confident about the region from which some of these countries come.

It was never specifically the purpose of the sister relationship that Government officials should be defining what should be the trade and investment opportunities; that just could not work. It really must be for the information about these areas to be opened up, and a receptiveness to be developed so that the appropriate business contacts in Shandong feel, 'Yes, South Australia; we now about South Australia; we know what it can do.' But Government cannot drive that: it can only facilitate that process.

**The Hon. DEAN BROWN:** On the poultry issue, having been the party involved in those negotiations, the other side from Shandong did not even realise that there was a sister relationship between the two States. I am not trying to put down the relationship, because I encourage it, as you know: I am just trying to work out where it is heading, and what is the nature of any commercial benefit. I want to record in *Hansard* that the poultry matter was done entirely outside that.

**The Hon. Lynn Arnold:** I cannot speak for the individual officers who may have been spoken to by the principals involved, but I believe the matter has been one of growing awareness. We are on a bit of a threshold point with that relationship. The very fact that we now have more companies coming down here from Shandong than are talking about going up there next year is indicative of that. It will always be hard to define chapter and verse what contracts specifically relate to a sister relationship. In terms of the effort that has been put into

that relationship to this point, we have had satisfactory results.

**Mr OLSEN:** What administrative structure currently exists to develop the information utility?

**The Hon. Lynn Arnold:** I would ask Peter Crawford to comment on that in a moment. The information utility represents a very good opportunity for South Australia to pick up one of the themes of the MFP, which is information technology. It offers us the opportunity to take account of the ongoing work or business of Government in needing the processing of information and using the capacity developed to do that and extend that capacity out to the private sector. Thirdly, it offers the opportunity for good collaborative arrangements between the public and private sectors and taking the very best of both worlds. I ask Peter Crawford to comment further.

**Dr Crawford:** There is a steering group in place comprising the partners, including the South Australian Government partners Anderson Consulting, Digital Equipment and AOTC, particularly its radio operating group. That group comes together regularly in what may be described as an interim board, except that the entity has not yet been established corporately, with a view to determining how to move the project forward. Recruitment of a CEO is under way and a selection has been made. Once that CEO is in place there is no reason why that steering group should not operate with that CEO in the form of an interim board.

**Mr OLSEN:** When will the announcement be made as to who will be the CEO and what salary package has been agreed to?

**The Hon. Lynn Arnold:** There have been discussions for some time about filling the CEO position, and obviously in searching the international market for the most appropriate person there must be discussions about the terms and conditions involved, and it is that process that is now being worked through. I am not sure whether we have a final acceptance from somebody for whom an offer has been approved to be made. I will take the question on notice and come back with the answer to the timing and the terms and conditions that may be agreed to between us and that person.

**Mr OLSEN:** How much did the headhunting exercise cost? You went overseas to search for appropriate people to fill the position.

**The Hon. Lynn Arnold:** There is a standard headhunting arrangement and therefore standard fees apply. It does not mean that you send teams of people overseas to search them out, but I will obtain the answer to that question.

**Mr OLSEN:** How much has the Government spent so far on the feasibility study for the project and specifically how much was spent in 1991-92 on that study?

**The Hon. Lynn Arnold:** We can obtain that information by tomorrow night. John Shepherd, the enrolment officer directly under the responsibility of the Premier's lines, will be available to answer those specific questions.

**Mr OLSEN:** Also, how much is proposed to be spent in 1992-93? Has the feasibility study been undertaken for all proposed components of the project? As I understand it, the study covers a number of basic things such as data and telephone services. Have other components such as

the mobile radio network been evaluated as with other components?

**The Hon. Lynn Arnold:** Various subcomponents have been evaluated, but I cannot speak on the extent to which each has been done. The mobile radio network has had work done on it in addition to the extensive work done on telephone networking. At this stage I cannot report on what other areas may have had some treatment given to them. I will come back tomorrow night with further information.

**Dr Crawford:** I can amplify a little. The concept of the information utility is one in which the total network is linked together and driven in one overall enterprise and a certain amount of the Government's sourcing of services is also provided. The material that has been carried through in the feasibility study is more to determine the overall feasibility of whether the proposal ought to go ahead rather than to determine exactly what elements will ultimately be included and encompassed within the information utility. So, one would anticipate progressively that those elements, after the project got up, that had not been covered to date in detail would be absorbed within the utility and carried forward over time.

**Mr OLSEN:** Has the Government identified all current public sector assets to be incorporated into the information utility?

**The Hon. Lynn Arnold:** The advice I have received from John Shepherd and others is that we have a good understanding of the types of assets we have in Government that would be useful in the information utility and the assets that would be complementary to the information utility and therefore fit into a wider net.

**Mr OLSEN:** Has the Government identified needs in information technology that will be incorporated into the utility?

**The Hon. Lynn Arnold:** An assessment has been done on that. By definition, some of it is in the nature of assumptions as to what might be expected as growth in demand for information technology services that has been built into the various reports done to date. One of the things that comes out of this is that, if you package together a proper information utility, you can meet the trend line of demand that may take place if things were not to change; also, you can add in the expanded use of information technology that might then be more possible, so the work would have taken those two factors into account: first, the growth anticipated if nothing changed and, secondly, the growth that would be possible if the way of delivering information technology services changed.

**The Hon. DEAN BROWN:** You mentioned that a feasibility study had been carried out. What did it show in terms of the net or gross benefit that would accrue?

**The Hon. Lynn Arnold:** I do not have the figures with me, but I have seen a report on the matter and will be able to present figures tomorrow night on both the economic and financial benefits estimated to come from the information utility. It is precisely that: there are two sets of benefits that appear possible. I have specifically asked that we break off financial benefits from economic benefits, because it is one of the intangibles that come from information technology matters whereby one can speculate on savings of various types and then find out that they were not financial savings to the budget but

rather economic benefits to the range of services that Government can offer, not translating into a financial lower bottom line. I will give that information tomorrow night when I have those figures with me.

The whole program has been based upon the assumption that things would not stay the same—that there would continue to be growth in demand for information technology within Government and, if there were not an information utility, the cost of that would grow quite enormously and certainly to a great extent in real terms. Therefore, it was incumbent on Government to try to moderate that growth and, if possible, even reduce the real cost of information technology within Government.

It is also premised upon the fact that the Government represents a large user of information technology and therefore that becomes almost a marketable demand that you can factor into an information utility as we try to encourage private sector participation in that project.

**The Hon. DEAN BROWN:** Could you outline the cost of setting up the information utility?

**The Hon. Lynn Arnold:** Yes, we can give all those figures tomorrow night when we will have John Shepherd here as well.

**The Hon. DEAN BROWN:** When you talk of economic benefits (apart from the area of economic benefits that you have outlined so far) do you see that there is any potential or are you well advanced in establishing private industry in association with the Government utility and, if so, what is the nature of that?

**The Hon. Lynn Arnold:** The Government has reached an in-principle stage in recognising that there is an opportunity for the private sector to be involved. The Government has approved that discussions take place with some private sector participants on some particular areas. That would require the re-presentation to the Government of a proposed formal agreement that would define the interests and protections of both parties and the financial arrangements and other things that would need to be defined in terms of maintenance and improvement of service provision. We are in that second phase, and in about December we are hoping to have this second phase of discussions completed.

**The Hon. DEAN BROWN:** What you are saying is that the private industry would set up the utility and carry out the work for the Government, is that right?

**The Hon. Lynn Arnold:** No, what we are saying is that an information utility will be set up which will involve both the Government and the private sector so that they will be participants in this venture. It is not a case of the private sector setting up the utility and us simply contract services. We will maintain, through our participation in the venture, aspects of control and protection of the assets that we put into the venture, and certainly aspects of protection of the rights of the employees who may be working on a contract basis for that utility.

**The Hon. DEAN BROWN:** Do you see any scope for the establishment of downstream industries purely in the private sector rather than in any private-Government sector industry?

**The Hon. Lynn Arnold:** I think there is enormous opportunity for downstream private sector involvement. If we effectively use the demand that Government supplies

to this venture, and that then also helps attract private sector demand for the ongoing information utility type of services, that will create a demand for new software, for example, maybe even for new certain types of hardware that will be specific to South Australia or, at least in the first instance, be relevant to South Australia, and that will really be up to the private sector to drive that in the way in which it responds to that demand. So, I think there are opportunities for private sector software companies, private sector peripheral development companies.

**Mr OLSEN:** Given that there will be a significant private sector involvement, what arrangements are being made to ensure security of Government data on individuals which will be incorporated in the information utility, and what arrangements will be put in place to give Government guarantees against service failure?

**The Hon. Lynn Arnold:** As to the first question, I answered a question in the House on that matter, that the very level of protections for security that exist with respect to the total Government handling of information would certainly be the baseline which would apply in the information utility, and I intend to look very closely at that issue to see that not only do we operate from that baseline but that we enhance the opportunities to protect people's rights to privacy about their own information. Clearly it would be an unsustainable situation for the information utility to weaken that position.

However, as I also said in the House when I answered this question, no-one can ever give a guarantee of a 100 per cent fail-safe situation where no information ever gets out which should not get out. That cannot be given by Government about its own handling of information technology matters. Therefore, I cannot give a 100 per cent guarantee, either for the present system or for the new system to which we will move, just that we will maintain rigour to ensure that as far as possible we deliver as close to 100 per cent as possible.

As to the second question, it has also been a point of concern to me that we do not find ourselves painted into a corner with a utility which may then see maybe the collapse of one of the private sector principals, that may see a radical change in technology, or that may find us down the wrong street while the rest of the world is going down another street. I am advised that both those issues are adequately taken into account; first, that for a start the architecture is open architecture that allows for new technology trends to be pursued if they suddenly take place; and, secondly, that the nature of the equipment in place and the nature of the software that will be in place when the concept is developed means that if there were to be the failure of a private sector participant in the joint venture it would not take away from the assets that would already be gathered together.

In terms of a systems failure, I will get more detailed information as to what we will be doing to protect against that, but this would not lessen our protection compared to what presently happens. It should be admitted that from time to time any computing system is liable to systems failure. We face that at the moment in some of our systems, and I guess we will face that in the future. However, we will do our very best to minimise that.

**Mr OLSEN:** What arrangements are proposed to transfer public sector assets into the information utility and will Government agencies be required to transfer ownership of these assets and then lease them back under licence arrangements?

**The Hon. Lynn Arnold:** Those details are being pursued at the moment, but the Government is not about to let go of its ownership of these assets, they will remain within the broader concept of Government ownership. The concept of individual department sub-ownership of those assets I guess is something that will be negotiated through, but we are not giving away taxpayer-funded, Government-administered and controlled assets.

**Mr OLSEN:** So they will remain in the ownership of the Government?

**The Hon. Lynn Arnold:** They will remain in the ownership of the Government, yes.

**Mr OLSEN:** Have Government agencies been instructed to transfer data and telephone communication facilities into the utility?

**The Hon. Lynn Arnold:** There have been discussions with various Government agencies. Indeed one of them, my own Department of Agriculture, is doing some upgrading of its information technology area. There have been no instructions given to that department about this matter. However, as would have been expected, there have been discussions between the department and the Information Technology Unit to ensure that the work that it is doing is complementary with what the information utility will ultimately provide.

Clearly, to the extent that Government business may have the potential to be contracted out to other areas, to other providers, the Government is concerned that we do not lose our opportunities to build elements of Government demand into the demand that will make the information utility viable. So, key decisions that might result in the information technology investments or contracts that are not complementary with the information utility are being negotiated with those departments.

**Mr OLSEN:** Have most Government agencies agreed to participate, or is there difficulty with some of those agencies?

**The Hon. Lynn Arnold:** I have not been advised about any particular difficulty with this matter with respect to the participation of Government departments. I will check that out and again we can come back with more information tomorrow night. I think it is fair to say however that I have been advised of some concerns by the Public Service Association with respect to the people's side of the equation. It wants to see that adequate protections are given, and I respect that point and acknowledge that we do have to give adequate assurances. That matter is being worked through, but as to Government departments themselves I have not been advised of any particular concern.

**The Hon. DEAN BROWN:** Did you not meet with a number of Government departments about two weeks ago and discuss this matter?

**The Hon. Lynn Arnold:** I met with a number of Government departments. I have had two meetings recently: I addressed the heads of the public sector agencies about the Arthur D. Little Report. You may or may not be referring to that meeting.

**The Hon. DEAN BROWN:** I am talking about the meeting regarding the information utility.

**The Hon. Lynn Arnold:** Again, I am not sure what you are talking about because another meeting took place with IBM to which I was invited as they wanted to make a presentation on something they felt they could offer on the enhancement of information technology used by the State Government in a complementary way with the information utility. I agreed to take part in that meeting subject to relevant Government agencies that had an interest in information technology also being present. I did not want to be going off on a one-off basis. I felt they had a right to hear what I was being told as well. On that basis that meeting took place.

**The Hon. DEAN BROWN:** From your immediate involvement with those Government departments, I come back to the question: are they all in agreement with the idea of pooling resources under an information utility?

**The Hon. Lynn Arnold:** Personally, I had no advice given to me contrary to that. That is not to say there might not be some CEO or other officer in the Government system who may have personal views on the matter, or that there might be some agencies that have an agency view on the matter, but they have not been drawn to my attention.

**Mr OLSEN:** When fully established, how many staff will the information utility have and how many staff in existing agencies will the utility replace and therefore make redundant?

**The Hon. Lynn Arnold:** Again, I do not have the advantage of having with me at the moment the report that was prepared on this matter. We expected it might come up tomorrow night under those lines which is where it most appropriately fits. I will note all those questions and come back with answers.

**The Hon. DEAN BROWN:** Would such an information utility be established at Glenside as part of the Government computing facility, or elsewhere?

**The Hon. Lynn Arnold:** Various options have been considered in that regard. One option might be within the CBD itself. Ultimately, another option might be after an initial location that there could be something at the Gillman site. Again, I do not know exactly what the final state of play on that is. That will partly be determined by the negotiations that are presently under way with the private sector participants with whom discussions are being held. At the end of the day, we will want to make sure that we get the most cost-effective result out of it. If that suggests that one particular site is better than another that will be a key factor.

**The Hon. DEAN BROWN:** Are you saying that the information utility will in fact be linked together as part of the information technology of the MFP?

**The Hon. Lynn Arnold:** It is one of the opportunities to provide a building block for the MFP; it was always said to be so.

**The Hon. DEAN BROWN:** Which companies do you see being involved in that in terms of the MFP?

**Dr Crawford:** The concept of the information utility is to create a new, powerful organisation which is able to deliver network and other services to the public sector and then in turn to provide those services to the private sector. The idea was that it would represent advanced infrastructure for the MFP, so that when companies such

as NTTI and NEC came to the MFP, they would see the information utility as a platform to support the major developments of their new products or services. So, there have been a vista of companies that have come forward to the MFP, have talked to it and have relied on the fact that the information utility will be in operation. NTTI, NEC and BHPI are three companies that I can think of immediately.

**The Hon. Lynn Arnold:** There are a couple of other companies involved. We will get their names.

**The Hon. DEAN BROWN:** What has happened to IBM?

**The Hon. Lynn Arnold:** IBM was originally part of the information utility concept. They felt, at a later stage, that they were unable to continue with that. That was not a reflection on the information utility as a project itself. It was more a reflection upon the network of relationships which might evolve and which they felt might compromise their capacity as a company. They have since come back and talked about another proposal that they see as complementary to the information utility. It was that proposal that they were discussing with me at a meeting recently. It was at that proposal briefing that I required other relevant heads of Government agencies to be present. There will be more discussions with them, but at all stages I made a point to them that any work that we might end up doing with them will be the result of a comparative assessment of alternatives, as well as their own particular proposal; also it must be complementary to the information utility concept.

**The Hon. DEAN BROWN:** What about Digital? Were they not involved at one stage?

**The Hon. Lynn Arnold:** They were involved in the discussions, and they still are involved. I have not personally been involved with them.

**The Hon. DEAN BROWN:** Where does South Australia currently sit in terms of establishing an information utility in relation to some of the other States, like New South Wales and Queensland? Do you think we are more advanced than, or further behind, the other States?

**The Hon. Lynn Arnold:** We certainly started earlier with the concept than other States. I believe we are still more advanced but I have not kept myself posted as to what the developments more recently are in New South Wales and Queensland. Again, we will take that question on notice and come back with a report tomorrow as to what sorts of things are being done to our knowledge in other States. My advice is that we are still more advanced on this matter.

**Mr OLSEN:** In relation to regional development boards and the support of them referred to in the Arthur D. Little Report and also on page 104 of the program description, what measures has the Government in mind over the course of the next year to support regional development policy and those boards?

**The Hon. Lynn Arnold:** Following discussions we had with the South Australian Regional Development Association last year which led to the launch of a new policy on support for regional development associations and councils, this is the financial year which will see the major increase in funds made available to regional development bodies in South Australia. I would estimate that we will see an increase from something of the order

of \$600 000 last year. We should now, I think, top the \$1 million figure—may be even more than that—to regional development bodies.

**Mr Frogley:** The extent to which the funding is increased depends upon how many boards are established under the new policy and when they commenced. At the time we made the budget estimates we expected that there would be most of the existing boards, the South-East board and perhaps one or two others. It would now seem that we may well have numbers in excess of that, and we may see our initial estimate of the total contribution to regional boards exceeded.

In relation to the Arthur D. Little recommendation that additional resources be made available to regional boards, we have had only preliminary discussions at this stage with SARDA which really evolved around agreeing to discuss that issue as to whether there was a perceived need for additional resources and, if so, whether there was an agreed way in which those additional resources could be made available. That is the position. We have not put that to the Minister for determination as yet as those discussions have not yet taken place.

**Mr MEIER:** I notice on page 101 of the Program Estimates that one of the specific issues and trends is for strategies to be developed which identify value adding opportunities for agricultural and fishery resources. In fact, that was a 1991-92 objective, so hopefully it has been carried out. Will the Premier outline what value adding opportunities were identified?

**The Hon. Lynn Arnold:** The honourable member will know we have done work with the South-East horticultural group. That goes on as a project supported by both the Department of Industry, Trade and Technology and the Department of Agriculture. I believe it shows some very promising signs. Secondly, we have had the fish protech project, which involves first of all the development of their facilities at West Beach next to the Fisheries laboratory, which has been a very exciting project in the aquaculturing of table-sized barramundi. Then we have had the construction of Australia's first aquaculture park, commenced at Kangarilla, with capital expenditure of \$3.5 million. The first five of the farms involved in that project will be commissioned this month. We have the on land abalone farm at Louth Bay, near Port Lincoln. The South Australian Abalone Development has commenced construction on its hatchery laboratory and the seawater intake line. This is the first stage of a \$1.5 million project and it is expected to be commissioned by next month. The hatchery will play a key role in the further development and diversification of commercial species, not only for abalone but also for the oyster industry. In the tuna farming area, we certainly had the exciting tripartite agreement between the tuna boat owners, the Japanese and the State Government. Encouraged by the success of the 1992 season, the industry predicts that by June 1993 it will be holding \$30 million of live fish for export to the Japanese market. The level of Japanese investment in an expected total investment of \$10 million by 1993 could increase.

The oyster industry has clearly consolidated its position and is networking to the extent of cooperatively marketing under its own brand name, Oysa. Currently there are 22 commercial leases operational, with a further 61 leases in various stages of development. The farmgate

value in 1992 was \$3.5 million. With the development of the Malbrink Pty Ltd hatchery, which I mentioned before, that is, the abalone hatchery, which will have oyster opportunities, this new industry will be able to diversify into new products. Alongside of that, we are working with companies in other areas of agribusiness, and we can deal with that matter further later under the agriculture lines, if the honourable member wishes. In addition, of course, areas of the NIES program, the national industry extension scheme, are available to assist companies that want to develop food processing and value adding of agricultural commodities.

**Mr MEIER:** I ask a supplementary question, Mr Chairman. Does the Premier have an estimate as to what additional income that those industries he has identified may add to South Australia's export income in the next few years, on a per annum basis?

**The Hon. Lynn Arnold:** That is really crystal ball gazing. We will do our best to provide some sort of answer to that question, however. The honourable member knows that over 55 per cent of South Australia's export income is from manufactured goods and 40 per cent from unprocessed agricultural goods. The honourable member also knows that a portion of that 55 per cent of manufactured goods is manufactured agricultural commodities, processed value added agricultural commodities. The wine industry, for example, is a case in point. We will do our best to look at what might be the opportunities in that area, but that is dependent upon how well we read the market opportunities, and ultimately that will be assisted by Government, but it must be driven by the private sector itself.

**Mr MEIER:** Mr Chairman, you will appreciate that I am particularly interested in this area, having advocated Government development in areas like catfish farming and crawfish farming, and it is pleasing to have heard some of the Premier's comments.

**The Hon. Lynn Arnold:** I have to say that none of the projects are catfish.

**Mr MEIER:** No, catfish was simply an example of the type of thing that could be done, and, of course, we have the abalone and the many other things that the Minister identified. Will the Premier indicate the exact amounts of financial contributions made from Department of Industry, Trade and Technology to these various enterprises?

**The Hon. Lynn Arnold:** I shall obtain figures on this. The honourable member will understand that they are not broken down company by company, as that is not something that the companies themselves would wish. The figures relating to the South Australia Economic Development Fund are provided in a list that I shall have incorporated in *Hansard*.

#### South Australia Economic Development Fund

##### Approvals

Programs	No. of Projects	Assistance (\$)
Industry Development		
Payments .....	35	7 256 700
Structural adjustment .....	6	637 000
Special Development		
Payments .....	9	3 143 130

##### Approvals

Programs	No. of Projects	Assistance (\$)
Technology and Innovation . . . .	5	212 293
Regional Industry .....	9	173 088
Regional Ind Dev		
Payments .....	9	902 125
Export Development		
Program .....	3	175 000
	<u>76</u>	<u>12 499 336</u>
Industrial Land and		
Premises .....	3	7 441 000
By Scheme		
Industry Development		
Payments Program .....	35	7 256 700
Regional Ind Payments		
Program .....	9	902 125
Regional Industry		
Program .....	9	173 088
Structural Adjustment		
Program .....	6	637 000
Special Development		
Payments Program .....	9	3 143 130
Technology and Innovation		
Program .....	5	212 293
Export Development		
Program .....	3	175 000
	<u>76</u>	<u>12 499 336</u>
Industrial Land and Premises		
Program .....	3	7 441 000
By Performance		
Job retention .....		2 132
Job creation .....		964
Capital expenditure .....		156 986 000
Factory Premises .....		7 441 000
By Industry		
02 Services to Agriculture .....	1	20 000
04 Fishing and Hunting .....	2	403 000
16 Services to Mining .....	1	125 000
21 Manuf Food, Beverages		
and Tobacco .....	5	1 039 000
23 Manuf of Textiles .....	4	71 500
24 Manuf of Clothing and		
Footwear .....	1	20 000
25 Manuf Wood/Wood Prod and		
Furniture .....	1	40 000
26 Manuf Paper/Paper Prod,		
Prtg and Publ .....	1	75 000
27 Manuf Chemical/Petroleum/		
Coal Prods .....	5	107 923
32 Manuf of Transport Equip ...	17	12 339 200
33 Manuf other Machinery and		
Equip .....	10	1 365 625
34 Miscellaneous		
Manufacturing .....	4	375 000
36 Electricity and Gas .....	1	20 000
54 Air Transport Services .....	10	2 700 000
59 Communication Services ....	2	107 000
63 Property and Business		
Services .....	2	60 000
91 Entertainment/Recreation ...	1	16 000
99 Non-classifiable economic		
units .....	19	1 056 088
Totals .....	79	19 940 336
By Assistance Vehicle		
Grant and Long Term Loans ...		9 852 336
Short Term Loans .....		2 647 000
SAIT Finance .....		7 441 000
		<u>19 940 336</u>

**Mr MEIER:** I refer to page 103 of the Program Estimates, and we see under the broad objectives that a variety of services will be provided. Indeed, those services include helping to fund market development

expenses and coordinating industry promotional endeavours. To what extent will the Department of Industry, Trade and Technology—which will be the new Economic Development Board—determine what help is needed, as against what the industry actually wants. The reason I ask this is that I well remember visiting a rabbit processing firm here in Adelaide which was a little concerned that, having asked for help—and it may not have been specifically from Department of Industry, Trade and Technology but may have been from Austrade—the help that was offered them was in the form of some nice glossy brochures for promoting their goods, but that firm did not want that sort of help. It wanted help in identifying some specific markets, etc., but no-one seemed interested in helping them in that area. Conversely, an abalone processor here in South Australia was delighted with the glossy publications that it was provided with. So, the question is how can the industry decide how it wants the money spent?

**The Hon. Lynn Arnold:** One point in having an Economic Development Board that brings in direct private sector input is to allow the private sector to be not only a stakeholder in the whole process of driving economic development in this State but also to be defining how those funds can best be used to meet industry objectives. So, without in any way criticising the role of Department of Industry, Trade and Technology in this area, I would have thought that this gives us an opportunity to even more refine how we spend money in relation to industry needs.

Secondly, if the honourable member's example about the glossies is correct, then that would not have been the Department of Industry, Trade and Technology; that is not what it does. However, under the national Industry Extension Scheme at the Centre for Manufacturing, that scheme provides for the preparation of export plans and the relevant material to enable a company to define the market, how to address the market and to give them that kick start.

With respect to rabbits, I recall that a company did approach us and that it was not all that happy; not that we offered it glossies, but it was actually expecting some assistance in the way of loans to help it build up its capacity to kill and prepare rabbits for export. However, I am pretty certain that that company already knew the markets it wanted to target, so it was not a problem of market identification. One of the problems we did face, if I remember correctly, was the volume of money the company was looking for. It was a reasonable amount, all things considered, and there was no guarantee that there would be an adequate supply of good quality rabbits to provide the revenue to service that investment, especially given that the actual cost of culling and preparing rabbits for export is relatively expensive and requires a very cheap original cost of obtaining the animals.

In times when the animals are not so prolific there is the added cost of finding and killing them, plus the preparation and transport costs, which makes it a very marginal exercise at best. Perhaps the honourable member might be thinking about that example. We looked at the issue long and hard in terms of the Department of Industry, Trade and Technology and even in terms of the Department of Agriculture, but in that case we were not able to assist the company. That matter may be different

from the honourable member's example but, if it is, and if the rabbit processor wants to know the markets to target, I can quickly tell that company that it should be targeting Spain and Italy.

**The Hon. DEAN BROWN:** The Minister mentioned some export figures: 55 per cent from the manufacturing sector and just under 40 per cent from raw agricultural products. Are these export figures from South Australia both to overseas and to interstate?

**The Hon. Lynn Arnold:** No, just to overseas.

**The Hon. DEAN BROWN:** This morning you were talking about employees of the Economic Development Board, and I think you mentioned the figure of 80 to 90. How many of those 80 to 90 do you expect to come from the old Department of Industry, Trade and Technology?

**The Hon. Lynn Arnold:** First, it would be very useful for members of Parliament to have a table of the breakdown of South Australian exports between unprocessed agricultural, unprocessed mineral, manufactured goods including processed agricultural and processed mineral, and services, and to have a chart for the past few years. We will have that table prepared for insertion in *Hansard*.

Coming to the second question, I understand that about 65 of the existing complement of DITT will be part of that 80 to 90.

**The Hon. DEAN BROWN:** Why did South Australia account in the past year for only about 5.6 per cent of national export from Australia when normally, on a *per capita* basis, we would expect to pick up at least 8.5 per cent?

**The Hon. Lynn Arnold:** Yes, because we do not have the vast bulk of unprocessed mineral exports that come from Queensland and Western Australia. If you take out unprocessed mineral exports from the whole equation, I am certain that our figure not only will come closer to the population share but my guess is that it will actually exceed our population share. But we will have the figures checked for the honourable member.

**The Hon. DEAN BROWN:** Are you aware that our population share has been declining for the past two or three years?

**The Hon. Lynn Arnold:** That would depend on the returns for unprocessed mineral products. We will undertake a comparison, excluding unprocessed mineral products, and see what happens then.

**The Hon. DEAN BROWN:** In terms of trade promotion, one area that has been focused on is Turkey. How is that promotion going and what are some of the benefits that could flow from it?

**The Hon. Lynn Arnold:** We have had a number of contacts with Turkey. First, the Department of Industry, Trade and Technology sent a small group there in 1990 looking at mechanical agricultural equipment, then in 1991 I led a trade group there. Since that time, we have seen growing interest by Turkish businesses in Australian products and by Australian businesses in setting up over there. In fact, at the Agro-Gap trade fair held at Aleefa in south-east Turkey last year, where Austrade had a stand, something of the order of 10 South Australian companies were at that stand compared with only four from the rest of Australia.

My figures may be out a little and I will obtain the correct figures later, but South Australian companies



certainly outnumbered the rest of the States combined, which was the outcome of the assessment we were doing of that market. Since that time, a number of companies have gone back individually, seeing enormous opportunities in the south-eastern irrigation project. At this stage, Turkey represents a market of some considerable potential for South Australian companies.

**The Hon. DEAN BROWN:** Going back to April or March, you made an announcement when some people from Turkey were here that you anticipated a contract would be signed very shortly for major irrigation input in the Agro-Gap study. Have those contracts yet been signed?

**The Hon. Lynn Arnold:** I understand that some smaller contracts have been signed with demonstration farm developments in south-eastern Turkey. The major dam of the Agro-Gap scheme, the Kemal Ataturk Dam, has been commissioned only within the past six weeks, and the irrigation infrastructure that feeds from that dam was still under construction last year and due to be finished this year. We will see the effect from now on, but I will obtain an updated report on that subject.

**The Hon. DEAN BROWN:** As a supplementary question, the specific group put together for this delegation involved, I think, the E&WS Department, the Irrigation Centre at Technology Park and Kinhill. I recall a very specific announcement you made on the ABC relating to contracts that were about to be signed.

**The Hon. Lynn Arnold:** I will obtain an update as to what happened with that. Just one point of correction: Irratech is at The Levels campus of South Australia, not at Technology Park.

**The Hon. DEAN BROWN:** At Technology Park we have what used to go under the name of the Centre for Remote Sensing. That group walked away after a very botched and failed negotiation for a \$5 million contract in Ethiopia. What is now happening with that Centre for Remote Sensing?

**The Hon. Lynn Arnold:** As the honourable member may know, that comes under the portfolio of my colleague the Minister of Lands, and the matter can be further pursued in that area. I will obtain information on that, but I understand that there is a proposal to wind down the centre.

**The Hon. DEAN BROWN:** In obtaining those details, will the Premier also obtain details of the number of staff involved and the financial operation for the past three years?

**The Hon. Lynn Arnold:** I will obtain a financial history.

**The Hon. DEAN BROWN:** In other words, I should like to know whether it is running at a profit or at a loss, and what has been the cost of its operation for each of the past three years?

**The Hon. Lynn Arnold:** We will obtain that information.

**Mr MEIER:** In relation to regional development, page 104 of Program Estimates states, as one of the broad objectives:

The encouragement of new, and the maintenance and growth of existing, industrial and commercial activity in regional areas through:

- The provision of financial incentives.
- The provision of information and other assistance to investors contemplating a regional location.

- The identification of development opportunities in regional areas.

I notice that those three identified aims are the same as they were for last year, for two years ago and perhaps for many years, but I do not have those Program Estimates with me. I recognise that you, Mr Premier, have identified a little earlier to me some of the value adding industries you have assisted. Are you able to provide details of just what financial incentives and what other help you have given to industries wishing to locate in regional areas in the past 12 months or so?

**The Hon. Lynn Arnold:** The reason why they have not changed is that they are most appropriate to the circumstances, and there has been no need to change them. In relation to regional development committees and the funds we give to them, I want to make the point that we have always ensured that regional business opportunities have equal access to the South Australian Economic Development Fund, and that has not changed. In fact, if anything, on a population basis they have had unequal access in one sense, because they have more than their share. But that is fine; I have no problem at all with that. The honourable member raises his eyebrows.

**Mr MEIER:** I just wanted to know in relation to regions, that is all.

**The Hon. Lynn Arnold:** We can go through a number of them over the number of years.

**The CHAIRMAN:** I ask the Premier and the member for Goyder to adopt the question and answer approach, rather than using asides, because it will be to the benefit of the Committee.

**The Hon. Lynn Arnold:** I will obtain a list of some exciting examples of regional development that have been supported in South Australia over recent years, and I am certain the honourable member will see that the case is proven. I refer to the honourable member to the Auditor-General's Report, page 96. Under there, he will see regional industry development, which has a sum of \$550 000 in grants, but a total assistance package of \$936 000; under that there is regional assistance, which has a total of \$623 000, seemingly all in grants. Over the years, the history of non-metropolitan projects funded by this South Australian Economic Development Fund is a very good picture, indeed, so good is it that we will have it included in the set of figures in *Hansard*.

**Mr MEIER:** In the Program Estimates (page 102), under 'Service to Industry', there is an item from last year which indicates that under the auspices of the textile, clothing and footwear task force, a benchmarking/demonstration project was initiated; could the Premier detail what was involved in that?

**The Hon. Lynn Arnold:** After the Federal Government's industry statement in March 1991, it was important that we work with the industry and with unions in South Australia not just to have our concerns developed about the reduction in tariffs but also to look at what we could do with industry to help improve competitiveness and efficiency. A task force was established and the then Premier appointed me as chair of that task force. We have met over a number of months, and one of the things that we have looked at is this benchmarking question.

The benchmarking issue is to say, 'Well, where is it that our firms may or may not have been matching it with the best in the world in terms of various areas of

their production?' Can we actually take a firm and go through what they are doing and find out how efficient they are in terms of the clothing industry in, for example, the material cutting, sewing, design, packaging and marketing sections? That really requires measuring a local company against some accepted international benchmarks of efficiency.

We did pursue that matter, and a company was quite prepared to be involved in this area. That partly helps us because it helps other companies know the sorts of things that they can achieve within our economy; secondly, it also helps us as we try to argue the case for a respite in further tariff reductions, because we can say, 'Here are things that these companies are doing to world best practice.' However, given the very low wage rates that exist in some of our competitor countries, even world best practice is not enough.

Either we choose to allow industry to be sold out to cheap labour conditions or we try to do something to protect those that have achieved world best practice. It is also interesting to note that there has been support for improved efficiency in companies, and a number of South Australian companies are amongst those that have been achieving best practice, for example, Actil, G. and R. Wills, Fletcher Jones, R.M. Williams, Spennilli Knitting, Consolidated Apparel Industries, and so on. They are just some companies that have shown their capacity to get up to world best practice.

In relation to bench marking, we were developing that proposal with one particular company, and the report on that last task force is not quite completed yet, but it should be reported on at the next meeting of the task force. I will bring down an answer which will miss the special answer to *Hansard* for Estimates, but we will provide an answer later in *Hansard*.

**The Hon. DEAN BROWN:** There is a line on page 63 'Local Enterprise Development Program \$1.5 million'; is that the program relating to Australian National? If so, could you give us some detail as to exactly what is involved with that program? Are any staff or administration involved from your own department?

**The Hon. Lynn Arnold:** Yes it is. The AN program financial assistance package totalling approximately \$3 million over a three year period has been approved by Federal Cabinet to promote regional economic development in affected areas. The funds will be paid on a project-by-project basis. It allows for the employment of a full-time coordinator in the department on a three year contract. It is proposed the funds not be used as incentive or subsidy payments but be provided to develop and market specific business development opportunities.

I have a set of figures here but they are indicative funding only, and that point needs to be made. The sum total of the funds in 1991-92 would have been \$520 000—and I am not sure whether they were all expended (apparently we did not receive the cheque till late in the year, so we will have to see what is happening with the actual expenditure of that, and I will get further information on that); 1992-93, \$857 000; 1993-94, \$824 000; which is a total of \$2.2 million. Funds for 1994-95 have not yet even been indicatively allocated. But the total program will end up amounting to about \$3 million. I understand the appointment of a coordinator is imminent. The regions covered are: metropolitan,

Peterborough, Port Pirie, Whyalla, Port Augusta, Murray Bridge, and Tailem Bend.

**The Hon. DEAN BROWN:** I see here, though, you have \$1.5 million for this year; that seems to be different from the figure you read out previously.

**The Hon. Lynn Arnold:** My guess is that that will incorporate—and I will ask Ian Withall to comment later—the 1992-93 figure of \$857 000 plus the amount of 1991-92 of \$520 000 that we received only in July (in other words, we received it in this financial year), plus presumably the appointment of the coordinator. So, we will get that double checked, but that is what the case is, and the answer is 'Yes'.

**The Hon. DEAN BROWN:** In relation to the previous line, which refers to the Commonwealth pre-feasibility study consultancy fund, can we have some indication of on what that \$57 000 was spent?

**Mr Withall:** That is for the ARISA project's drawing to paper at Balaklava.

**The Hon. DEAN BROWN:** Is that study under way now?

**Mr Withall:** I believe so, yes.

**The Hon. DEAN BROWN:** Mr Premier, you talked about benchmarking, and it has obviously been looked at in the textile industry; have you looked at it in any other industries?

**The Hon. Lynn Arnold:** I was about to say that we had been looking at it in automotive components amongst others, but Dr Peter Crawford reminded me that, by definition of the A.D. Little report, we have just done it for the whole economy.

**Mr Withall:** The National Industry Extension Service is putting together a benchmarking handbook. Benchmarking is very time consuming and you have to understand the industry very well. It will not be a program that will be subsidised, but DITAC have just called for tenders to prepare a handbook to encourage firms in all industries to benchmark. You will find in the Arthur D. Little Report a recommendation that the various Government departments also benchmark themselves to bring productivity gains.

**The Hon. Lynn Arnold:** I will ask John Cambridge to comment further.

**Mr Cambridge:** The Centre for Manufacturing is offering benchmarking best practice services and subsidies for companies to undertake benchmarking and best practice studies. A leading plastics manufacturer in irrigation products in South Australia is undertaking a massive benchmarking process right now along with several whitegoods companies, apart from the automotive companies that have already started. It is taking off significantly in South Australia across a broad range of industries. Some of the food processing companies, for example, a biscuit manufacturer, are undertaking benchmark studies right now.

**The Hon. DEAN BROWN:** Will the Premier look at the abattoir industry, and in particular SAMCOR? It will have to lift productivity by about 100 per cent even to begin to match the United States of America under benchmarking. Will you undertake to do such a comparison?

**The Hon. Lynn Arnold:** I will certainly look at the concept of benchmarking the abattoir industry. I believe the employees, the new management and the board at

SAMCOR, since I dismissed the old board and installed the new one, have done exceptionally well. They see themselves as committed to achieving world best practice. It is not something that you convert to overnight, but something that you develop towards. The fact that they have exceeded expectations so far since changes were put in place is indicative of their commitment to continue doing that. I will certainly raise with them the concept of benchmarking.

**Mr MEIER:** How successful have we been in Kuwait in the past year? Did we have any role in assisting industries to set up there?

**The Hon. Lynn Arnold:** Not enormously. When I went last year we had a number of expectations about the various parts of the trade mission to Turkey and the Middle East. One place for which we had higher expectations was Kuwait, yet the reality of the trip was that other areas worked out being much more successful for South Australia than did Kuwait. It was not possible to go into Kuwait but we met Kuwaiti authorities in Dubai and Dammam in Saudi Arabia. So, that did not work out as optimistically as was hoped.

One company, as a result of our visit, was able to go into Kuwait shortly thereafter, and there may have been some minor benefits from that. It became clear that, while Australia was certainly the recipient of thanks for our participation in the liberating of Kuwait, the actual rebuilding of the country has not seen as many funds go to countries like Australia as might have been hoped. One reason for that was that the rebuilding was not as big a project as had been anticipated. Certainly from the Kuwaiti Government viewpoint in terms of Government infrastructure, the task was much smaller than had been anticipated. Most of the damage had been sustained by private sector facilities, and it would have to finance its own rebuilding. So, the quantum of reconstruction needed was not as large as expected. Also, it is fair to say that some countries seem to do somewhat better than others.

**The Hon. DEAN BROWN:** When you say 'not enormously successful', do you mean that there has been no business at all?

**The Hon. Lynn Arnold:** I think one company may have had some minor work in Kuwait, but I will have to get an update as to whether it translated into a contract. However, I think it is fair to say that we did not get out of the Kuwait part what we expected.

**The Hon. DEAN BROWN:** Perhaps you could report back on that point.

**The Hon. Lynn Arnold:** Yes.

**Mr MEIER:** I refer to page 102 of the Program Estimates, in particular the following statement made under '1992/93 Specific Targets/Objectives':

Facilitate the restructuring of the TCF industry through strategic alliances with overseas enterprises with strong market linkages.

Will the Premier identify what is meant there?

**The Hon. Lynn Arnold:** Recently we put to the Federal Government a submission signed by the Victorian and South Australian Governments on the textile industry. We made a number of points about reducing, or having a moratorium on the rate of tariff reduction. We also put a great many other things that we felt were important to help develop the industry. We said that in some cases there are benefits to be achieved by having a linkage between the South Australian company and an overseas

company. In other words, to use clothing jargon, they could mix and match their product range. On the one hand they could buy in some mass production products while using the overseas company to market some special niche type products to third markets that could more effectively be produced here than in the other country of that other company.

There may be other situations where an overseas company can bring with it marketing and image clout that could therefore help a company, even within the Australian market and get better access to market share within the Australian market, particularly market share against imported products. We should not be closed to looking at all these kinds of options. We have actually supported some situations whereby domestic companies could look to make some elements of their clothing or footwear overseas and bring it in so that they could have overseas assembly provisions, provided that there were certain guarantees for a sufficiently high percentage of the product being made in Australia; this could allow them to get some import credits for some areas if they could then export the final product. We are trying to show that there are flexible ways in which one can address the problems of making the industry more competitive.

**Mr MEIER:** I take it, therefore, that it is being looked at further, but also the example of parts of shoes being manufactured overseas but brought here to be assembled is one such example.

**The Hon. Lynn Arnold:** It is one that I was referring to, yes.

**Mr MEIER:** I refer to page 95 of the Program Estimates. You referred to variations in capital expenditure earlier in the day, but I do not think you referred to the first line of capital expenditure decreasing from the proposed \$137 000 to the actual \$66 000.

**The Hon. Lynn Arnold:** That must relate to the purchase of cars. The purchase of motor vehicles was proposed to be \$72 000 last year but was actually \$38 000 with the proposed allocation this year being \$52 000. The minor works budget was proposed to be \$65 000 last year with the actual being only \$28 000. The proposed expenditure this year is \$60 000. The minor works includes installing computer cables, and so on.

**Mr MEIER:** So, to what is the significant difference due?

**The Hon. Lynn Arnold:** In 1991-92 arrangements were made to purchase three vehicles. However, payment for the third vehicle will occur in 1992-93. Possibly we got a better price on the three vehicles than expected when the budget was framed.

**The Hon. DEAN BROWN:** Page 65 of the Arthur D. Little report talks about the rationalisation of sawmilling capacity in the green triangle. What work has been undertaken by the department, and what sort of rationalisation in terms of numbers of sawmills are we looking at?

**Dr Crawford:** The department does not have a direct role in that. The Economic Development Board will, at a later point in time, charged by the Government, have a role in making such assessments. However, the State Development executive does have a coordinating role in terms of implementing Government directions relating to

winding together SATCO and Woods and Forests; so that some initiatives of that kind are already under way but they are not under aegis of the department proper.

**The Hon. DEAN BROWN:** Mr Chairman, for reasons of allowing colleagues who want to ask questions on the Department of Agriculture and other lines, I think we should at this stage call it quits on this particular line.

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

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Minister of Industry, Trade and Technology,  
Miscellaneous, \$3 650 000

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

**The Hon. DEAN BROWN:** I see that there has been a substantial drop in funding for the Riverland Development Corporation, from \$200 000 to \$65 000. Could you explain that?

**The Hon. Lynn Arnold:** Some years ago I announced that we were going to review the way in which we funded the Riverland Development Corporation. It had always received significantly more funds than other development councils around the place. It accepted that there needed to be a change and it wanted the opportunity of a transition to a change in that it would commit funds from the local area to the budget on a matching basis with some of our funding allocation. In fact, what you see in the budget papers does not reflect fully the situation because we are talking about core funding here.

In addition, the Riverland Development Corporation still has access to funds from the development fund on a dollar-for-dollar basis under the Government's regional development. If it were to raise \$85 000 from other sources it could then match that with another \$85 000 from the development fund, to which it would add the \$65 000, to make a total of \$150 000. It was given a program of reducing funds back in 1990, when it was told that this was to be the nature of things to come, and it was quite happy to accept that.

**The Hon. DEAN BROWN:** Happy to accept it, or accept it?

**The Hon. Lynn Arnold:** I think it understood that there had to come a time when the substantial funds it had received over the 1980s had to be freed up for possibly using in other development councils around the State, and it also accepted that it was incumbent on it to go out and seek more funds from its own sources.

**The Hon. DEAN BROWN:** I see that there is no allocation for the Investigator Science Centre this year. Does that mean that it is now breaking even?

**The Hon. Lynn Arnold:** The arrangement was, when Cabinet approved the funds that are shown there in the budget for last year, that this was a one-off allocation to help the Investigator Science Centre to get up and running. It was then to meet its own costs but be freed of debt servicing costs that would have applied had the money been lent to it, for example. At this stage I take the opportunity to congratulate Barbara Hardy, members of the board of the Investigator Science Centre, its director and staff for all the work that they do: they do an excellent job.

The numbers of people coming in are very heartening indeed. In fact, I was talking with members of the Royal Show Society the other day—and that is the landlord of the centre in one sense—and they were very happy at how much flow-on there is from special events at the showgrounds into the Investigator Science Centre. The arrangement was that those funds would be allocated to it on a one-off basis.

On the matter of visits, 150 000 people have visited the centre since September 1991. There has been an increasing trend of visitors on a seasonally-adjusted basis since April 1992. The centre has managed to maintain financial stability since April 1992 and it is pleased with its progress. Plans are well in hand for a range of exciting and innovative projects. One other point that needs to be noted is that, in addition to this one-off support, there is other support from the Government by virtue of the funding of two seconded staff from elsewhere in government, and that represents in-kind support for the centre.

**The Hon. DEAN BROWN:** Earlier you mentioned the excellent work that was being done under NIES, the Centre for Manufacturing. If you combine Commonwealth receipts from last year of \$1.76 million with recurrent expenditure of the State last year of \$2 million, you will see that it is substantially greater than the \$1.5 million allocated this year and the \$1.8 million under recurrent expenditure this year; it works out at approximately \$400 000 less. Do you expect a downturn, or is there a contraction in the service being offered?

**Mr Frogley:** In order to get an accurate picture of State Government funds that are applied to NIES, you need to add together those funds that go through the Minister Miscellaneous lines, those funds that go to the NIES trust account from the State Government and also the contributions which the department makes direct. If you add all those things together, in the year ended June 1992, the State Government contribution was some \$1.9 million in total.

In terms of what is proposed this year, in addition to the amounts that come from those sources, there is proposed to be additional funding of up to \$1 million out of the \$40 million that was allocated as part of the response to the Arthur D. Little report. In fact, this year we are looking at a substantial increase in the effort going into NIES through the centre.

**The Hon. DEAN BROWN:** Could we have more detail sent to us separately on this? There still seems to be some disparity between the \$1.9 million for last year and the \$2 million shown in the papers here.

**The Hon. Lynn Arnold:** Yes, we will do that.

**The Hon. DEAN BROWN:** Is the South Australian Council on Technological Change no longer in existence?

**The Hon. Lynn Arnold:** It is now wound up completely.

**The Hon. DEAN BROWN:** I see that the Technology Development Corporation is allocated \$1.9 million this year. Exactly how are those funds being used? Perhaps we can have more detail later rather than take up the time of the Committee in terms of how you allocated expenditure last year from \$2 million and what is proposed under the \$1.9 million this year?

**The Hon. Lynn Arnold:** I will take all those questions on notice, to save the time of the Committee, and come back with answers for *Hansard*.

**The Hon. DEAN BROWN:** Is the Whyalla Technology Enterprise Centre closed or does it no longer receive assistance from the State Government?

**The Hon. Lynn Arnold:** The original agreement was that we would fund WHYTEC for five years, and the last grant was the 1992-93 grant, which was paid in advance so that appeared in last financial year's accounts even though it is part of this financial year's anticipated spending. We are now in the process of negotiating with a large interstate precision engineering firm to use WHYTEC as the nucleus around which the manufacturing centre can be built. We are looking at that very closely. Clearly, the whole purpose of WHYTEC was to provide support for local industry to provide a catalytic point for industrial development. We never anticipated we would go beyond our five year program and our role now is to see that its future utilisation is as effective as possible for employment opportunities and for industrial development opportunities in the city.

**The Hon. DEAN BROWN:** Can you report back to us in terms of what potential benefit would derive from the establishment of this new industry?

**The Hon. Lynn Arnold:** Yes.

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

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Agriculture, \$65 358 000

**Chairman:**

Hon. T.H. Hemmings

**Members:**

Mr M.J. Atkinson  
Mr D.S. Baker  
Mr E.J. Meier  
Mr C.D.T. McKee  
Mr J.A. Quirke  
Mr I.H. Venning

**Witness:**

The Hon. Lynn Maurice Ferguson Arnold, Minister of Agriculture.

**Departmental Advisers:**

Mr G. Thomas, Acting Director-General, Department of Agriculture.

Mr R. Srinivasan, Director, Corporate Services.

Mr G. Broughton, Manager, Rural Finance Division.

Mr K. Gent, Manager Operations, Rural Finance Division.

Mr J. Holmden, Chief Veterinary Officer.

Mr M. Holmes, Ministerial Liaison Officer.

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

**Mr D.S. BAKER:** For executive, professional, technical, administrative and clerical support \$13.3 million is provided in 1992-93. I presume that includes the consultancy of the McKinsey report which rumour

has it is some \$850 000. I cannot believe that the now Treasurer would allow that amount of money to be spent. Could he give us the terms of reference of the Kinsey report. Could he give us an estimate of the final cost of that report, that being given I will then ask some further questions on that matter?

**The Hon. Lynn Arnold:** It does not come under that line. We will find out which line it does come under. The terms of reference are to undertake a detailed review of the organisation and recommend a strategic organisation development plan incorporating a business unit approach, taking into consideration the opportunity and constraints arising from the overall budget and resources within which the department and each business unit must operate; the need to be more market client oriented in the identification, development and delivery of products and services, the need to clearly demonstrate the benefit to South Australian agriculture and the State's economy through the endeavours of the department and its business units for optimum consumption of input (demonstrable accountability); the relocation to Waite and the potential for establishment of co-operative research centres in South Australia; and the department's, including the business unit's role in natural resource protection, public health, responsibility for rural affairs, and economic development of South Australia through agriculture. The cost will be \$740 000 consultancy, plus other expenses not exceeding 20 per cent.

**Mr D.S. BAKER:** Could we have all other consultancies and their terms of reference given to us in detail?

**The Hon. Lynn Arnold:** By the Department of Agriculture generally?

**Mr D.S. BAKER:** Yes.

**The Hon. Lynn Arnold:** I thought that had all been provided to the Parliament in answer to Questions on Notice, but I will happily provide it again.

**Mr D.S. BAKER:** And the most important parts of terms of reference?

**The Hon. Lynn Arnold:** In answer to your other question, the fund for this is under Inter Agency Support Services Development and Business Operations, page 72.

**Mr D.S. BAKER:** Can we have the details of what is under executive, professional, technical, administrative and clerical support for \$13.3 million.

**The Hon. Lynn Arnold:** Yes.

**Mr D.S. BAKER:** It has been put to me by people within the Premier's staff that the Kinsey report's aim is to cut staff by some 25 per cent. Could you confirm or deny that?

**The Hon. Lynn Arnold:** Following the points I made previously, it is to have the overall budget examined and ensure that within the resources available we achieve as much as possible. The honourable member will know that we have had a program over some years to reduce the call on consolidated account from the Department of Agriculture budget, as we have had from other areas of government. The effect of that reduction of the call on consolidated account is something like \$9.4 million, plus other items that will be involved within the department of \$3.6 million, making a total effort requirement of some \$13 million. I made the point that that cannot be all sustained in non salary items; it has to have a salary

effect. Therefore, that salary effect will include reductions in the number of personnel in the department.

I indicated that right at the very start of this whole process. In fact, I spoke about a figure of some 80 staff. I am not sure what the final figure on staff reductions will end up being. The Kinsey report will give further insights on that; but a figure of 80 is certainly not 25 per cent of the departmental staffing. In any event, I think that the figure you have been given probably meant 25 per cent of State funded positions, as opposed to all positions in the department, which include Commonwealth funded positions and industry trust funded positions. So, it would not include those. But I do not believe the figure will get up as high as 25 per cent.

**Mr D.S. BAKER:** So that means that the Kinsey report is being given a \$13 million cut as its bottom line, and you are prepared to pay out \$740 000 plus 20 per cent to find out how to get to that answer.

**The Hon. Lynn Arnold:** The terms of reference identify four other points that need to be addressed, and I think to take one of those out of context from the others is not reasonable. But one of the issues they have to look at is the extent to which that \$740 000 plus 20 per cent is being spent on that, as opposed to the other four. We will see when we see the final report. My belief is that they are taking such a comprehensive look at the department that it will quite clearly come through that the budget issue is a residual issue, in other words, something that has to be taken into account after all the other things are put into place.

**Mr QUIRKE:** My understanding is that we are spending \$63 million on agriculture as part of the budget this year, is that right?

**The Hon. Lynn Arnold:** Yes.

**Mr QUIRKE:** That is a fairly considerable amount of money; what is the estimate of agricultural output in South Australia? What is our total agricultural product?

**The Hon. Lynn Arnold:** It depends what index one wants to look at. Agriculture represents about 7 per cent of gross domestic product, which is about a 50 per cent higher share than it represents in other parts of the country. It represents in an unprocessed form something under 40 per cent of our export income, but if you take account of our processed agriculture products then it might get closer to some 50 per cent. In terms of the annual gross value of rural production it is estimated to be around \$2 billion, with a substantial further added value component, for example in the wine industry and the like. So it is a significant contributor to the State economy.

**Mr QUIRKE:** What about in manufacturing?

**The Hon. Lynn Arnold:** As I indicated this morning, manufacturing accounts for 55 per cent of our export income. Off the top of my head, I do not know the gross domestic product share, but it would be higher than 7 per cent. It employs somewhere between 95 000 to 110 000 people, whereas farming I guess directly employs something of the order of 18 000 farmers, full or part time. I will have some more work done on that to develop a table for the honourable member.

**Mr QUIRKE:** Obviously, in terms of the \$40 million that we are spending to bolster manufacturing that is money well spent, when in fact we are spending 50 per cent more on agriculture for less total State product.

**The Hon. Lynn Arnold:** I guess generally I hear what the member is saying on this matter. However, there is one mitigating factor, namely, that \$40 million under the economic development package has to be added to the industry trade budget, and that would bring it closer to a parity. The other thing is that the industry trade budget does not include regulatory costs, which the agriculture budget does have to include. So those regulatory costs would appear under the Department of Labour lines, and those sorts of things. But the point is well made, that this State does give a very good service to agriculture out of State funded services. There can be no doubting that, and even with the cutbacks that agriculture is having, as is every other area of Government, it is still a very handsome contribution to this sector, compared with what is being given to other sectors such as manufacturing.

**Mr QUIRKE:** Could you give us some sort of breakdown in regard to the Department of Agriculture and its staffing? Possibly you may wish to take this on notice. Could we have details of the number of officers who could be described as hands-on in terms of agriculture vis-a-vis administration, and also in regard to salary costs, for the two components?

**The Hon. Lynn Arnold:** I will certainly do a detailed table on that matter. The officers of the department break up into a number of categories. First of all, there are direct hands-on officers, those officers of the department who meet farmers on the farm and who do that extension work, in the most direct of senses. But it would be unfair to say that they are the only hands-on officers, because in addition to that we have the officers based in the regions or in central functions, whose total role is to supply support to farmers. The Farm Chemicals Branch, for example, is not based out there on the farm and officers do not necessarily go out and meet farmers, but they are there as an advisory function as well as a regulatory function.

That then brings the next question, namely, that we have a lot of regulation to adhere to and that requires officers as well. That is expected to be there and we simply cannot dispense with those officers, otherwise the regulations fall in a heap. We then have research officers. I think the research record in this State is a very good one, because the research that agriculture does is much more attuned to what the farmers actually want to know, as opposed to pure research, which is very stimulating but not necessarily what farmers actually need to know to improve their productivity. It must be remembered that farms in South Australia have improved their productivity at something like 3 per cent a year, for many, many years. They have had a better productivity improvement rate than any other sector of the economy, and that is largely a function of the quality of them as farmers and the quality of the research that goes in there.

Then we have other sections of the department which run the Rural Finance and Development Division, for example, and again that has a hands-on kind of quality, because it is there to provide financial products to the farming community, and then we have administrators. I will obtain a breakdown of all that, but for the moment I can give another kind of breakdown. There are 1 140 officers in the department, but that is funded from various sources; it is not only State funded but includes Commonwealth funded and industry trust funded. That

1 140.6 officers, in fact, consists of 12.8 executive officers, 414.8 scientific/professional officers, 307.9 technical/inspectorial officers, 240.1 clerical/administrative/information technologists, etc, and 165 weekly paid.

**Mr Thomas:** Of the State funded staff, there are 708 State funded staff and 302 of those are located in the regions. That does not mean to say that the others are all administrators. They are involved in research which may be centrally located. They are involved in laboratory services and in the Rural Finance Development Division, and the like. But approximately 45 per cent of staff are in the regions.

**Mr QUIRKE:** How is the SAMCOR operation going this year after the problems it has had in the past? Is it a profitable operation at this stage?

**The Hon. Lynn Arnold:** Since the major changes were made to SAMCOR's operations, the new board and a new General Manager put in place, there has been a very impressive turnaround. I remind members that in 1989-90 SAMCOR had a loss of \$1.7 million and the writing was clearly on the wall. We could not continue to sustain such losses. A new board was appointed, of which Ken Dingwall was the Chairman and Des Lilley the new General Manager, we have a reinvigorated work force at SAMCOR and the results have been very good. For a start, the \$1.7 million loss in 1989-90 became a \$313 000 profit in 1990-91 and a \$1.2 million profit in 1991-92.

I received Cabinet approval last year for SAMCOR to plough this year's profit back into its own operations, but in future years, clearly, we will need to look at a return to the Government, because we still carry and service the debt inherited from SAMCOR back in 1980 or 1981. That is being paid for out of Consolidated Revenue, so it is not unreasonable to expect SAMCOR to provide a return on assets to help us to meet those debts.

The current situation with SAMCOR is that Dr Bill Tilstone of the Forensic Science Division and Frank McGuinness of Treasury have been appointed to undertake the triennial review that the Act of Parliament requires for the period from July 1989 to June 1992. I expect the report to be completed by the end of this year. The situation SAMCOR is facing is a very aggressive market, trying to keep clients who provide stock for slaughtering. Clearly, SAMCOR is not immune to competitive pressures and must respond to a very intense competitive market. I am confident that, given the commitment of the management, work force and board, it will achieve a good return in this coming year.

**Mr VENNING:** My first question relates to the industry research and development funds. Which grants were received this year and how do they compare with those of the past two years? Also, what is the forecast for the future?

**The Hon. Lynn Arnold:** For 1991-92 the estimate of funds received was \$5.629 million in recurrent and \$167 000 in capital, making a total of \$5.796 million. The actual outcome for the year was \$6.326 million in recurrent, \$334 000 in capital, making a total figure of \$6.66 million. The estimate for 1992-93 is a recurrent figure of \$5.544 million and a capital of \$80 000, giving a total figure of \$5.624 million. That is in addition to the national soil conservation program which last year was a total recurrent and capital estimate of \$2.499 million, an actual outcome of \$2.615 million and a budget for this year of \$2.7 million.

**Mr VENNING:** As a supplementary question, may I have a report later on what moneys have been received from which funds and for which projects?

**The Hon. Lynn Arnold:** At this point I will have incorporated in *Hansard* the figures in relation to every commodity sector.

## ESTIMATES COMMITTEE—RURAL INDUSTRY RESEARCH AND OTHER FUNDS 1992-93

Funding Source	1991-92 Estimate \$'000		1991-92 Actual \$'000			1992-93 Estimate \$'000			Total
	Recurr.	Capital	Total	Recurr.	Capital	Total	Recurr.	Capital	
<i>Program 4: Agricultural Crop Industries</i>									
Commodity Field Crops:									
University of Adelaide . . . . .				88		88			
S.A. Grains Industry Trust Fund . . . . .							126		126
Grains Research and Development Corporation . . . . .	2 625	40	2 665	2 568	160	2 728	1 951	36	1 987
Rural Industries Research and Development Corporation . . . . .	61		61	41	7	48	46		46
TOTAL . . . . .	2 686	40	2 726	2 697	167	2 864	2 123	36	2 159
Commodity Pastures:									
Dairy Research and Development Corporation . . . . .	63		63	60		60	76		76
Meat Research Corporation . . . . .	328	10	338	336	10	346	412	5	417
Grain Research and Development Corporation . . . . .	575	15	590	545	16	561	585		585
Wool Research and Development . . . . .	234	3	237	232		232	196		196
Rural Industries Research and Development Corporation . . . . .	66		66	62		62	71		71
TOTAL . . . . .	1 266	28	1 294	1 235	26	1 261	1 340	5	1 345



Funding Source	1991-92 Estimate \$'000			1991-92 Actual \$'000			1992-93 Estimate \$'000		
	Recurr.	Capital	Total	Recurr.	Capital	Total	Recurr.	Capital	Total
<b>Commodity General Crops:</b>									
Grains Research and Development Corporation .....	10		10	23		23	14		14
TOTAL .....	10		10	23		23	14		14
PROGRAM 4: TOTAL ...	3 962	68	4 030	3 955	193	4 148	3 477	41	3 518
<i>Program 5: Horticultural Crop Industries</i>									
<b>Commodity Pome Fruits:</b>									
Horticulture Research and Development Corporation .....	20	18	38	21	19	40	16	2	18
TOTAL .....	20	18	38	21	19	40	16	2	18
<b>Commodity Citrus:</b>									
Horticulture Research and Development Corporation .....	35		35	34		34	93		93
TOTAL .....	35		35	34		34	93		93
<b>Commodity Stone Fruits:</b>									
Dried Fruits Research Council ...	136		136	106		106	68		68
Horticulture Research and Development Corporation .....	9		9	10		10	9		9
TOTAL .....	145		145	116		116	77		77
<b>Commodity Grapes and Wines:</b>									
Dried Fruits Research Council ...				8		8			
Grape and Wine Research Council .....	139	5	144	105	6	111	162		162
TOTAL .....	139	5	144	113	6	119	162		162
<b>Commodity Vegetables:</b>									
Rural Adjustment and Development Fund .....				23		23			
Horticulture Research and Development Corporation .....	175	12	187	184	16	200	218		218
TOTAL .....	175	12	187	207	16	223	218		218
<b>Commodity General Horticulture:</b>									
Horticulture Research and Development Corporation .....	13	40	53	15	40	55	24	34	58
Rural Industries Research and Development Corporation .....	42		42	36		36	38		38
TOTAL .....	55	40	95	51	40	91	62	34	96
PROGRAM 5: TOTAL ...	569	75	644	542	81	623	628	36	664
<i>Program 6: Animal Industries</i>									
<b>Commodity Beef:</b>									
Meat Research Corporation .....							70		70
TOTAL .....							70		70
<b>Commodity Dairy:</b>									
Dairy Research and Development Corporation .....	28		28	29		29	9		9
TOTAL .....	28		28	29		29	9		9
<b>Commodity Eggs:</b>									
Egg Industry Research Council ...	58		58	61		61	9		9
TOTAL .....	58		58	61		61	9		9
<b>Commodity Sheep Meat:</b>									
Meat Research Corporation .....	193	2	195	136	4	140	133		133
TOTAL .....	193	2	195	136	4	140	133		133
<b>Commodity Pigs:</b>									
Pig Research Council .....	7		7						
TOTAL .....	7		7						

Funding Source	1991-92			1991-92			1992-93		
	Estimate \$'000 Recurr.	Capital	Total	Actual \$'000 Recurr.	Capital	Total	Estimate \$'000 Recurr.	Capital	Total
<b>Commodity Wool:</b>									
University of Adelaide . . . . .	53	10	63	63		63			
Wool Research and Development . . . . .	674	6	680	498	7	505	371		371
TOTAL . . . . .	727	16	743	561	7	568	371		371
PROGRAM 6: TOTAL . . . . .	1 013	18	1 031	787	11	798	592		592
<i>Program 7: Farm Management</i>									
<b>Commodity Publicity and Extension:</b>									
Rural Adjustment and Development Fund . . . . .				77	4	81			
Rural Industries Research and Development Corporation . . . . .				29		29			
TOTAL . . . . .				106	4	110			
<b>Commodity Agricultural Economics:</b>									
Rural Adjustment and Development Fund . . . . .				21		21			
Grains Research and Development Corporation . . . . .				50		50	58		58
TOTAL . . . . .				71		71	58		58
PROGRAM 7: TOTAL . . . . .				177	4	181	58		58
<i>Program 8: Agricultural Resources Management</i>									
<b>Commodity Water Management:</b>									
National Irrigation Research Fund Land and Water Resource Research and Development Corporation . . . . .				6		6			
TOTAL . . . . .				46		46	22		22
<b>Commodity Insect Pests:</b>									
Wool Research and Development . . . . .				60		60	65		65
TOTAL . . . . .				60		60	65		65
<b>Commodity Soil, Land, Range Management:</b>									
Grains Research and Development Corporation . . . . .				17		17	37		37
National Irrigation Research Fund Latrobe University . . . . .				24		24			
Cooperative Research Centre . . . . .				13	1	14			
Land and Water Resource Research and Development Corporation . . . . .				363	26	389	310	3	313
TOTAL . . . . .				417	33	450	347	3	350
<b>Commodity Plant Pathogens:</b>									
Grape and Wine Research Council Grains Research and Development Corporation . . . . .	33		33	21		21			
Land and Water Resource Research and Development Corporation . . . . .	52	6	58	64		64	109		109
TOTAL . . . . .	85	6	91	132	9	141	133		133
<b>Commodity Animal and Plant Control:</b>									
Meat Research Corporation . . . . .				35		35	51		51
Grains Research and Development Corporation . . . . .				2		2	5		5
National Soil Conservation Program . . . . .				25	3	28			
Wool Research and Development . . . . .				87		87	92		92
Dried Fruits Research Council . . . . .				61		61	74		74
TOTAL . . . . .				210	3	213	222		222
PROGRAM 8: TOTAL . . . . .	85	6	91	865	45	910	789	3	792
GRAND TOTAL . . . . .	5 629	167	5 796	6 326	334	6 660	5 544	80	5 624

Funding Source	1991-92 Estimate \$'000			1991-92 Actual \$'000			1992-93 Estimate \$'000		
	Recurr.	Capital	Total	Recurr.	Capital	Total	Recurr.	Capital	Total
<i>Program 9: Agricultural Resources Management</i>									
Commodity Soil, Land, Range Management: National Soil Conservation Program .....	2 478	21	2 499	2 589	26	2 615	2 700		2 700
TOTAL .....	2 478	21	2 499	2 589	26	2 615	2 700		2 700

**Mr VENNING:** I note that \$19 million has been allocated out of a total of \$60 million for the Waite redevelopment project this year. On which specific project will that be spent?

**The Hon. Lynn Arnold:** That relates to ongoing costs that are being met in the development of the project. Some funds must be committed for design and documentation, then earthworks, foundations and the three major buildings as well as the modifications to other buildings, plus a contribution to the university for some work it is doing for which we are paying some of the cost. Not all these things can be done in 12 months, so we do not allocate the whole sum in one year. It spills over some years. This year we anticipate that the horticultural and administration facilities will be dealt with.

**Mr VENNING:** As a supplementary question, in respect of the finding of the Environment, Resources and Development Committee, has a decision been made in relation to the new administration complex?

**The Hon. Lynn Arnold:** I took very serious note of the report sent to me by the committee, chaired with distinction, of course, by the Chair of this Committee. I have responded to you, Mr Chair, on this matter, and members of the committee will note that we are fully accepting a number of the recommendations and have taken very serious note of and given due consideration to others. If it is not a breach of the protocol of the Environment, Resources and Development Committee, I seek to read out my response to recommendation 5 of that committee.

**The CHAIRMAN:** That is fine.

**The Hon. Lynn Arnold:** Recommendation 5 specified that I review the siting of the administration building and explore alternative sites. We did that, and I wrote to the committee that this has confirmed my view that the proposed site on Waite Road is appropriate and will be utilised. I elaborate the reasoning in my letter in terms of the argument that was put in the report. First, the report questioned the use of section 7 of the Planning Act by the Department of Agriculture. My response comments that this use is not optional but a requirement under the Act.

The buildings are to be funded by the State Government and will largely accommodate public servants. On advice from the Crown Solicitor, in such a situation the use of section 7 is mandatory. However, I indicated that I did not agree that this conferred any special privilege in the circumstances. Any developer would have been entitled to propose the same development which, in the view of the SA Planning Commission, complies with the supplementary development plan for the area.

The minor incursion into an area zoned R1 was argued on the basis of continuation of an existing use, an argument open to any developer, not just to the State Government. I indicated also that I agreed that differing planning requirements for each of the agencies, which the legislation lays down, complicated matters for developers and residents. However, considerable efforts were made to present the various projects as a single package.

The overall plan, which was included in the report of the committee as plan 1 and which was initially prepared by the South Australian Planning Commission processes, reflects all the proposed work on the campus. The decision by the Mitcham council to defer the university of Adelaide application for planning approval resulted in the process becoming disjointed, and may have added to the confusion. However, this was beyond my control or that of my department.

I also indicated that I suspected that some confusion may have arisen from the decision by the Mitcham council to release the Strategic Planning Report on the Waite campus, which the university commissioned. That attempted to take a long-term view of the development of the campus, to provide a framework for future planning decisions. It was essentially an internal planning document, but a copy was forwarded to the council for information and comment. Unfortunately, it appears that the document has been interpreted by some residents as an actual proposal for construction.

It was not. One resident, for example, claimed that over 20 buildings were proposed. This is clearly incorrect, but the strategic plan did identify a similar number of potential sites for buildings, although not all those sites would be built on. The next matter commented on in the report is the design of the building. To a large degree, this has been driven by energy and operational efficiencies to ensure that public funds were spent wisely. However, both the Department of Agriculture and the University of Adelaide, on whose land the building will be constructed, were keenly aware of the need to produce an attractive building that matches its setting. The ascetic appeal of any design is clearly a matter of personal judgment.

I should point out that the university council approved the design following advice from its Building and Grounds Committee, from independent consultants and from its own Professor of Architecture who, apparently, described the building as 'very handsome'.

On the matter of alternative accommodation, I indicate that I recognise that that the present excess of office accommodation in Adelaide does exist. However, this problem is a relatively short-term issue. In planning this development, the Government has been looking at obtaining maximum benefit over the lifetime of the

buildings. Several possible alternative locations in the CBD have been examined, and this has confirmed that on a long-term basis construction of the administration building is justified.

Finally, under that recommendation, the matter of the planning review is canvassed. The report canvassed some of the arguments in the planning review's report *2020 Vision*. I believe that some of the comments in the report may be based on the misunderstanding of the nature and function of the staff in the administration building. The building contains a wide variety of groups which will provide a wide range of services. Many of these are directly relevant to the Waite campus, for example, providing leadership to many programs; in other words, they are not irrelevant to the work that goes on there.

Even routine administration functions such as the accounts branch can be justified as the campus will contain the largest concentration of Department of Agriculture staff in the State. Moreover, similar administrative units already exist on the campus to service each of the other agencies; for example, the university and the CSIRO already have such groups. Fragmentation of the staff can only hamper efforts at providing more effective services on a campus-wide basis.

I also added that the Department of Agriculture provided its services mainly through its rural network of offices. The head office deals mainly with industry bodies and not directly with farmers and other clients, hence a location in the CBD offered few advantages to clients. Indeed, the Waite campus has been widely supported by industry because it will make access easier without the problems of parking.

Finally, I as Minister have responsibility for taxpayers' funds in the Department of Agriculture. Those taxpayers' funds go to a number of activities, one of which is research. The research activities that we will be undertaking at Waite, in conjunction with CSIRO and the University of Adelaide Waite campus, offer very exciting synergies, and very effective use of the money available.

I must say, however, that there is always the danger that, removed from direct administrative oversight, these State taxpayer funds could end up not addressing the needs that farmers want them to address. There would be a very real danger that the very good programs of the Waite and the CSIRO were not necessarily always directly attuned to what farmers needed and wanted. We might see a loss of focus of taxpayer funds for research. I, with my department, was adamant that we should not lose that degree of control on behalf of the farmers of this State. That is why I believe it is very important that we have an administration presence on the campus.

**Mr VENNING:** In relation to land care, I note an increase in expenditures in the budget; will the Minister tell the Committee from where the money is coming, whether it be State or Federal, and in what proportion?

**The Hon. Lynn Arnold:** I quoted the overall figures for that, but what we do not have is from where they are coming. I have here a table of figures in relation to soil land range management which I will have incorporated in *Hansard*.

Leave granted.

ESTIMATES COMMITTEE—RURAL INDUSTRY RESEARCH AND OTHER FUNDS, 1992-93

Funding Source	1991-92		1991-92		1992-93	
	Voted \$'000 Recurr.	Capital	Actual \$'000 Recurr.	Capital	Proposed \$'000 Recurr.	Capital
Commodity Soil, Land, Range Management						
Grains Research and Development Corporation			17		37	
National Irrigation Resource Fund			24			
La Trobe University			13	1		
National Soil Conservation Program	2 478	21	2 353	23	2 700	
Cooperative Research Centre			74	6	200	
Riverland Development Council	28	4				
Soil Conservation Landcare Fund			49			
Land and Water Resource Reserve and Development Corporation			340	26	310	3
<b>TOTAL</b>	<b>2 506</b>	<b>25</b>	<b>2 870</b>	<b>56</b>	<b>3 247</b>	<b>3</b>

**The Hon. Lynn Arnold:** I will provide that figure later.

**Mr VENNING:** As a supplementary question, is the Minister happy that Landcare Australia in the past 12 months has delivered, or does he think it should be phased out, as the Minister said in answer to a question of mine and also in a statement that he made at the 1990 UF&S annual meeting?

**The Hon. Lynn Arnold:** Following my comments at that annual meeting of the UF&S, I must say that a lot of interest was generated in that. Landcare Australia met with me and told me what its program would be, and I said, 'Well, it looks as though it will be very good.' I also said that I would look forward to receiving reports as to how it would achieve its objectives. I am pleased to

say that at the end of the year it has by and large has achieved its objectives. I think the concerns that I have expressed and I know others were expressing were validly expressed and were heard.

On the matter of land care, perhaps I will just give a brief rundown on the current situation. The State Management Committee has adopted a framework for action over the next three years, with the main concern being to translate awareness into personal and community action. The 1991 State land care awards were presented by Dame Roma Mitchell, who is State patron for the decade of land care. South Australia won two of the eight national awards, those being the education and primary producer awards. The Governor-General and the Prime

Minister presented these awards in Canberra in March this year.

An urban field day was held at the State Tree Centre to highlight land care month, namely March, and the State management committee endorsed more than 157 land care projects or events in 1991, with growing interest from the community generally. The current economic downturn means that land care projects may need to be scaled down until the economy improves. Indications are that projects will continue, but within financial and resource constraints.

With respect to Landcare Australia, BP Oil is continuing to sponsor that organisation throughout Australia. BP will be funding 12 national land care programs across the country, two selected from each of South Australia's National Land Care Program (NLCP) applications. In addition, the BP land care challenge magazine is distributed to community land care groups quarterly, with a video featuring land care groups distributed twice a year. In addition to that, we have the Kids for Land Care outdoor classroom at Golden Grove, which has reached the stage of site works, commencing July 1992. The proposed date for the official launch will be later in November, and obviously all members will have a chance to see that.

Mr McKEE: Page 113 of the Program Estimates, under the heading, 'Specific Targets and Objectives', states:

A successful bid for a CRC for viticulture/oenology with Adelaide and Charles Sturt Universities, Wine Research Institute and CSIRO was made.

Will the Minister expand on that? Is that an indication of how you consider future wine sales in the wine industry to be heading in this State?

The Hon. Lynn Arnold: It certainly is very important to the wine industry. I will ask Mr Thomas to make some comments on that matter first.

Mr Thomas: South Australia was successful in its bid to secure a cooperative research centre in viticulture. It is an national initiative in that it includes the faculty of horticulture at the university, the Australian Wine Research Institute, the Division of Horticulture, CSIRO, and the Departments of Agriculture in New South Wales, Victoria and South Australia. It will receive about \$12.5 million in funding over the next seven years.

The major component of the program—and it is not just a CRC in wine but a CRC in viticulture—is to address the quality of wine, dried fruit and table grape quality, with some particular reference on chemical residues. Markets are becoming very demanding these days on any form of residue, particularly in wine and dried fruit. A major component of the program has to do with research and, indeed, information technology transfer in that area. A director of the CRC will be announced very shortly. Funding commenced at the beginning of this financial year.

The Hon. Lynn Arnold: I will get the actual sales figures for the South Australian wine industry over recent years for insertion in *Hansard*; they are very impressive. The industry has multiplied by 10 its value of exports over the past five years, and they anticipate quintupling their exports over the remaining eight years of the decade, so they look to have very impressive growth rates.

In relation to the question asked by the member for Custance on soil conservation, we will have to come back with more information on the actual staff commitment of the department from State-funded sources. In terms of other support provided by State funds, we also give support to the soil conservation boards; in 1991-92 that was \$245 000, budgeted, \$249 379 outcome against \$248 000 dollars budgeted for this coming year.

Mr Thomas: There is considerable State funded support for landcare groups. Despite the downturn, the interest in landcare groups, the formation of such groups and projects has continued unabated, although one would have to say that the expenditure and activity within individual properties within groups is down simply because of the circumstances. The level of interest has certainly been maintained and that has continued to be fostered by the departmental staff who provide technical input.

Mr MEIER: I thank the Minister for his comments about SAMCOR profitability and wish to question further on SAMCOR. Can the Minister advise whether the board of SAMCOR intends to rationalise any current facilities and assets at its disposal?

The Hon. Lynn Arnold: I will obtain an answer on that after consulting the SAMCOR board. It has put to me its plans for the future which include a degree of overhaul of its equipment, but I cannot immediately recall any suggestions about rationalisation of assets. Some work may be needed.

Mr Thomas: I am unable to answer. I should have thought that any rationalisation would be the subject of the triennial review currently under way and due by the end of 1992.

The Hon. Lynn Arnold: There is always an ongoing program of funds committed for capital overhaul of equipment, and so on, and that is funded from within its own cash flow. I will ascertain on what it is proposing to spend that money this year. The live weight scales have been of interest to many in the rural sector. I have approved funds being lent to finance that, with SAMCOR going one third guarantor and two other interests going one third each guarantor on that amount to provide a service to industry. The total cost is \$167 000.

Mr MEIER: With reference to the live weight scales, I remember the Minister announcing that just prior to Christmas. When is it proposed that they be built?

The Hon. Lynn Arnold: Any delays have nothing to do with us at the moment. This matter is the subject of ongoing discussions with the industry, and they have not yet been resolved. Our offer of the low interest loan for this has been on the table for some months now, and it will not be resiled from. I cannot give an answer on when those discussions will be concluded as we are not driving them.

Mr MEIER: The Minister in comments last year during the Estimates Committee on SAMCOR indicated that there was some consideration that the rendering plant would need to be rebuilt at SAMCOR. He said:

After a lot of examination over the past nine months we have been able to increase its efficiencies and it is now operating basically on two shifts instead of three. There is still a minimum of five years life in the plant. To replace the plant would cost \$5 million or \$6 million, so a decision on that will not be made by the board for some years.

Regarding the \$1.2 million profit generated by SAMCOR, which the Minister indicated it would use to put back into the industry this year, he said that in future the money would have to go to State Government coffers. Will the Premier give an indication of what the future holds for a new rendering plant and where the money will come from?

**The Hon. Lynn Arnold:** The cash flow available to SAMCOR is made up not just out of profit it retains but also out of its provision for depreciation. It will still be making provision for depreciation in the coming years, and that will provide funds for any necessary overhaul. It is also anticipated that it would not remit all its profit to the State Government, so there would be some retained profit funds available. If, however, there is a major cost for a new digester to be met it would be the subject of separate discussions between SAMCOR, the Government and/or any other provider of the finance.

**Mr MEIER:** I am aware that the SAMCOR lease has backed the sheep yards at present. I believe that it is in the hands of the Adelaide Produce Market. What thought is being given to ensuring that those saleyards are secure for the future because, as the Minister would recall, about two and a half years ago they did not look secure. I remember having discussions with certain persons on the possibility of establishing new saleyards north-west in the Dry Creek area. I was under the impression that it would be a matter of time—a year or two—before things would move in that direction and hopefully land would be secured and saleyards established in due course. Therefore, if there were difficulties with renegotiating for the lease of the present saleyards, at least SAMCOR would have an option out of that.

**The Hon. Lynn Arnold:** As I understand it, the situation has changed a little in that when the proposal was coming forward there was great urgency for it to be resolved because access to the SAMCOR saleyards had a limited future. I offered not financial help for any alternative development but rather any assistance to expedite processes to enable the private sector proposal to be duly considered but with due speed. I will get an updated report on this and obtain the correct information, but I understand that the life of the SAMCOR saleyards has been extended and they now go on for at least another three years, which takes the pressure off the need for other private sector proposals to be put in place. However, that does not forestall its being put in place. Indeed, if that proposal were to come back or another one was to be put up we would duly look at it, although I repeat that we are not about to become financially involved in such a proposal.

**Mr MEIER:** What is the future for SAMCOR on its existing site? How will it fare with health controls in future? Has it been able to come up to standard in all areas, and is it envisaged that in future it will have to relocate?

**The Hon. Lynn Arnold:** There is always a problem with the encroachment of residential activities on areas of industrial activity. Obviously, when the old Metropolitan Export and Abattoirs Board ran the works out there, there was not much housing about. Things have changed and it is becoming more surrounded by residential and other development. There may come a time when the question of relocation will have to be looked at. If that is the case

because land about is taken up for greater residential use, that presumably may generate a high return for the land on which SAMCOR is located to help fund any new works. That is a hypothetical question at this stage because I do not see it being on the agenda in the medium term, although in the longer term it may be. I will ask John Holmden to comment on the standard of the works and the health questions that the honourable member raised.

**Dr Holmden:** The standards of the SAMCOR works are at a very high level. They operate well within the requirements of the European Community and the United States Department of Agriculture, both of which have examined them and are about to re-examine them. I do not believe that there is any immediate threat to its viability as an export licensed abattoir.

**Mr MEIER:** I brought up this matter earlier in the Industry, Trade and Technology line. As a supplementary question, will the Minister indicate whether he is prepared to initiate a benchmarking project for SAMCOR? It is interesting to hear what Dr Holmden just had to say in relation to America and other areas. Seeing that SAMCOR has made a profit of \$1.2 million, can the Minister indicate where those savings have been made? Is it in the area of employment, the respective throughput of sheep, cattle or pigs or more private subcontracting? What factors have been responsible for its significant turnaround?

**The Hon. Lynn Arnold:** I indicated before, in answer to the previous line, that I think SAMCOR has done an enormous amount at the employee, management and board level to improve its efficiency and returns. The very fact that it can now talk about the profit figures that it is talking about and projections into the future indicate that it is reaching a reasonable standard of efficiency, but clearly more has to be done. I will have some consideration given to this question of benchmarking.

However, benchmarking is a complex area in the meat industry, given that there is also a degree of agro, I guess, attached to this in relation to some ways of changing things at certain abattoirs. I would not want to be buying into a situation that destabilises the team of people at SAMCOR who want to make improvements, who are delivering improvements and who will go on delivering improvements because they must do so: and they know that. Nevertheless, I will look at that question.

The increased profitability has come about, first, as a result of reduced costs; SAMCOR does things more efficiently. Some of those costs are non-salary or non-wage costs, but some of the costs are in improved productivity of the work force. I think it has to be acknowledged how much the work force at SAMCOR has agreed to accept changes in its working practices which allow for better productivity, more throughput and therefore more profitability. Another factor that is giving a better profit is that the equipment is being better utilised; there is more throughput because more people feel confident about sending their stock there. As I said before, competitive pressures never ease up, and SAMCOR feels competitive pressures now. So, it tries to keep customers, it may lose customers and it tries to win new customers. It is important that it do so so that it can keep throughput as high as possible, so that it gets good

utilisation of the equipment and staff and, in the process, gets a good financial return.

The other point that needs to be recalled is that there is a triennial review in place, and in a sense that becomes a kind of benchmarking exercise as it looks at what SAMCOR should be able to achieve given the taxpayer funded investment that is in the place.

**The CHAIRMAN:** I remind members of the Committee of what constitutes a supplementary question. A supplementary question is one that naturally follows the question that the member put to the Minister and the Minister's reply, which may then prompt an additional question, which the Chair will allow as supplementary. Just because the subject matter is the same, in this case SAMCOR, that does not constitute a supplementary question. As long as we have that clear we will all get a fair go.

**Mr D.S. BAKER:** There has been some very vehement criticism of the performance of the RAB in determining loan applications. To clear up that matter, will the Minister release for the previous two years the number of applications that have come to the department, the date of the initial application and the date of the finalisation of the application so that we can see whether or not it is operating efficiently?

**The Hon. Lynn Arnold:** On the matter of the number of applications to the department and how successful or otherwise they have been, I think that each year I manage to put a whole pile of figures into *Hansard* on this matter, and I shall do so again. To recap the figures that I will insert, they will be figures for the last financial year for applications for the various categories of rural assistance, how many of those applications were withdrawn, rejected or approved and the financial value of the approval of those applications.

*Mr D.S. Baker interjecting:*

**The Hon. Lynn Arnold:** Let me finish; I have not finished answering the question. It was what you asked for at the start, and we will give that. You now ask for something else, and I will come to that in a minute. We will link that up to the previous financial year's figures for ease of comparison so that members can see whether or not there has been a change in quantum of dollars lent or in the percentage of applications approved or not approved. The next question is the time it may take.

I noted the comment that was made about the alleged criticisms of this matter, and I am also aware that this is subject to one of the terms of reference of a select committee of the Parliament that will be reporting on this matter, and I will look with great interest at its recommendations because I know that that committee has gone all around the State and has met with farmers and actually given them a chance to have their say and complain (if they have a complaint). The committee will give us views back and, as I say, we will look at those with very close attention.

What the honourable member now asks for is the date of each application and the date of decision on each application. For the summary of current applications for the year ended 30 June, last year we had 764 declined, 94 withdrawn and 565 approved for total funds over all the packages of \$28.767 million. To clarify that, the declines is a bit of a misleading figure compared to the previous year because some people were declined on one

product and referred to another, and may be accepted under another. So, they will appear as a decline in one and as approved in another. What that really says is that we have of the order of over 1 000 individual applications. I think we would be hard pushed to go through the whole 1 000, find the application and decision date. First, it would fill up a lot of *Hansard* as well as take up a lot of time, and I am not prepared to do that. However, I am prepared to have a sample taken. We will take all the applications for July 1991 and come back with a schedule of how long each one took to get from application received through to decision, and I believe that that would be an adequate sample of the rest.

**Mr D.S. BAKER:** As a supplementary question, what the Minister will do is detail the individual applications as from 30 July 1991 to 30 July 1992 and give a date of when the applicant issued his application and a date of finalisation?

**The Hon. Lynn Arnold:** I revisit what I said, namely, that we cannot do it for the whole 12 months; that would be too much of a task. We will take all the applications that were received in July 1991. That is one-twelfth of the total. I do not know if it was an even number; it may not be one-twelfth of the year's total. We will not personalise those, so we will not print the names of those applications and the answers. We will list them as cases one, two and three respectively. We will indicate when the application was received, and then we will indicate when the application was decided, either rejected or withdrawn by the applicant, or approved. We will also add in a note column at the side if there were any special factors that needed to be taken into account. For example, some of them may have been withdrawn and referred to another package, and hence may have got approval under that; or the forms may have been inadequately completed and it may have required substantial checking back with them for details. So, if there are any mitigating circumstances they will be alluded to in the comments column, but it will only be for the one month, and I believe that will represent a good sample of the whole year's applications. I am told there were 47 applications in July 1991. I am doing July last year because it would be anticipated that every one of those would have had a resolution. If I were to choose July this year, I could not guarantee that all of those would have been resolved by now.

**Mr D.S. BAKER:** The complaints I have had I can guarantee because many of them have taken at least 12 months to resolve, and that is the reason for the question. That is the reason for the date of finalisation, because in quite a few cases people have said to me that, because of the delay, the supporting bank has withdrawn support and there have been some horrific hardships because of the time it takes to process these. I question the Premier's, saying that they cannot handle one thousand of these. I would have thought that the RAB would be infinitesimal compared with a normal trading bank which manages to handle, I would say, a thousand a month and resolve them within a six-week period, which is the norm for most loan applications.

**The Hon. Lynn Arnold:** We will see what the figures say. My advice is that there may be one application from July last year that may not yet be resolved, but I come back to the point; if people do not fill out the forms



correctly, we just do not get the information we need to make a decision. That just cannot be seen to be the fault of the division; it is the fault of the person for not giving the correct information. I am not being unfairly critical of them, as they may not have understood how to interpret some of the form and perhaps we need to look carefully at our forms; that is certainly true. I am looking forward to hearing what the select committee says on matters like this because I am quite certain that, if these complaints are out there, as widespread as the member for Victoria is alluding to, they will have come back through the select committee, which will make recommendations that we ought to take into account, as we will.

**Mr D.S. BAKER:** I now get on to an area which I call bureaucracy gone mad, namely, the South Australian Hygiene Authority. There have been many complaints about the different levels of treatment of abattoirs, slaughterhouses and meat outlets in South Australia. To the Premier's credit, he has overridden several of them to allow common sense to prevail. It would appear that, in the case of M.J. O'Leary of Jamestown, who once again has had his application refused, somehow in the review of the Act, which may or may not occur this year or next year, a commonsense approach must be taken. People at Port Augusta are being forced to send stock to Murray Bridge to be slaughtered in a licensed abattoir, and obviously those cost pressures are unsustainable in this day and age.

Would it not be appropriate that meat killed in inspected slaughterhouses (and they are inspected) adequately labelled as having been killed in an inspected slaughterhouse, would be sufficient for the consumer, and for the consumer not to be put to the extra expense, and of course, for many small butcher shops to be put out of business because of the requirement that meat should be killed at a licensed abattoir?

**The Hon. Lynn Arnold:** I should ask John Holmden to answer because he is in charge of the Meat Hygiene Authority, which does the job that it is asked to do by this Parliament. In 1981, this Parliament had a joint committee, of which I was a member, and we considered what should happen with slaughterhouses and abattoirs. At the end of the day, that committee recommended that a series of issues needed to be taken into account to maintain a guarantee of quality food to the marketplace, to maintain a set of standards in our abattoirs and slaughterhouses and not to put our abattoirs at an unfair disadvantage by allowing a proliferation of slaughterhouses which did not have to meet the same standards or requirements as did the abattoirs and where enormous investment had to be made in their abattoirs.

The issues are very complex. The member is quite correct that I have overridden in some instances the recommendations of the authority because I felt there was a wider perspective that needed to be taken into account. I am very sensitive about the fact that there is a precedent problem involved in some of these cases that could see the dismantling of the whole abattoir/slaughterhouse scenario that we have in this State. That may be fine, and that may be what the Parliament wants but I am not prepared to see it just dismantled in this *ad hoc* chipping away manner. I believe that we need to have a system that ends up being coherent, guaranteeing to the consuming public both here

and overseas in our export markets that we can deliver a sound product, and that we can do that cost effectively.

We have a relatively minor piece of legislation coming before the Parliament later this year or early next year relating to meat hygiene, but the wider issue was not due for an overhaul until 1996. It may well be that we should bring that forward. The Parliament may wish to establish another select committee into this process, but I would appeal to members of Parliament, if they are going to pick up one-off cases to say 'Well, it obviously does not make sense to do it this way' to look at the ramifications of that. We may see that we have effectively unwound the whole system. Do not blame the committee and do not blame the officers for what they are doing, because they are doing the job that Parliament asked of them. If Parliament wishes to change its mind, Parliament can change its mind and they will do the job that Parliament has asked of them. But, if Parliament is going to change its mind I ask them to consider very carefully what they want to do on this matter because the ramifications, I think, are quite wide reaching.

It is worth noting, for example, that South Australia is the only State which retains slaughterhouses where no inspection occurs. We can easily solve the problem, I guess, by simply having inspections across all points of kill—across all our slaughterhouses. I guess that a number of slaughterhouses would very quickly complain about that, because there would be a major cost impediment. We then have the issues of mutual recognition of standards across borders with other States—the common Australian standard. I can tell the Committee that New South Wales has played ducks and drakes with us on that matter. They have withdrawn approval for a couple of abattoirs. Let us be very careful what we choose to do. If we are going to do it, let us do it in a thorough way, and not a case of a one off chipping away at the foundations of the slaughterhouse and having it fall down around us.

**Mr D.S. BAKER:** Having a review of the Act after 16 years, and in view of the changing circumstances, especially the fact that there has been a tremendous rationalisation in abattoirs around Australia, and many have closed down, which puts additional cost pressures on metropolitan outlets generally as far as transport is concerned, would mean, I guess, that the Treasurer would support an early look at the Act to try to bring it up to the 1990s and not back in the 1890s. But I would like the Premier to tell us what those serious ramifications are if we chip away in getting reality into the system, which we are trying to do at present.

**The Hon. Lynn Arnold:** A review in 1996 will not represent 16 years since the last review. There was one back in 1989, and seemingly these modern day circumstances must have been applying in 1989 as well but did not surface very much in the viewpoints of industry around the place. The ramifications are, amongst others, that if we suddenly decide to free up in this State access of slaughterhouses to other points of sale—we certainly would not be able to do it over State borders, of course, but I guess the honourable member is not asking for that—then those who have invested in abattoirs and met the higher standards that are required of them, and who have point of kill inspection and fund that point of kill inspection, would be competing against people who

do not have point of kill inspection and therefore have an automatic cost advantage. That is just in a marketplace sense. I think the ramification of what that ends up meaning has to be considered. We then have to have a situation about inspecting what is going on in slaughterhouses.

Back in 1981, essentially the Parliament said that the longer-term future for meat killing in this State, in terms of broad consumption patterns, should be towards abattoir killed meat, not slaughterhouse killed meat. Now, if we suddenly start changing all that then we would be making a major change of opinion, that now says, no, we now believe that slaughterhouse meat should be a major component of the meat consumed in this State. That is fine, if that is what the Parliament wants to do, but let us do that after having a major look at the situation. I am prepared to see a review of this Act brought forward, because it does seem to me that that is what is being called for. But I suggest that that is the way to handle it, either by a select committee or a green paper process, not by these sort of one-off approaches, to try to find things which are in the grey area and use those grey areas to somehow undermine the other very clear-cut decisions that the board has to make.

**Mr D.S. BAKER:** I look forward to the review of the Act. I would ask the Premier to intervene on South Australia's behalf in the following matter. I have received a letter from a gentleman in Texas who has been trying to resolve a matter for the past six months. He has been writing to our friends in AQIS, the quarantine people in Canberra, and to Cary Scarlett and a Dr Dave Thompson. He is trying to gather some correct data for importing and exporting animals to and from Australia. Those involved are looking for the protocols of importing into Australia ostriches and llamas from North America. They are wanting to lease the quarantine station in South

Australia for that use and run it under AQIS. They have been unable to get a reply to their letters, nor any help whatsoever. I will provide the Minister with the details and I ask him whether his department will follow up this matter, to see if we can at least get some answers, because I think it is to South Australia's benefit.

**The Hon. Lynn Arnold:** We will certainly follow it up and intercede in this matter.

**Mr VENNING:** My question concerns rural counsellors. I had to look long and hard to find reference in the budget to rural counsellors and I eventually found it in the social justice strategy. I note the figure of \$281 000 for rural counsellors. How much is for the rural counselling trust fund and when will it be paid into the trust fund?

**The Hon. Lynn Arnold:** I recently approved funding support for 1992-93 from the rural industry adjustment fund to the rural counselling trust fund for a maximum of \$200 000. That is for this financial year. I have indicated that that funding support will be the subject of further review at the end of this financial year, to determine what needs to happen in the following financial year. I have indicated that inasmuch as SAFA is a member of the rural counselling trust fund arrangement, because it provides some of the funds, then so, too, should the Manager, Rural Finance be appointed, since he is responsible for the funds that I have now approved. In terms of the costs of operation of rural counselling for 1992-93, I have a table of figures that I will incorporate in *Hansard*. These figures indicate that 13.8 full-time equivalents were involved in rural counselling this financial year. We received from the Commonwealth \$561 410. We received from the trust fund \$246 000. We received local, including in-kind, support in the amount of \$301 000, making a total budget of \$1.108 million.

RURAL COUNSELLING: COSTS OF OPERATION 1992-93

Service	FTE	Requests from Comm'th	Rural Couns'g Trust Fund Approvals	Local, including in-kind, support	Total Budget 1992-93
Barossa and Light . . . . .	1.0	45 290	10 000	35 290	90 580
Broken Hill . . . . .	1.0	50 104	0	45 104	100 208
Eastern Eyre . . . . .	2.0	85 614	40 000	45 670	171 284
Far West . . . . .	1.0	42 000	20 000	16 046	83 046
K.I. . . . .	1.0	52 100	20 000	28 825	109 375
Le Hunte . . . . .	1.0	41 285	20 000	21 285	82 570
Mid/Upper North . . . . .	1.0	36 279	20 000	16 278	72 557
Murraylands . . . . .	1.0	41 365	20 000	21 365	82 730
Riverland . . . . .	2.0	69 970	40 000	29 970	139 940
South-East . . . . .	1.8	61 368	36 000	25 366	122 734
Yorke Peninsula . . . . .	1.0	36 035	20 000	16 035	72 070
<b>TOTAL . . . . .</b>	<b>13.8</b>	<b>561 410</b>	<b>246 000</b>	<b>301 234</b>	<b>1 108 644</b>
		50.64%	22.19%	27.17%	

A significant proportion of the in-kind component included in 'local support' is provided by the Department of Agriculture's regional staff and facilities. This amount is estimated to be in excess of \$50 000. In addition to the budgeted costs of \$1 108 644 for this financial year, rural counselling will also be supported by:

.5 FTE \$21 000  
RAU Operating \$10 000.

**The Hon. Lynn Arnold:** What I need to do to fully answer the member's question is to provide some cross-accounting of the funds that I have now approved, with

the funds from SAFA, with the figure that appears here. There is some funding left over, which I guess provides for other administration costs here.

**Mr Thomas:** Yes, partly as other administration costs, and partly it allows for the possible requests of other communities for counsellors. However, one needs to be careful in that the Commonwealth has fixed the amount that it will provide, so we must be very cautious about committing further counsellors at the present time, because the Minister in his agreement to provide funds has indicated that he will only do so for as long as the Commonwealth continues its commitment.

**Mr VENNING:** Are any of these funds conditional? Do any conditions have to be met for the full amount of money proposed to be spent?

**The Hon. Lynn Arnold:** If the honourable member means conditional upon the Rural Finance Development Division, in terms of how they are allocated, they are conditional in the sense of auditing requirements. We are paying money over and we require that evidence be provided as to how those moneys are spent. Good financial management insists upon that, and that insistence will continue to be required. So it is not a case of in any way the presence of the Manager, Rural Finance being appointed to that trust fund being involved in the social charter of that fund. In other words, no opinion will be given about how the rural counsellor does the counselling work. But in terms of how the moneys are paid out and accounted for, that must be subject to monitoring.

**Mr VENNING:** Does the Minister or the department see the rural counselling as on-going? Do you think there is a further need to increase the counsellors?

**The Hon. Lynn Arnold:** I hope not. I hope that we find that the demand lessens so that we do not have to continue it. However, I think my own track record is evidence that if the demand does increase then we will meet it. However, I hope that things will turn around so that the whole rural sector will be much better placed and people will not feel themselves under such financial pressure, and hence rural counsellors will find that their diaries are empty.

**Mr VENNING:** They are coping all right?

**The Hon. Lynn Arnold:** At the moment I understand that all the members are coping with the level of support they are receiving.

**Mr Thomas:** They are coping reasonably well. In some cases, where the work loads were impossible, such as in the Riverland, second counsellors were appointed. That certainly was a difficult situation. We are aware of a circumstance on Kangaroo Island where there has been a call for a second counsellor, and for further services in the South-East. As I said before, one needs to look at how the total number of counsellors are placed, and what sort of efficiencies we might be able to bring in relation to that before further counsellors are appointed.

**Mr VENNING:** I refer to the seed certification fees for growers. The department will again increase its fees this year, in the 1992-93 period. Its general philosophy has been to increase its fees for certification in relation to CPI. The growers are concerned that a slush fund will now be building up. Should this general philosophy be broken and is there a statement of funds in relation to the seed certification fee collection account?

**The Hon. Lynn Arnold:** In recent days I have signed a document for the seed certification fees for the coming

year, and I do not recall evidence of a slush fund. I will ask Mr Srinivasan to answer that.

**Mr Srinivasan:** The problem has been that the costs have been incurred under the recurrent budget, whereas the revenues have been collected in the deposit account, where only the incremental costs are booked against them. As a result, the revenues are all going into one account and the costs into another, which gives the impression of a slush fund building; but there is an adjustment factor. If you undertake a proper accounting of the costs and the revenues, it is largely a break-even type of business.

**Mr VENNING:** May we have that statement?

**The Hon. Lynn Arnold:** We will provide the honourable member with a financial statement, which will show that we are very close to a full cost recovery.

**Mr VENNING:** Last year you answered a question relating to how many farms were sold, and the number was 130. How many were sold this year?

**The Hon. Lynn Arnold:** Last year I must have obtained the information for the honourable member after the Estimates Committee. We will find out what we did last year and do it again.

**Mr MEIER:** Now that deregulation has for all intents and purposes come into the dairy industry, are dairy farmers in South Australia receiving the same subsidy from the Kerin moneys that were made available, or are some receiving more than others? I believe that South Australia receives some \$17.4 million under the Kerin plan.

**The Hon. Lynn Arnold:** I am not certain, but I will obtain the answer to that question. The honourable member referred to the white paper that I released. Of course, Parliament has yet to make its decision on this matter, although we have already put in place a couple of aspects in relation to retail pricing arrangements for milk. In terms of the arrangements for the farm gate price, they will be incorporated in the legislation, and special transitional arrangements are being provided to allow for the historic difference in the mid-north.

**Mr MEIER:** What has been the reaction to the white paper by various sectors of the dairy industry?

**The Hon. Lynn Arnold:** It would be fairer for the honourable member to ask the constituents himself, rather than my speaking for them, as they may say that I have not correctly reflected their views. However, to date the South Australian Dairy Farmers Association seems reasonably happy with the recommendations and has spoken to me about a number of points that it wants further refined. It has expressed some concern about the way some points were worded and has asked for some changes to the wording, although there is no disagreement with the philosophy of what we are doing.

The association wanted to be consulted in the wording of the drafting of the legislation, and it certainly will be. Generally, the response was not unreasonable. The South-East Dairy Farmers Association is now part of the SADA. I met with one or two of its members and, broadly speaking, they believe that this is the correct move. They did have some questions on a number of points, of which I have taken account. We are trying to accommodate their concerns. One in particular was to do with herd improvement testing, and that matter is subject to further discussion. We should be able to reach a

satisfactory outcome that does not disadvantage farmers, recognising at the same time the services of Hiscol and the opportunities for some other providers to be a reasonable part of the process. I have met with members of the Milk Vendors Association, and from its advice it seems to be reasonably happy with what is being proposed.

Farmers Union and Dairy Vale, all things considered, are reasonably accepting of what has been proposed. Obviously, each individual body may have preferred some things to be a little different. Without tempting fate, the reaction to date has been a reasonably positive one and, in some cases, has been very positive. I hope that the Parliament will listen carefully to that.

**Mr MEIER:** Supplementary to that, have the mid-north dairy farmers sought any special conditions to apply to them?

**The Hon. Lynn Arnold:** The white paper contains special provisions for them, which is why the concept of an indicative price and a farm gate price both appear. It is to enable the transitional arrangement to be put into effect, which would enable the farm gate price return to mid-north dairy farmers to be brought up to the Statewide farm gate price concept by 1 January 1994. Section 3.2.4 of the dairy industry white paper refers to the provisions that have been made for farmers in the mid-north.

**Mr MEIER:** I note that page 116 of the Program Estimates, under Animal Industries, Issues/trends, indicates depressed pig prices to be one factor that needs to be considered. What thoughts are being expressed on depressed pig prices, what action is contemplated and to what extent is the importation of Canadian pork being tackled?

**The Hon. Lynn Arnold:** There has been some improvement in recent times. I am not sure what effect the importation of Danish pig meat will have. I caught up with a brief reference this morning to some concern that is being expressed about Danish pig meat, but do not have a detailed briefing on that. I raised the matter at the last Agricultural Council of Australia and New Zealand with Simon Crean and other Ministers and I, in fact, was the one who led the debate on the matter, because I was concerned for the pig industry in South Australia.

Victoria came in to support us on this matter. One thing we pushed as being very important is the question of appropriate labelling. As a result of my moving, the Agricultural Council of Australia and New Zealand proposed to take up with the appropriate authorities (which come under the Ministers of Health and not the Ministers of Agriculture) the question of adequate labelling to identify the source country of pork used to prepare ham and bacon.

Also as an ongoing issue, we are prepared to consider giving our public support to applications for anti-dumping procedures where an anti-dumping case looks as though it could reasonably be sustained. The Pork Council of Australia has prepared an application for countervailing duty due to subsidisation of pig products in Canada by an estimated 20 to 30c per kilogram carcass weight. Preparing this application has been difficult: producers claim injury from imported products under the Customs Act. The present interpretation requires considerable support from processors, and this has been obtained only recently. The application has been lodged and is now in

the 100 day information gathering stage as required by the Customs Act. I have had some concerns for some time about our anti-dumping procedures. This will be another case to tell us whether or not there need to be even more changes in the way in which anti-dumping procedures work in this country.

However, the pig industry has been under some pressure, not just, might I say, by imports, because the domestic production is also higher. Prices have recovered lately from \$1.50 a kilogram in June to \$1.85 in August. That is well below the \$2.13 a kilogram that prevailed in 1991-92. I do not have the domestic production figures here, but there has been some increase in domestic production, and that is also a factor in the pressure on prices.

**Mr D.S. BAKER:** I note from the Program Estimates that there are considerable reductions in expenditure on animal industries, farm management, rural community support, and agricultural crop industries. Could the Minister explain why, when we are trying to export our way out of our problems, we have cuts in that area? Will that affect extension services in those areas?

**The Hon. Lynn Arnold:** I will ask Mr Srinivasan to comment on that.

**Mr Srinivasan:** In relation to the animal industry, what has happened in this year's estimates, as per a requirement by Treasury, is that they have incorporated a number of departmental deposit accounts into the estimates. Previously, we had the State-funded recurrent expenditures and the industry and Commonwealth-funded expenditures. But under a single line that has been introduced for many public sector agencies they have incorporated into the budget process a number of departmental working accounts as well. As a result of that, there has been some difficulty in estimating the exact amount of departmentally generated activities, which are really net nil budget impact.

In 1991-92 actuals, we had an accurate estimation of what the level of activity was, so it was possible to report that in the actual information; whereas in the proposed expenditure, it has not been quite that easy to estimate the departmentally generated activities. At the same time, as the Minister also pointed out, there has been a four-year GARG-related reduction exercise, involving a total of \$9.4 million over four years, and in 1991-92 there is an estimated reduction of \$3 million, of which \$500 000 would be to increased revenues and \$2.5 million would be reductions incorporated. Each of those programs, such as animal industries, farm management, community support and the agriculture crop industries, would have involved a share of that level of production incorporating them.

As to whether reductions had occurred in field services, based on the Minister's earlier statements, the department has taken great care to maintain the field services where feasible; in fact, most of the reductions in those areas have been in administrative as well as overhead costs. However, there would be some reductions in staff numbers as well.

**The Hon. Lynn Arnold:** In so far as field services are reflected by regional staffing numbers—and they clearly are related to that—in 1989-90, 310.7 people were involved in all the regions; in 1991-92, 302.25 people were involved in the regions. So, there is a slight

reduction, but as far as possible the commitment I gave has been honoured. However, it is worth noting that there are some variations between regions, and I indicated at the time that that would certainly be the case. The Eyre region over that period has gone from 40 to 48.5, whereas the South-East has gone from 67.1 down to 57.25. So there have been some of those variations.

**Mr D.S. BAKER:** So the Premier is assuring us that any rationalisation that takes place will be not from extension services but from middle management.

**The Hon. Lynn Arnold:** I gave that undertaking, and obviously we have had some reduction, a reduction of 2 per cent. I was very concerned that we should not have had reduction in the area of regional staffing, but obviously it has been a difficult situation so we have kept it down to 2 per cent. In other areas the reductions are obviously greater.

**Mr D.S. BAKER:** Chemical residues are mentioned on page 113 of the Program Estimates. Does South Australia comply with an international standard, and who sets that standard? Is it the World Health Organisation, which I suspect it may be? The other day, I had a very disturbing meeting with Canberra bureaucrats who said that many of our standards were many times that of our international competitors. It may be okay for someone to mouth that out, but that puts an increased cost on the producer. Is it our aim to comply only with international standards and to bring up those standards to international standards, and are we looking at those areas where, for whatever bureaucratic reason, we are many times in excess of what is accepted internationally to level that down so that we are on a level playing field when we compete internationally?

**The Hon. Lynn Arnold:** I have to get a more detailed answer on this matter, and I think perhaps the best way to do that would be in tabular form that picks up a series of issues and looks at what the South Australian standard is; what variation there is between the South Australian standard and the Australian standard; and what variation there is between the Australian standard and commonly accepted international standards. Alongside that we will put what is the genesis of our standard; in other words, are we trying to achieve an international standard and are we working our way towards it or are we setting one of our own that is in excess of that international standard and, if so, why?

There are a number of areas in which we can do this, such as antibacterial residues in meat, organochlorin residues in meat, hormonal growth promotants, arsenic and organochlorin residues in wool, pesticide residues in horticultural produce, cadmium levels in plant products, pesticide and antibacterial residues in poultry meat, chemical residues in horse meat and antibacterial residues in honey. I think that will give members a feel for whether or not we are running ahead of, with or behind the field in these various areas.

**Mr Thomas:** Many of those standards are set internationally, such as the one I mentioned before, the residue issue in wine and sulphur levels in dried apricots. A whole range of requirements are established on a product-by-product basis, which we then must meet.

**Mr D.S. BAKER:** As long as we are not for some reason without foundation trying to have a standard that

is 20 times higher than where we have to compete if we are to compete in the international market.

**The Hon. Lynn Arnold:** Broadly speaking, that is correct. However, one of the things we are starting to see showing up in the international market place with respect to Australian products is that we are seen to have a much cleaner range of products than many countries overseas. There may well be some circumstances in which it may be to our market advantage to be ahead of the field, but I see the general point that the honourable member is making.

**Mr VENNING:** With regard to your position on the Agriculture Council, are you happy with the accreditation courses for farm chemical husbandry across Australia? I understand that there is a fair bit of inconsistency between each State's tack on this problem. Through the Agriculture Council are you happy and do you see a need to do something about it so that we are all doing the same thing?

**The Hon. Lynn Arnold:** Certainly, standardisation across State boundaries in such areas should always be worked towards. It has been one of the frustrations not only in this area but also in my former portfolio that we did not have enough standardisation of requirements across State boundaries. I am not sure what is the latest on this. It would be followed up by the standing committee.

**Mr Thomas:** Certainly it was not raised at the last standing committee. My understanding of it was that the basis of the course was to be consistent nationally. I guess that we can get around the difficulties through the excellence with which the various courses are provided, depending on the deliverers. We have a few circumstances of that in South Australia where some people believe that some courses have gone better than others. That is to be expected. It is my understanding that the basis of what was to be taught was to be the same, and I believe that to be the case.

**The Hon. Lynn Arnold:** I will see that it is raised one way or another at the next Agriculture Council meeting. As a gratuitous remark, the Agriculture Council to my mind meets too often. Ministerial councils need only meet once a year, but this council meets twice. For a body that has the most effective out of session process that I have ever seen in a ministerial council, to my mind it does not really need a second meeting per year as it does out of session work so efficiently. We may be able to check it out of session. We will proceed with it in that way.

**Mr D.S. BAKER:** I refer to page 115 of the Program Estimates which relates to broad objectives for horticultural crop industries. In passing I note that there is a quality assurance for export of citrus and apples. I hope that that means truth in labelling and adequate labelling of our export product and not another bureaucracy to try to grade our fruit, which has got us into terrible problems with markets in South-East Asia.

I refer also to potato diseases, which are mentioned further down. Concerns have been expressed to me from over the border in Victoria that we are making a charge for inspecting across the border potato crops that are coming for processing at the Safries factory, now McCains, at Penola. How are we controlling the entry of potential disease of potatoes in South Australia and what

is the process of our charging per tonne for inspection services interstate?

**The Hon. Lynn Arnold:** I ask Geoff Thomas to comment.

**Mr Thomas:** You would be aware of the difficult situation that has occurred with regard to potato cyst nematode and, more recently, bacterial wilt. On 23 May the Minister approved some amendments to the plant quarantine standard to protect the South Australian industry, and it stated:

No potatoes would be allowed entry into South Australia which had been grown within a 20-kilometre radius of a property known to have been infested with nematodes. Certified seed potatoes from a State where the nematode existed have been found in field plantings and will only be allowed entry if they are brushed and in clean containers and the soils have been tested. Unwashed potatoes for processing must go to processing premises . . . they can only do that if the soil has been found negative for five years.

The difficulty we have is that this disease would have a very serious impact on our industry. We can appreciate the difficulties created by costs which are imposed by inspection. I believe that the matter has been discussed at considerable length by the chief quarantine officer with the South-East industry, and the provisions that I have outlined here, plus those of inspection (and I have not been through all of them in detail) have been agreed to, although we accept that there would be some who in their individual cases might feel that they were disadvantaged.

**The Hon. Lynn Arnold:** We will obtain further information on the costs of cross-border inspections and some comparisons of the situation in other States.

**Mr D.S. BAKER:** I understand that the charge made when inspecting not only seed potatoes but also potatoes processed at McCains is a per tonne rate. It seems an unusual way of doing it and I imagine it would take a lot of policing. I can understand a blanket inspection with a farm or crop.

**The Hon. Lynn Arnold:** We will check it out, as I do not know the answer at this stage.

**Mr VENNING:** I refer to the Advisory Board of Agriculture and its future. As a past member of that body, I am curious to know what the Minister has to say about it. From reading the last election manifesto of the Labor Party, I found that it had much to say about the advisory board, including the following:

The Bannon Government will restructure and reorganise the advisory board to enable it to play a key role in the process of a true production and returns in key commodity.

What has happened in relation to the advisory board?

**The Hon. Lynn Arnold:** The advisory board has been an important source of advice to me. I have very much appreciated the role that it has played. It is fair to say that we have not done much restructuring of it at this stage as I wanted it to consider ways in which it felt it could enhance its capacity to advise me. We have seen that it has been working particularly well, and some thoughts that it had earlier of perhaps moving from a more geographically based to a commodity based issue did not seem to merit further examination.

The honourable member has raised the issue again and I will take it up with the board as to whether or not it wishes to change the way in which it provides advice. Suffice to say that I think it is an excellent board, and I have very much appreciated its counsel, as I have with SARAC, in other ways with the Women's Agricultural

Bureau and Rural Youth. The advisory board has had a distinguished role in South Australian and agricultural history.

**Mr VENNING:** Will the ODR have any effect on the advisory board and what its future holds?

**The Hon. Lynn Arnold:** The ODR will consult with the advisory board—I have made that point very clear—and will be involved in the whole process, as will SARAC. The ODR may make some comment on how best to service the advisory board, and there may be changes in that area. I am not sure what the outcome of that will be, but I do not see it leading to an abolition of the advisory board. I certainly would not support that proposition.

**Mr VENNING:** As a supplementary, the Minister mentioned Rural Youth, a movement that is very close to my heart. Will its funding be maintained in the budget? In relation to the demise that we have seen in Rural Youth, should it remain under the agriculture portfolio?

**The Hon. Lynn Arnold:** What the honourable member is suggesting is that maybe it should go under the Minister of Youth Affairs, and I have not heard that proposition before. We are having some problems providing adequate support for different groups around the place, and it is also true that therefore we are having some problems providing Rural Youth with the type of support and leadership that it might feel it needs; but we will have to do the best we can along the way. In relation to the actual financial support that we provided to various organisations, last year we provided \$71 000 to SARAC, Rural Youth and the Women's Agricultural Bureau. This year the figure we are budgeting for is \$81 000. Of that \$71 000 last year, \$8 926 went to Rural Youth. Obviously, the larger figures went to the advisory board, SARAC, in the first instance and to the Women's Agricultural Bureau.

**Mr VENNING:** In relation to veterinary fees that are charged for the administration of vaccines to dogs, I understand that throughout Australia veterinary charges are levied for the administration of vaccines whereas in other countries it can be done by the people who buy the vaccines off the shelf. A lot of dog breeders and farmers have spoken to me about this; farmers are allowed to administer live viruses to sheep yet cannot administer a live virus to their dogs. That has been a concern that is ongoing.

**Dr Holmden:** The answer to that is very complex. I am aware that there are claims that live virus vaccines are available in other countries. They are not available in other States in any circumstances that are different from those in South Australia. The motive behind the retention is to ensure that these products are not abused or improperly used, or that the quite substantial costs involved in preparing and buying them are not wasted. There is a view held strongly that this is a matter for professional advice, just as the matter of vaccinating one's children is normally considered a matter for advice from one's medical adviser.

**The CHAIRMAN:** It is now 5.54 p.m., and we have to finish these lines by 6 p.m. We require a motion to be moved to extend beyond 6 p.m., and that is very rarely used.

**The Hon. Lynn Arnold:** Would it be possible to read out the questions *seriatim* so that they can be recorded in *Hansard*, and I will come back with answers to them?

**Mr MEIER:** First, I believe that a five-year plan has been undertaken by the new citrus board. Is it complete and, if it is, is a copy of it available for the Opposition? Secondly, are the expenses of the reconstituted egg industry being met? What debt does it still have and what debt has the Government picked up? Thirdly, in relation to horticulture, how is South Australia performing with respect to the export of horticultural products as opposed to other States and have we made increases and appropriate percentages along that line? Fourthly, I would appreciate knowing the Minister's view on the proposed farm safety discussion paper that has been around and whether the Department of Agriculture goes along with some of the recommendations or whether the Premier believes that education not legislation is an important ingredient to farm safety. Finally, does the Premier have any predictions on what effect the United States subsidies may have on Australian wheat markets on the latest figures that are available to him?

**Mr D.S. BAKER:** What is the size of the commercial rural portfolio in dollar terms, in other words, how much is lent—that is not the Rural Assistance Branch, but Department of Agriculture—the number of loans and the situation with arrears?

**The Hon. Lynn Arnold:** Yes.

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

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Minister of Agriculture, Miscellaneous,  
\$3 412 000—Examination declared completed.

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[Sitting suspended from 5.58 to 7.30 p.m.]

Fisheries, \$10 488 000

**Chairman:**

Hon. T.H. Hemmings

**Members:**

Mr M.J. Atkinson  
Mr D.S. Baker  
Mr C.D.T. McKee  
Mr E.J. Meier  
Mr J.A. Quirke  
Mr I.H. Venning

**Witness:**

The Hon. Lynn Arnold, Minister of Fisheries

**Departmental Advisers:**

Mr Rob Lewis, Director of Fisheries.  
Mr G. Zapcev, Manager, Support Services.  
Mr J. Johnson, Assistant Director (Research).  
Mr G. Schlauzero, Accountant.  
Mr J. Jefferson, Assistant Director (Policy).

Mr B. Hemming, Resource Protection Manager.

**Mr D.S. BAKER:** Has the Premier or the department at this stage calculated any downstream effects from the oil spill at Port Bonython, and is this work being undertaken by the Department of Fisheries to assess any damage? Is the Minister satisfied that all aspects of the national contingency plan for cleaning up these sorts of actions were adhered to during the course of the clean up?

**The Hon. Lynn Arnold:** Of course, the plan that the honourable member refers to comes under another Minister, the Department of Marine and Harbors, and doubtless that question will be directed to that particular Minister in due course. Clearly, that department and that Minister listen very sensitively to a number of areas, including my Minister and my department.

With respect to the oil spill and what we assess to have been the impact with respect to the fisheries I will just read out what I have here on that matter.

Approximately 300 tonnes of oil escaped from the tanker *Era* near the Port Bonython wharf on Sunday 30 August. Part of the oil slick came ashore in the mangrove community to the south-west of Port Pirie, primarily in the vicinity of Sixth Creek. As a result of the oil stranded by the tide the area between high and low water mark in the vicinity of the creek had a significant coverage of oil. The oil came ashore in large globules and formed a patchy pattern within the mangrove forest and no 'blankets' of oil formed over the mangrove pneumatophores.

No fish kills were reported as a result of the spill. The intertidal and seagrass areas along the seaweed edge of the mangroves had no visible signs of oil and the marine fauna in this habitat appeared intact. The Department of Fisheries has sampled prawns, blue crabs and flounder from deeper water areas within the vicinity of the spill. The tissues are being examined for presence of oil contamination. Furthermore, sediment samples have been collected from the spill site for analyses. The Department of Fisheries has established a monitoring program to determine the rate of dissipation of oil from the creek most affected and to evaluate the rate of recovery of the mangrove habitat from the spill.

**Mr D.S. BAKER:** Is the Premier able to put a dollar value on that or its likely cost?

**The Hon. Lynn Arnold:** Not at this stage. In the assessment that is being done, in the wider context, those figures will be looked at.

**Mr D.S. BAKER:** With regard to the work being done at the West Beach laboratory, does the Premier believe that that is being supported by the fishing industry generally? There has been some criticism of it. How much work will take place this year or will that bring it to its completion? How much of the total expenditure will be undertaken in respect to aquaculture *vis-a-vis* the wild fishery?

**The Hon. Lynn Arnold:** The total cost of the project is \$8.835 million. Approximately a third of the effective working capacity of the laboratory will be for aquaculture. As the honourable member identified, \$5.876 million has been allocated in the project this financial year. There will be a small residue left over to be accommodated in the first quarter of the 1993-94



financial year. What is included in stage two is office accommodation for the research branch and directly associated administrative and support staff; specialist store and freezer rooms for chemicals, glassware, biological samples and statistical data; and library where the State's fisheries and marine literature research collection is stored.

The fisheries library is the only specialist fisheries, marine biological and aquaculture reference library in South Australia and is used as a reference and research source by other institutions including universities, other Government departments, schools, the fishing industry and the public.

A lecture theatre/auditorium (seating capacity for 120 people) and adjacent interpretation area and display area will allow the department to increasingly become a centre for public, industry and scientific extension work.

A conference room may be subdivided into two smaller meeting rooms for group workshops and used in conjunction or separate to the lecture theatre. There are specialist laboratories including a histology laboratory, a fish hatchery and algal culture laboratory, and fish scale and otolith examination rooms for aging adult and larval fish samples. There are controlled environment rooms for controlled experimentation of marine and freshwater organisms. There is also a separately secured statistics, data compilation and computer analyses work areas.

**Mr D.S. BAKER:** What proportion of work is being undertaken in aquaculture?

**The Hon. Lynn Arnold:** I mentioned that at the start—one-third.

**Mr D.S. BAKER:** What is the current value of aquaculture or its worth to South Australia, and have you got an estimate of the cost of administering aquaculture? It appears the dreaded bureaucracy could be moving in on an industry that has great potential in South Australia.

**The Hon. Lynn Arnold:** The figure for South Australia of the reported aquaculture in 1991-92 was 283 000 kilograms whole weight taken and valued at \$2.377 million. That was up from a figure of 101 000 kilograms in 1989-90, with a value of \$652 000. So that is very nearly a quadrupling of the value over that three year period.

**Mr D.S. BAKER:** Is the cost of administering it blowing out and is there a projection on the increase? Will it quadruple over the next year?

**The Hon. Lynn Arnold:** That was over three years, not over the year.

**Mr D.S. BAKER:** What are the projections on its benefit in the next couple of years?

**The Hon. Lynn Arnold:** I will have some work done on estimating where it might go in the next couple of years. Obviously there is a bit of crystal ball gazing involved in that. We do know how many applications we have in hand and working on the previous applications we have had over the years and, translating how many of those actually reach production during a certain space of time, we should be able to make some guesses as to what might be possible. I will get more detailed information on the cost of administering that. We have, of course, been working with the industry to set as reasonable a level of fee as possible that takes account of the issues that need to be taken account of, and the facts are that in the short term the actual costs of environmental monitoring on

water quality programs are exceeding the licence returns from the aquaculture portion of the fisheries. It will be some years before there is a crossing on that to just cover those costs, let alone other costs that will be involved as well.

In terms of trying to ensure that all of Government gets its act together and does not burden industry with a plethora of regulations and other requirements, Cabinet in February 1991 approved the formation of a coordinating committee to streamline Government involvement. That includes not only the Department of Fisheries but the Departments of Environment and Planning, Agriculture, Industry, Trade and Technology, E&WS, as well as the Planning Commission, Land South Australia, the Aquaculture Association of South Australia, plus other observers and participants, as invited by the committee for special purposes.

**Mr MEIER:** What progress has been made since last year's Estimates on determining whether a fishing licence is property?

**The Hon. Lynn Arnold:** I was only discussing this matter at the last SAFIC AGM and the matter has not progressed very much further during the year. We have had a large number of other issues to discuss with the industry. I indicated that at this stage the matter of the integrated management plan has been a major area of discussion and has really taken most of the time of the department. I see it as a very important issue that does need to come to a resolution. But I do take the point of the honourable member. We had given the undertaking that there would be further discussion on the property rights. I said to SAFIC that I stood by the wish to have the matter further pursued. I think SAFIC accepted that it had not been high on the agenda this year for them, either, as we got this integrated management issue together. But clearly it will have to be on the agenda in the coming 12 months.

**Mr MEIER:** I will not pursue that any further, because it has been taken up in great detail in the past two Estimates Committee hearings. I now refer to the Program Estimates, page 127, which states under 'Commentary on major resource variations' that it is proposed to release the marine scale white paper. I take it that that is the white paper that has now been released, which was obviously before the release of the Program Estimates, and actually it is a blue coloured book, I believe. I have various questions relating to that because I believe it is very relevant and significant to the industry as a whole and certainly to the economics of the industry. I note that it is proposed that a licensed amalgamation scheme will be introduced for the commercial sector of the marine scale fishery from 1 January 1993. Can the Minister indicate what effect he sees such an amalgamation of licences having on the present value of licences?

**The Hon. Lynn Arnold:** I will ask the Director to comment in a moment. However, what it will primarily do is reduce, over time, the number of licences that are out in the marine scale fishery. As to what it will do to the value of licences, I think that in the longer term it will have a good effect, in terms of those who hold the licences, in maintaining their value, because there is a greater chance that those licence holders will have a

reasonable chance to catch fish, because the pressure on the fishery will have been reduced by such activity.

**Mr Lewis:** The Premier is correct. The amalgamation scheme has as its principal objective addressing the biological concerns in the industry. A secondary effect will be a reduction of the number of operators in fisheries, and that will have a third effect of reducing economic efficiency within the fishery, because there will be less operators, and, with the market forces prevailing, in the long term it is anticipated it will have a positive effect on the value of the licence.

**Mr MEIER:** I must admit I was under the impression—and I do not know whether this was specifically stated—that three licences could be required for the one licence that is held at present and that it could have the effect of cutting by two-thirds the value of a licence. Obviously from the answer that has been given the Minister would disagree with that.

**The Hon. Lynn Arnold:** The point is that in the short term there may be some deflating effect on licence values, but in the longer term, and I have made this point and the Director just reiterated it a moment ago, if fewer people are out there in the fishery licensed to commercially fish for the fish stock that is out there that means that those fewer people will get more per licence holder. That therefore means that the present day value of the income stream that that licence can bring in would have to be higher, and therefore the value of the licence would therefore be higher. Admittedly, that is something that would take place over time. There are 700 or so marine scale fish licence holders. Over a period of a few years it is estimated that perhaps that number could be halved.

**Mr MEIER:** Has the Minister given any consideration to compensation for fishermen if the value of their licence falls dramatically in, let us say, the first year of operation, assuming the new process goes ahead?

**The Hon. Lynn Arnold:** The Fisheries Act provides no legal opportunity for that to take place. The marketability of licences has always been assumed to be a free market force situation, and the Act does not give the Minister power to obtain compensation. In fact, I might say that that seems quite appropriate.

**Mr MEIER:** It has been suggested to me that it may well be the line only fishermen who are forced to sell their licences, for economic reasons, perhaps more than anything else, rather than those who also have a net endorsement, and therefore would I be right in assuming that as a proportion the number of net licences will increase compared with the number of hooking licences?

**The Hon. Lynn Arnold:** That really is just a case of entering into speculation. The industry is advising the department that it sees this particular proposal as having roughly equal impact on both the line fishers and net fishers. But I guess there might be some variation on that over time. However, there is no real reason why both types of fishing should not be well served.

**Mr ATKINSON:** Continuing with the white paper: why are there exceptions to the boat limit being a factor of the bag limit? If three fishermen sally forth in a boat, why should the boat limit be less than three times the individual bag limit?

**The Hon. Lynn Arnold:** I will ask the Director to make some initial comment on that.

**Mr Lewis:** Basically, I have discussed this with the industry representatives, both commercial and recreational, particularly recreational, and they were in general agreement, as highlighted in the white paper, that boat limits would be three times the bag limits. However, we did identify that there were some stocks about which we have greater biological concern, particularly whiting, snapper and a number of other stocks, and we thought it was appropriate, and we got agreement from the representatives—not the rank and file because we cannot talk to all the rank and file—to apply a different figure for the boat limit, compared to three times.

**Mr ATKINSON:** What are those exceptions?

**Mr Lewis:** King George whiting, flounder and snapper, but I can double check.

**Mr D.S. BAKER:** These bag limits are intriguing. If someone has an older type of boat and goes out for three days, can he have three times his bag limit or is he allowed only the one bag limit per trip and not one per day?

**The Hon. Lynn Arnold:** The short answer is 'No'. However, if people go out for a number of days, it would be worth their while advising Fisheries Department officers that that is the case, so that some reasonable assessment of the situation could be made.

**Mr D.S. BAKER:** Technically, though, it is against the law?

**The Hon. Lynn Arnold:** The white paper says that. We need to implement some regulations to define this, of course, and that is a matter that will come before the House at another time.

**Mr D.S. BAKER:** As with the question I asked in relation to agriculture, does the figure on page 123 under Minister and Minister's Office, Executive, Professional, Technical, Administrative and Clerical Support include any consultancies? If so, could we have the terms of reference and any information as to whether tenders were called and, if not, why not? Could we also have a list of the consultancies that are envisaged?

**The Hon. Lynn Arnold:** According to my advice, three consultancies were called in the 1991-92 financial year: first, Innovation Management, for \$17 215, to advise on the methodology and scope for establishing a business unit within the Department of Fisheries. That involved the preparation of a business plan for the proposed business units. The second was the Riarch Group, for \$16 588, which was an economic study into the evaluation of the southern zone rock lobster rationalisation scheme. This was externally funded by the Fisheries Industry Research and Development Council, which is a Commonwealth body.

The third was Software Insight, to the tune of \$71 250 for software program development of computer graphics for fishery simulation models for abalone and shark, an extension of the previous year's consultancy. This was externally funded by the Commonwealth Bureau of Rural Resources and the Fisheries Industry Research and Development Council.

**Mr Lewis:** The Riarch Group and Software Insight contracts were not called for a contract, because both those parties were joint applicants to an external funding body for the funds. As far as Innovation Management is concerned, we did not call that because it was identified to us by other Government organisations responsible for

this area as being the most appropriate Government organisation available to do that.

**Mr D.S. BAKER:** Which other Government organisations? Other Government departments?

**The Hon. Lynn Arnold:** Innovation Management is a subsidiary of SAGRIC International. It is a body that came from the old Adelaide Innovation Centre and, when the Government determined that we needed some capacity to offer support to various agencies of Government for commercialising their activities, this body was established.

**Mr D.S. BAKER:** In other words, one Government department was tendering to another?

**The Hon. Lynn Arnold:** One Government agency was given the consultancy work from another, in the sense of being a subsidiary of a Government-owned company. The cost of that was \$17 250.

**Mr D.S. BAKER:** Those were the only consultancies for the year?

**The Hon. Lynn Arnold:** Yes.

**Mr D.S. BAKER:** None was tendered for?

**The Hon. Lynn Arnold:** No. Just on that point, I was not aware in dealing with the agricultural estimates that the honourable member had asked whether or not they were tendered for. With the organisation management review a process of public selection was involved. A number of companies indicated interest. I just wanted to correct that misapprehension. The big one that McKenzies finally got had gone through a public selection process, and a number of companies were part of that process.

As to the other consultancies on which we will obtain information, I will check that the department will note whether or not there was a tender process for those consultancies.

**Mr D.S. BAKER:** Page 127 shows the reclassification of a TGO2 to OPS4 level. To what does that relate?

**The Hon. Lynn Arnold:** I understand that that officer was a specialist radio officer, and he has now been made a full-time fisheries officer with radio duties included.

**Mr D.S. BAKER:** So it has nothing at all to do with the salary classification level; it is completely to do with radio duties?

**The Hon. Lynn Arnold:** No, he now has more duties than just radio, although apparently it has no salary impact.

**Mr D.S. BAKER:** Page 126 shows 'Review the legislative/management arrangements relating to exotic fish, fish farming and fish diseases', which is a green paper. I gather that that has to do with aquaculture. Will that put an increased burden on the industry?

**The Hon. Lynn Arnold:** No, it is not directed at the aquaculture industry but to the aquarium trade. That draft green paper is being prepared on the legislative management arrangements that could be put in place. We expect that it will be ready for consideration by the Government during the first half of the next calendar year. As the honourable member may recall, the schedules relating to exotic fish under the Fisheries Act 1982 were revised and amended in April 1992.

**Mr D.S. BAKER:** Supplementary to that, there is much concern from people presently not fishing in the Gulf Saint Vincent prawn fishery as to when surveys may take place and when there may be some light at the end

of the financial tunnel for those people. I understand that surveys will be taking place later this year. If those surveys are of a positive nature, is there any chance of that fishery opening before it is due to open, which is November-December 1993?

**The Hon. Lynn Arnold:** The matter must be discussed with industry and we need to have the willingness of some of industry to participate in this. If that is then determined to be the case, the matter is then referred to the management committee, which is established under the select committee process into the Gulf St Vincent prawn fishery. However, the anticipation is that there will be a survey later this calendar year, in October.

**Mr McKEE:** I understand that bag limits have been introduced for particular fish varieties for amateur boat fishermen; is anything similar envisaged for amateur jetty or rock fishermen?

**The Hon. Lynn Arnold:** There was some consideration that limits should be applied to jetty fishing, and there is a reasonable argument in favour of that, I might say, that is, consistency with what happens from boat fishing. But after an assessment that there did not appear to be significant evidence that a large volume of fish were being taken by jetty fishers, that we had a lot of very young people who are the jetty fishers, and that in terms of the use in the fisheries inspectorate we have other issues that we feel they should be addressing in terms of using their resources, it did not seem appropriate to be adding to the list of tasks they should do, such as going up to young fishers and looking through their catch to see what was happening.

On balance we thought it was not a good use of their time and not liable to create a good kind of atmosphere in terms of cooperative relationship between recreational fishers and the fisheries inspectorate—and that is what we rely on, a good relationship between them—to help us solve the real problems that are out there. It cannot be left just to the inspectorate itself to do that. However, we are proposing to erect signs at the landward end of jetties advising that, although legal minimum lengths do not apply to fish taken from jetties, recreational fishers should take note that size limits apply elsewhere and that the intent of such limits is to protect fish stocks.

**Mr MEIER:** Are there any exemptions to the blanket ban on the sale of marine scale fishing licences?

**The Hon. Lynn Arnold:** Family transfers are the only other category.

**Mr MEIER:** Have any approaches been made or any extenuating circumstances been brought to the Director's attention, for example, where a person had been given a doctor's certificate indicating that he was not allowed to venture out in his boat any more because of several heart attacks? As a constituent indicated to me, he simply has to sell the licence. He feels it is a very unrealistic imposition to have his property, which he cannot sell, locked up.

**The Hon. Lynn Arnold:** In relation to the property mentioned by the honourable member, as we identified during earlier questioning, it is not a resolved issue. Nevertheless, I am advised that two applications have been made to the department for further consideration of some kind of exemption. Both of those have been referred to SAFIC for its comment and we will await its

reaction before taking any further decisions on the issue. The Director would like to make some comments.

**Mr Lewis:** I have just been given some advice that in one deceased estate we did have an endorsement from SAFIC to issue an exemption, and that has gone through because it was for a deceased estate.

**Mr MEIER:** There was obviously no chance of its being transferred within the family, so it would need to be sold outside the family.

**The Hon. Lynn Arnold:** Yes.

**Mr MEIER:** As an afterthought, after 1 January 1996 it is possible that commercial netting may be prohibited in all major bays, inlets and other selected areas, that is, if the amalgamation scheme does not work as the Minister would hope it might. As the Minister may know, and certainly the Director would know, I have advocated the prohibition of netting in many bays, certainly adjoining Gulf St Vincent and Spencer Gulf, for some years. Why has the Premier as Minister decided to wait another four years before the possible implementation of such a policy?

**The Hon. Lynn Arnold:** First, we must look from the commercial fishing sector at the most efficient way of harvesting in a sustainable sense the fish that are available for harvesting. It is required of other industries that they do it in the most efficient way possible. You do not create a situation where you encourage inefficient industries and discourage efficient ones.

In commercial fishing some means are very efficient and some are not so efficient. So we must have a situation where, in reducing the number of licences that are ultimately available, some account is taken that efficient fishing at a sustainable rate is taking place. However, the question then comes whether or not at a certain review point we are meeting the objectives of sustainable catches, and this issue, under 3.2 in the white paper, really recognises that there is a point at which we should monitor what is going on and, if what we have proposed in here with the licence amalgamation scheme has not had a significant effect, other things should be looked at. Essentially, what it comes down to is output controls being looked at.

If you simply were to go for doing away with netting, you would then be discouraging one particular section of the industry that has an efficient method of harvesting the fish in certain circumstances, and that would, therefore, encourage inefficient processes which ultimately would mean lower returns to those who were left within the fishery.

**Mr MEIER:** Are you saying that you may well introduce the prohibition of netting in local waters in four years time?

**The Hon. Lynn Arnold:** It is one of the options listed in 3.2, but I would not want people to raise their expectations about that; we will have to let this latest amalgamation scheme work first. It could be said that a banning of netting, amongst other things, would reduce the varieties of fish available for the marketplace, because it is through netting that that variety is wider. In relation to the commercial efficiency of various fishing operations, netting has a legitimate role to play, in my view, in efficient commercial fishing activities.

**Mr MEIER:** I note another option is that larger mesh nets may be prohibited in the gulfs and Investigator

Strait; will the Premier indicate what large mesh nets are currently set?

**The Hon. Lynn Arnold:** I understand that shark nets are the ones that are currently set.

**Mr MEIER:** I believe that shark nets are actually set with the tide and that they do not move and, therefore, it is unlikely that they would do any damage, certainly to the seabed as compared to, say, power hauling or prawn nets. I find it a little strange that that proposal is there when others would be there ahead of it.

**The Hon. Lynn Arnold:** It does not do damage to the seabed but it does do damage to the snapper harvest, so that is why that one is there. These are just a series of suggestions, and, if we have reached the stage where the licence amalgamation scheme has not worked, I have no doubt others may come up with other ideas, too. Perhaps it is a touch premature to be discussing a maybe situation when a present situation is being proposed.

**Mr VENNING:** Last year I asked a question on the snapper quota, when 20 tonnes was taken in 26 hours. I asked last year why fishermen could not be given a portion of the snapper quota each, that is, sharing it around. You said that it would be factored into a green paper and that we had time to plan for next year. What has happened in relation to the snapper quota this year?

**The Hon. Lynn Arnold:** I will ask the Director of Fisheries to comment.

**Mr Lewis:** For the commercial fishery, that is one of the proposals that has been incorporated in the white paper, and will be a consideration to ATAC and the allocation of snapper to commercial operators.

**Mr VENNING:** Each?

**Mr Lewis:** Each, yes.

**Mr VENNING:** I refer to the Port Pirie and Minlaton offices and the opening of a three person office at Kadina. Has it been a successful and effective measure? I gather that it was done for cost cutting purposes. Has it left a vacuum in representation in the Upper Spencer Gulf region?

**The Hon. Lynn Arnold:** The advice I have is that it has been successful if the two criteria are taken into account, the first being the need for cost efficiency within the department's budget and, secondly, the need to have the resources available where most needed in terms of targeting illegal fishing activities. My advice is that it has been successful.

We will monitor the situation closely. If it comes through that there has been a major deterioration in fishing activities in the area previously directly covered, we would have to review the situation. At the end of the day we have to use the net of resources as reasonably as possible across the whole State. It would be a ludicrous situation to have a fisheries inspector standing next to every commercial fisher and every recreational fisher every time they went fishing. That would ensure that you did not have illegal fishing. However, it would not be a reasonable thing to do, so you have to cut back to a situation where you cut your cloth.

You then have to make assessments that in certain areas we will have to make the presumption that, on balance, the limited fishing activity taking place will not result in illegal activity and we will rely on the common sense of fishers, but we will have the sanction of the sudden raid that might be a salutary experience and

encourage people to do the right thing when there is not a fisheries inspector right next door to them.

If that is the approach to take, where will we locate these people? Because we have located them in certain places in the past does not mean that they will be the most effective areas in which to continue to locate them. This was a re-examination of that situation, and coming up with a new answer. It is a dynamic situation and we will continue to look at how it is working. If further changes have to be made, we can consider them.

**Mr VENNING:** In the Program Estimates at page 121 I notice a couple of small points. First, your full-time equivalents are increasing from 107 to 116. I refer also to capital receipts, where you have maintained your 1991-92 proposal but have then cut it by half down to \$190 000. Where, why and how has this happened?

**The Hon. Lynn Arnold:** On the staffing matter I understand that last year some of our positions were kept vacant for lengthy periods of time, and that affected the final year average; they are now being filled. In addition, we will be adding this year three divers to meet occupational health and safety requirements.

The receipts in 1991-92 included once off savings through the sale of assets amounting to \$171 000. That resulted for the sale of two trucks, a mini trawler, an 8.2 metre shark cat, an engine, a six metre boat with trailer, another shark cat, three boats and trailers and other for \$171 000.

**Mr D.S. BAKER:** Continuing with the question asked by the member for Custance about the closing down of certain Fisheries Department offices (and I know much concern has been shown on Kangaroo Island about this), it has been put to me that the ones that have been left have not got boats of sufficient power or size to carry out their duties. I noted \$1.2 million for the purchase of motor vehicles, equipment and work boats. Is this included in that?

**The Hon. Lynn Arnold:** No, it is mainly for small boats or research boats. We have all the necessary boats for our inspectorate purposes.

On the matter of the Kangaroo Island office, the member has referred to the fact that there has been concern in that area, and I recently received a deputation from the Leader of the Opposition on this matter. He and the deputation raised a number of points. I put to them quite clearly that we have a budget within which we must live and, if there is to be a reversal of that situation, we have to consider something else happening in the fisheries budget.

I asked them to consider whether this was the most important issue in terms of the fisheries inspectorate. The answer I received was that maybe consideration should be given to closing Victor Harbor instead of Kangaroo Island. I have given an undertaking to the Leader of the Opposition that we will give full consideration to that proposal and determine whether or not that represents a reasonable change in the situation.

Again, the point I made about the Port Pirie situation a moment ago is that we will continue to monitor the longer-term situation. If there is an escalation in illegal fishing activity, the situation would have to be reviewed.

A number of other issues are worth mentioning in relation to the closure of the Kingscote office. First, there has been a relocation of office staff and equipment to

Victor Harbor, increasing the staff level to four; mooring facilities have been made available at Victor Harbor for the *Cygnus* to service Kangaroo Island and Investigator Strait. The point needs to be made that, certainly, there are rough waters when no boat will go out, and our boat is one of them that will not be going out.

Also, we have the relocation of the southern shark and Australian fishing zone personnel to the Port Adelaide office, the reclassification of the senior technical officer to an OPS4 level to coordinate the communications education extension role, the secondment of one officer to the exotic fish aquaculture area and the formation of a task force to specifically target abalone poaching and associated activities.

**Mr D.S. BAKER:** I thought when I asked that question that we were talking about radio personnel and that it was a radio classification.

**The Hon. Lynn Arnold:** Yes, that is a whole package of things that has been put together and one involves that officer.

**Mr D.S. BAKER:** And he is a radio officer?

**The Hon. Lynn Arnold:** Yes.

**Mr D.S. BAKER:** Concern has been expressed by SAFIC on the proposed cost of the other catch disposal records system. What is the cost of that and what impact will it have on the scale fishery?

**The Hon. Lynn Arnold:** The final costs have not yet been determined. We are in the process of consulting with industry on that and no doubt it will communicate its concerns in those discussions.

**Mr D.S. BAKER:** When is that likely to occur?

**The Hon. Lynn Arnold:** I am advised that they hope to have it finished before Christmas.

**Mr D.S. BAKER:** I think that everyone realises that one way of reducing the effort in the fishery is to go to the quota system. Are there any quota systems under consideration for implementation in the South Australian fisheries, and has the department done any work on the cost assessment of the implementation of quotas?

**The Hon. Lynn Arnold:** We have it in abalone; we have it in net-caught snapper. It is under consideration at the moment in the area of rock lobster. That has been discussed with both the northern and southern zones, and I do not know the outcome of that at this stage. As has been suggested in the marine scale fishery area, if the licence amalgamation scheme does not work in 1996 we may revisit that area in that fishery as well.

**Mr MEIER:** Coming back to the proposed banning of netting in bays, I have a letter from the City Manager (Mr McSporrán) of the City of Port Augusta which the member for Eyre (Mr Graham Gunn) gave me. In fact, this letter is directed to you, Minister, as the Minister of Fisheries, and is dated 1 September. Amongst other things it states:

At its meeting last evening council considered its attitude to a letter from the Director of Fisheries, Mr R.K. Lewis, concerning a request for the lifting of netting bans in Upper Spencer Gulf. As a result of members' deliberations, it was unanimously resolved that I advise you that council is opposed to the lifting of the netting bans on the basis that such a decision will:

Again create ill feeling between professional and amateur fishermen over the use of nets in the area;

Lead to an increase in the illegal use of nets by fishermen;

Cause wild fish stocks to be drastically reduced in a short space of time because of overfishing (past experience in the lifting of similar bans has shown this to be the case);

Again destroy an industry which is gradually being resurrected and promoted in the region following its initial rape and destruction by fishermen using nets;

Place in jeopardy a proposed new industry in aquaculture, which could prove vital to the future survival of the fishing industry in Upper Spencer Gulf;

Probably wipe out a fish specie in the yellowtail kingfish.

The letter continues in relation to other matters and then continues:

Council urges you to not agree to the request for the relaxation of the netting bans in Upper Spencer Gulf and trusts that the excellent work in preserving fish stocks in the area will continue with your ministerial and departmental support. With kind regards, yours sincerely, I.D. McSparran, City Manager.

In light of that letter, does the Premier have any proposals to lift the ban on netting? Does he recognise that in the area of Murat Bay (if I am not mistaken) netting used to occur but that it was decided by the local community that it did not want netting and in fact it now gives employment to quite a few hook fishermen? It would seem that the evidence is stacking up against the argument that netting should continue unabated, and perhaps further thought should be given to it.

**The Hon. Lynn Arnold:** With respect to the Upper Spencer Gulf, there is no suggestion that unabated netting be reintroduced. I note the point made by Ian McSparran; I have received that letter. It really I think results as part of a process that I asked to be put in place. The situation is that we have, I think, some six commercial fishers in that area who really are what we used to call class B licences: they are licences that will in the fullness of time disappear from the tally of licences. By and large, they have equipment that is not the most modern and they are doing fishing within the Upper Gulf region. But to fish they need bait, and they motor out in their boats some considerable distance into the wider gulf to where they can net to net their bait and they take it back in.

They put a case to me that, first, their total impact on the fishery was very small—that there were only six of them—and all they wanted was bait so they could do their line fishing and make a modest income, because that was all they are making, and that the fuel costs of going such a long distance were too much to ask. I was aware of the major concern in this area. It seemed to me that there might be some proposal whereby a special exemption could have been considered for all six, or maybe for just one who could be deputised as the bait catcher for the other five as well as for himself.

I indicated that I was not prepared to do anything along that line unless there was a general concurrence from interested parties that this may be worth looking at. As a result of my meeting with them, the Department of Fisheries wrote to the South Australian In-shore Fisheries Association, the South Australian Fishing Industry Council and the South Australian Recreational Fishing Advisory Council. The first and the third group opposed the proposal. I understand that through participation in industry meetings the Department of Fisheries has also been advised that the second did not support the proposal. Nevertheless, I advised SAFIC that the proposal had not been proposed on the grounds that the reintroduction of bait netting to the net area would invite pressure for the reintroduction of recreational netting in the same area and that the benefits to those few individuals who sought to use bait nets would not outweigh the net-free area

enjoyed and widely supported by communities in the region.

At that point they came back and asked whether one person only could have the net endorsement for inside the area, and the matter was then sent back for further consideration. SAFIC was involved in that, and SAFA (In-shore Fisheries Association), SARFAC and the Port Augusta council. Of those bodies I understand that two of the groups again expressed their objections to the proposal and the third is yet to respond. While no decision has been made at this time, we will await receiving of all responses and then a final decision will be made. I come back to the point that we are talking about a very limited situation; we are not talking about unabated access to netting in the Upper Spencer Gulf.

**Mr MEIER:** I wish to ask a question in relation to the CDR documentation which is proposed in the white paper, the catch and disposal record, not along the lines the member for Victoria was asking. I notice it states:

CDR documentation, which will be binding on licence holders and fish processors—

It is a proposal to help stamp out illegal fishing. To what extent does CDR documentation already exist within the fishing industry? I assume that it does not occur in marine scale at all?

**Mr Lewis:** It does not occur in the marine scale fishery. We do have catch and effort data, which is research data based not only monitoring data based. The only fishery where CDR systems exist where we have quotas is in the abalone fishery at the moment.

**Mr MEIER:** From the Director's knowledge of CDR data with the other fishery, and recognising the peculiar nature of marine scale fishware (they perhaps sail in such large boats and so on), does the Director think that this system will be easy to police and be easy for the licence holders to undertake each time?

**Mr Lewis:** It is nothing to do with policing fisheries, unfortunately. I stress that the CDR system that is proposed in the white paper is one that was proposed by industry, because industry wants to get, using its words and advice, a greater handle on what has actually been caught in the fishery. With all monitoring systems, it will require effort and costs, and both the industry and the department believe that it is necessary.

**Mr MEIER:** As a supplementary question, whilst they are not referred to as CDR documentation there is a mention in the Program Estimates of a study of marine scale fish landings by recreational boat-based fishers in waters adjacent to the metropolitan Adelaide coast, and that was completed in the past 12 months. Have you been able to determine any specific findings from those studies.

**Mr Lewis:** The answer is 'Yes', and in fact we presented those results to a meeting of the recreational industry. We have also presented them to scientific workshops. There are many very successful findings from that program which was carried out jointly by the Department of Fisheries and local angling clubs which did most of the survey work for us at the ramps. The results are such that the vast majority of recreational fishers do not catch many fish; they catch a small percentage. Fewer than 5 per cent catch their bag limit almost every time they go out. That reflects the skill factor associated with fishing. We have considerable data

on the distribution of catches along the coast line from north of the gulf to the south, species composition being caught, seasonally of the species being caught, and catch rates and we can make those data available to you quite easily.

**Mr McKEE:** One of the reasons for the opposition put up by other parties to the MFP was that the mangrove breeding grounds in the area would be affected by that development. Has the Fisheries Department had any involvement in checking out that proposition and examined whether that is correct?

**The Hon. Lynn Arnold:** The department does have a research program going on in the mangrove areas and especially around the Gillman site and has been working in liaison with the MFP office and other relevant agencies to determine what effect construction in that site will have. It is my advice that developing that site in an appropriate way will be of benefit to the marine hatchery in the area because we have, at the moment, something of an unabated stormwater run-off situation existing in parts of the Gillman site feeding into the mangroves. As we know, stormwater run-off can have all sorts of contaminants in it that naturally affect the fishery as well.

**Mr D.S. BAKER:** I think we all realise that the southern Coorong is dying because of man. The barrages stopped the flooding and I think that is having an effect on the fishermen down there, and I think Garry Hera Singh is doing some tremendous work down there showing that it is now three times more salty than the sea. There seems to be general consensus that, if we are to save that very top end of my electorate, we will have to put more water in it. I know the farmers in the area are very anxious to help the salinity problem by draining into the southern Coorong. I know the fishermen in the area. I just hope that the department gets behind that proposition which can not only stop the salinity problem in the upper South-East but also save the southern Coorong and probably bring fishing back in that area to what it used to be. There may be a minority group against that, but we have to look at the long-term for South Australia.

**The Hon. Lynn Arnold:** I have made my views known on this for some time. I think the salinity problem in that general area is very serious. We must get the right solution for it. One of the options has been a suggestion of draining fresh waters into Salt Creek, at the southern end of the Coorong. That will freshen up those waters. I am not at all taken with the argument that has been put by some that that will be taking away from the natural environment by altering it, and that therefore that should not happen. It does not seem to me that a saline degraded environment is a particularly worthwhile thing to be keeping. In any event, I do not believe there is any evidence that it was a saline degraded environment long ago. What we will in fact be doing is restoring it in some way to what it might have been.

However, whether or not that ends up being a solution or an alternative means of addressing the saline flow from the Victorian border or across the Victorian border through that part of South Australia towards the Coorong and south of the Coorong is a much more complex matter because there is a whole range of issues involved in that landscape. John Bannon and I had the chance to look last year at just how much damage was being done to areas,

and we were both very, very concerned at what we saw. I know that the Minister of Environment and Planning likewise has been down there and seen it.

As a result of that the matter is being considered in some detail by a working group that will be reporting to the Natural Resources Council and then to the Natural Resources Committee of Cabinet and ultimately to Cabinet to suggest what are the most realistic options that have the best effect in mitigating saline degradation of the landscape, hopefully with as many pluses and side benefits as possible. One of these might be the freshening of the south Coorong.

**Mr D.S. BAKER:** I made representation to the Director recently on the roei fishery. In my consultation with the abalone people, I found that they do not have a problem with starting that up. It has been a long, arduous and tortuous journey to try to get that fishery proved up and to get some people out there actually earning some income. A lot of people are wishing to do so. I believe that the Minister or the Premier has initiated a report. Will the Minister bring us up to date on that and also comment on another industry that I am told has got great potential if only we can get some State and Commonwealth action, that is, the King crab industry?

**The Hon. Lynn Arnold:** On the roei/abalone fishery I have certainly taken some interest in this matter. It does seem we have a resource that is just not being adequately used when it can be. I have had some work done on that matter, and there have been discussions on how we could use it. The problem is that provision of access to the resource is difficult due to demand for access far exceeding the sustainable supply. We would not want to enter into a situation where the roei/abalone resource is suddenly wiped out.

Secondly, and equally important, the legal minimum length for roei/abalone is approximately half that for other commercial species. You then have a significant enforcement problem, because it is difficult sometimes to know what exactly is in the bag of somebody who has caught some abalone. Notwithstanding those problems, I have asked that the matter be further considered and, indeed, one of the things I suggested to the department with respect to the demand for access exceeding supply, and then the competing demands for the recreational fishery to want access and the commercial fishery to want access, is that perhaps we could have the concept of different zones, so that we could have some areas where roei/abalone exist being open to recreational fishing, with suitable bag limits, of course, and then other areas being limited to commercial access only. Of course, that commercial access could either be distributed amongst existing abalone divers or otherwise dispensed or allocated in some other way.

This matter is being considered, and a discussion paper on that issue and related matters will be released very soon. I understand that the department has received about 20 requests for commercial access to roei/abalone, whereas it is anticipated the available stock, if you have no area set aside for recreational roei/abalone fishing (and I think there is an argument that you should have some), would limit commercial access to a maximum of two full-time roei fishers; and then, if you spread it over all the other abalone fishers, each could have a smaller take.



The discussion paper will obviously pursue those issues. I ask the Director to comment on King crab.

**Mr Lewis:** King crab is a species which has been fished for many years as a supplementary to the rock lobster industry. In recent years there has been increased interest in it, and effort is increasing. Not just South Australia, but other State authorities and the Commonwealth have expressed concern at an uncontrolled increase in effort and have initiated measures to control the number of operators taking King crab. One of the difficulties is that the King crab outside three nautical miles is the province of the Commonwealth Government, and we have already written to the Commonwealth Government asking for the supplementary and traditional nature of the King crab fishery to the rock lobster fishery to be kept and seeking that in a modified offshore constitutional settlement arrangement that controls the King crab resources that come into South Australia.

We got a response just yesterday from the Commonwealth, indicating that it recognised the spirit of what we were saying, indicating that in the short term they would limit access in accordance with the request that we put forward, and indicating that they were willing to negotiate an ACS agreement for King crabs, but that will take some time. It looks like the King crab fishery may be coming onto a more firm basis than it has been in the past, but we are tending to keep it as a supplementary fishery to the rock lobster industry.

**Mr D.S. BAKER:** Since I have been in this place from 1986, there has been one fishery that has bugged me, and I refer to why the department will not allow transferability of licences in Lake George. It is a fishery that supplies only the local hotels and the fish is sold in Millicent and surrounding areas. The people who are operating that fishery are now getting to the old stage, somewhat older than the Premier and myself, virtually to the decrepit stage, and there seems to be, with the feedback from the amateurs and those professionals who are able to stagger to their boats in order to go out and put out their nets, an ample supply of fish, and instead of some of the practices that may have gone on in the past it would be solved quite adequately by allowing transferability and to get that resource used to its potential, and I do not think its potential is much greater, but at least it is a commonsense approach.

**The Hon. Lynn Arnold:** As I understand it, there are only three licence holders in the area. But the area represents a significant recreational fishing resource, and my advice is that there would be a very heated reaction from the recreational fishery, and we do at all times have to keep a balance between recreational fishing interests along with commercial fishing interests.

**Mr D.S. BAKER:** A professional licence is transferable?

**The Hon. Lynn Arnold:** Yes.

*Mr D.S. Baker interjecting:*

**The Hon. Lynn Arnold:** If the honourable member can advise us convincingly that that is not the case, certainly we could revisit the issue. I know that we have looked at this matter for some time. I have to say that I am not well briefed on the matter tonight, because, given that there was not a budget line on the Lake George fishery, I did not think I ought to be prepared for that.

Nevertheless, I will take the question on notice and come back with a more detailed response.

**Mr McKEE:** Reference is made on page 128 of the Program Estimates to studies on enhancing native fish populations in the South Australian portion of the River Murray to be continued. Are you able to report where that is at the moment, and has there been any improvement on the fish taken in the River Murray?

**The Hon. Lynn Arnold:** The advice I have is that the study is being funded by the Murray Darling Basin Commission. The aims of the study are to investigate factors to aid the enhancement of native fish stocks, particularly the protection of habitat. I ask the Director to comment on the success or otherwise on the project.

**Mr Lewis:** It went over two years, and last year and the year before we did a pilot program where we flooded a backwater to look at building up natural fauna, the microscopic fauna which is foodstock for native fish, and we then let the native fish in there to see the productivity levels. That was highly successful and resulted in our obtaining a continuing grant to look at further work, and we are now doing that work. At the same time, we are negotiating with the Murray Darling Basin Commission with the idea of providing some water, at suitable times of the year, to selectively flood backwaters, to enhance fish stocks, and that program is continuing.

**Mr MEIER:** Whilst I noticed that illegal fishing is referred to in the white paper, it has been referred to me that one of the key problems is that a few amateurs are selling their catch illegally, and in fact I have heard that over quite a few years. It has also been suggested that if we want to stop it overnight then we need to introduce penalties similar to those in the Northern Territory, namely, \$5 000 minimum fine, first offence, and confiscation of gear. I wonder whether the Minister is considering that as a measure to overcome the sale of fish by amateurs.

**The Hon. Lynn Arnold:** First of all, the matter of penalties in fisheries is always a matter of on-going consideration, to see whether we have appropriate levels of penalties. The member will have to understand, of course, that Government has to appear somewhat consistent across all the areas, and therefore the scale of penalties in one particular area must bear some relationship to the scale of penalties in another area for another offence of equal magnitude but involving something totally different. For example, it would be quite unreasonable to have a penalty of one sort for taking a fish that was, say, \$1 000 penalty whereas the penalty for taking a native land animal might be \$100. We have to have some rational approach. Likewise, the penalties that apply to other offences that have absolutely nothing to do with fish or animals again have to be seen to be consistent. It would be unreasonable to have a set of penalties in, say, the fishery that might be much greater than penalties for people committing personal injury to other human beings.

So the Attorney-General's Department and the Attorney-General himself do give very considered advice on the matters to the Government to ensure that our range of penalties have a degree of consistency about them. That is the first point. That being said, I think my track record is quite clear in that I have re-examined a number of areas with penalties, over time, and increased

them where it seemed quite reasonable that that should happen. I therefore take the point on board with respect to shamateurs on this occasion. I also make the point that I, too, have heard what people are saying about the activities of shamateurs and as a result of that I asked the department to run an operation shamateur campaign last year, which took place and I reported to the House on the effect of that.

I can advise, for example, that as at December 1991 approximately 110 individual fish processor premises in the metropolitan area were inspected by fisheries officers during a two-week period. The number of inspections exceeded 400. As a result of those a number of prosecution briefs were prepared relating to the taking of fish for sale without a licence, unregistered fish processor, exceeding bag limits, purchasing a fish not taken by a licence, taking an undersized fish, and injuring and assaulting the process of all this. In addition, some fisheries expiation notices were issued, basically related to failing to keep records of fish purchases and storing recreational fish that was unmarked. Then there were a number of caution notices issued, again related to a series of offences.

That was phase one, and we are now into phase two. Phase two is continuing, by the way, and I make that point very clear for those who would want to be involved in shamateur activity. Phase two is very much continuing and it will be an on-going activity. In phase two, there have been 254 processor inspections; eight have been prosecuted for offences relating to records; four expiation notices have been issued; two cautions have been issued; and there has been one abalone prosecution as well. So, I believe that type of activity will keep the pressure on shamateurs and that pressure deserves to be kept on shamateurs, as I know both the recreational fishers and the commercial fishers wholeheartedly agree.

**Mr MEIER:** It is stated in the white paper that the abundance of juvenile mullock has been adversely affected by reduced flows from the Murray River, and juvenile fish require protection throughout their range. I know you have already answered questions on this tonight, but it has been put to me by a person concerned with aspects of the white paper that it really applies more to the rules as they apply to that area of the Coorong around Goolwa, where two and a quarter inch mesh nets are the only ones that an amateur can use in the Coorong, and in many cases this is the size used by commercial fishermen. This person says that each year there are millions of baby mullock in the Coorong and these are killed by the thousand in these nets and thrown away, that tonnes die this way each year, and it is illegal to keep them because they are undersized. His insinuation is that in the white paper the mesh size should have been adjusted if protection of fish resources is a stated aim of that white paper.

**Mr Lewis:** The question of the Coorong fishery, particularly the mullock fishery, was the subject of very intense discussions and management arrangements a couple of years ago, where this question of mesh size versus juvenile mortality was raised. This resulted in amendments to the arrangements for this fishery, which meant changing the mesh size to try to reduce the juvenile mortality rate of the mullock. The white paper was looking specifically at the other marine scale fish

species and, while it addressed mullock, there are a number of species such as mullock and southern shark that were the subject of a much more detailed assessment at other times. We did not undertake a complete review of the mullock fishery as part of the marine scale fish white paper.

**Mr MEIER:** Will further work be done in adjusting the anomalies that currently exist?

**The Hon. Lynn Arnold:** It goes without saying that we dynamically review situations.

**Mr MEIER:** Page 54 of the white paper states that existing provisions relating to recreational netting will continue to apply, but the person in whose name the net is registered will be required to be present within 50 metres during the fishing activity. Already I have had approaches from concerned persons in a situation where, for example, the somewhat aged father now has the net in his name; he may be in a shack more than 50 metres from where the fishing is occurring; the sons and daughters use the net and now are worried that this proviso has been taken away from them.

**The Hon. Lynn Arnold:** Again, in situations such as that, I am quite certain that advising the fisheries inspectors of that situation would see a reasonable approach taken. The real point of this is that recreational netting is supposed to be recreational. It is a bit dubious if people happen to be nowhere near their net, just let it be there for the catching of fish and then come and inspect it every so often. In the process, they perhaps lose fish that die because the net was not being checked regularly enough. We thought it necessary, to keep an added pressure on people on the recreational netting side, to put on this limit. Obviously, commonsense will prevail.

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

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Office of Multicultural and Ethnic Affairs, \$1 707 000

**Chairman:**

The Hon. T. Hemmings

**Members:**

Mr M.J. Atkinson  
Mr G.A. Ingerson  
Mr C.D.T. McKee  
Mr E.J. Meier  
Mr J.A. Quirke  
Mr I.H. Venning

**Witness:**

The Hon. Lynn Arnold, Minister of Ethnic Affairs.

**Departmental Advisers:**

Mr P. Nocella, Chairman, South Australian Multicultural and Ethnic Affairs Commission.  
Mr T.M. Barr, Chief Executive Officer, Office of Multicultural and Ethnic Affairs.  
Mr S.B. Everard, Manager, Support Services.

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

**Mr INGERSON:** The corporate plan of the South Australian Multicultural and Ethnic Affairs Commission was set up to run between July 1990 and June 1993. It had five primary goals. They were: community relations access and equity, participation, economic development, administration and human resources. There is a consistent and regular comment from many members of the ethnic community in South Australia, that there has been a significant move away from access and equity or welfare-based interest as a priority to that of economic development and trade issues as a priority. Is this so, and is it a Government directive?

**The Hon. Lynn Arnold:** No, it is not so. What is the case is that, in addition to maintaining the effort in the areas to which the member referred, we have added more effort in the economic promotion arena. That has seen the addition of some resources to the Multicultural and Ethnic Affairs Office and Commission and, for example, this year we will add some \$50 000 specifically for a program to assist with geographic-specific chambers of commerce, and that will be administered under the commission and the office, but that will involve extra funds that have been allocated away from the Department of Industry, Trade and Technology.

In the area of the immigration promotion activity, which obviously has business skills and other skills, migration relationships, the position that was made available in the Office of Multicultural and Ethnic Affairs was, in fact, again funded by a transfer of funds from the Department of Industry, Trade and Technology. In the area of overseas qualifications, which I guess has some sort of economic relationship, though equally as much an access and equity issue, I might say, that has been funded by separate subvention from consolidated revenue.

So, I think those points are worth bearing in mind. The multicultural management commitment plans are clearly a requirement of all Government departments, that all Government departments must do themselves. They can come to the commission and the office for advice and counsel, but they have to work out how they will commit themselves to multicultural management policies, and those policies must clearly involve access and equity issues not only as importantly but I would suggest more importantly than the economic questions that the member raises.

**Mr INGERSON:** In relation to the corporate plan and in particular the MMCPs which you mentioned, what state is the corporate plan in? We are virtually midway through it. It is a very broad plan. It contains what I would call a massive range of goals. Could we have a very brief rundown of some of the areas that are not being pursued and others which are being pursued at greater length?

**The Hon. Lynn Arnold:** In 1991, negotiations took place with the following agencies: Office of the Commissioner for the Ageing, Departments for the Arts and Cultural Heritage, Children's Services Office, Education Department, DETAFE, FACS, the South Australian Health Commission, Office of Multicultural and Ethnic Affairs, and the Office of Tertiary Education. At present, these agencies are in various stages of development or implementation in their MMCP processes, and that matter can be further reported on if the member would like.

The following agencies have appointed a contact officer and have begun to develop an MMCP in 1992. They are: Agriculture, Fisheries, Industry, Trade and Technology, Marine and Harbors, Mines and Energy, Premier and Cabinet, Tourism South Australia, Treasury Department and Woods and Forests. The commission will prepare a summary document of MMCPs developed each year and will report to Parliament on progress being made on the implementation of these plans in the annual report, which is coming out soon.

**Mr INGERSON:** In relation to access and equity programs, four departments have been reported to us in the past three or four weeks. In the Departments for Family and Community Services (FACS), of Health, Transport and the Housing Trust in particular—not so much in the department but in the specific statutory authority—a very broad range of difficult social and welfare issues are being raised that relate principally to difficulty with documentation, in other words, where a document is not multilingual, and difficulty with the aged, again on a multilingual basis. There seem to be problems in those four specific areas. Will the Premier comment on what has been done in those areas?

**The Hon. Lynn Arnold:** I will ask the CEO of the office to make some comments on that matter. My guess is that we are aware of those concerns, certainly with FACS and the Health Commission because they have been involved with us in negotiations on the MMCPs, therefore, that point would be something I would have thought they would address as something they need to do something about. We will have to examine the Housing Trust as a separate issue. Transport is not yet in it, but that will be in it presumably next year.

The office and the commission are there to act as advisers to all of Government, and I would encourage other Government agencies to make use of them, to share their experience. Certainly, through my role as Minister of Ethnic Affairs, we can liaise with other Ministers to raise points that are drawn to our attention. So, to the extent that the points you have raised tonight have not been drawn to our attention—and I will ask the Chief Executive Officer to comment on that—we will certainly follow them through.

**Mr Barr:** I cannot deal with the specifics of each agency named. Certainly in relation to the provision of documentation in languages other than English, it is very salutary that the number of translations that have been sought by Government agencies of the Language Services Centre is increasing year by year.

The number of requests for assistance by interpreters is increasing, and in the year past it was in the order of about 21 000 requests. So, departments generally are very much alert to their social justice responsibilities and are increasingly being made aware of the need to provide material in languages other than English so that they can access the profile of the community as it currently exists. That trend will continue. Mention was made of the aged. I am not sure what was the specific issue behind that question.

**Mr INGERSON:** In the ethnic communities the difficulty with the aged is of returning to their original language as well as attempting to speak the current language. One of the issues is that there does not seem to be in these four departments adequate staff in many

instances to pick up problems on the spot. I accept that that is a broad difficulty for Government, but it is an issue that has come up and seems to be more specific to elderly people than to younger people.

**The Hon. Lynn Arnold:** It is a major worry that that is happening. Both the Health Commission and FACS are well aware of these areas and are making grant moneys available to various community groups. We will obtain some information on what they have been doing in the past 12 months for the honourable member. Within the Office of the Commissioner for the Ageing I believe is a particular officer whose responsibility is the ethnic aged.

**Mr McKEE:** I refer to page 135 of the Program Estimates where I note under the section headed 'Performance Indicators' the number of new clients assisted by the Overseas Qualifications Unit. It almost doubled from 1989-90 to 1991-1992, but the estimate for 1992-93 is only approximately another 30 people.

**The Hon. Lynn Arnold:** It is partly a function of migration trends and it needs to be noted that there is less immigration this year into Australia than in previous years and South Australia will feel the impact of that also. Further, there will always come a plateau point at some stage. The early growth was where people in the interim learnt of the presence of the unit and took advantage of it, whereas in 1989-90 it was not as widely known as it might have been. Further, people having come, you then address their problems and progressively soak up the concerns out there. It is simply that—an estimate—and it may be that we find that we have not plateaued at the figure of 900 or 1 000, that it is still on the rise and that the figure may end up at 1 500. I do not know.

I pay a tribute to that unit, which has done some excellent work, as attributed by the actual figures for 1989-90 through to 1991-92. In 1991-92, 6 000 migrants came to South Australia. The figure for 1992-93 was estimated to be 4 500. It is a decrease and would partly explain the estimate.

**Mr INGERSON:** The multicultural forum is, it is often said, an elite narrow based group of the same people who dine out on the money of South Australian taxpayers. What reports has it made to Government, are they public and, if so, can copies be tabled? Will the Premier briefly advise the Committee of the contents of the reports, if any, and what is the yearly budget line for this forum?

**The Hon. Lynn Arnold:** I note that the Deputy Leader made the comment that 'it is often said', and went on to make a series of statements. I have a feeling that, given my contacts with the various communities in South Australia, which I regard as very good indeed (and I have not had it often said to me about that matter), it rather ranks in the realm of explanations to questions of having many constituents approaching a member on a matter. That aside, the cost last year of the forum was \$20 000, which includes the cost of the consultant who acts as a service facilitator for the forum. The cost this year is \$15 000.

So there is certainly not a lot of wining and dining available out of that forum, which has some 50 members. It meets once a month; three of those meetings are dinner meetings and the other nine are held between 4.30 p.m. and 6 p.m. We have turnover people on it. I would reject

the assertion that it is a limited group of people who are elitist. In fact, it is an informal association of about 50 people in senior executive and decision-making positions, but that is precisely what was always wanted from the forum—that we target it with information about multiculturalism in our society and make it more aware of the issues that are involved and, by virtue of some degree of turnover of membership of that body, we end up targeting a wide cross-section of Government, business, judiciary, clergy, academia, unions, media and community organisations.

I believe that the group has been very successful, and I say that because I sometimes speak to members of the forum in other capacities and they draw attention to the fact that they feel they have learnt a lot by being members of the forum and say how much they appreciate the information that they have had made available to them and the insights and discussions that they have been exposed to that otherwise would not have taken place, and say that they would be the poorer for the lack of it. I think the forum has worked very well. The present coordinator of the Multicultural Forum, Ms Slawka Bell, who is of Ukrainian background, started her duties in January this year for a 12 month period.

**Mr INGERSON:** Supplementary to that, the Premier mentioned that there was a consultancy fee paid in that \$15 000. Could he advise the Committee what that is? In the original question I asked whether any reports were made by that forum to the commission and, if there are any reports, are they available to the Parliament?

**The Hon. Lynn Arnold:** There have not been reports prepared by that body as such. I guess that what would happen is that the coordinator would report to the commission on the progress of what has happened; that would be a monthly activity that would take place. There are no reports because it is not supposed to be a body providing advice for me or for the commission; it is supposed to be a body to which we are providing advice about multicultural matters. It is allowing itself to become a captive audience, to be exposed to multicultural issues. To that extent I would not expect to receive advice from it.

I already have a body to provide me with advice, and that is the South Australian Multicultural and Ethnic Affairs Commission, and the other groups in the ethnic communities that I consult with include umbrella organisations such as the Ethnic Communities Council and the United Ethnic Communities. The consultant fee for the 1992 calendar year is \$6 000.

**Mr INGERSON:** As a follow on from that, could you advise the Committee of the issues that the commission is putting forward as part of this umbrella of multicultural issues? I think the Committee would like to know what the forum does.

**Mr Nocella:** The range of issues that have been aired within the forum vary considerably, and vary in relation to the diversity that exists amongst the members of the forum who are drawn from a broad range of activities—from academia, the professions, industry, business, Government, the arts and so on.

So it is of particular importance that they should be catered for in terms of the range of issues that are discussed. Just by way of brief listing those that come to mind are issues of language learning, language teaching,

and linguistics connected with the value and the importance of teaching languages, which languages in what way. Also, there is the question of ethnicity. Recently we had a very interesting lecture on the value of frontiers, especially eastern and central European, where the ethnicity issues very often do not take into consideration artificial lines drawn on a map, but in fact cut across and create problems and opportunities of their own.

The last forum was devoted to multiculturalism within the armed forces and we were treated to a very interesting lecture by Brigadier Peter Bray on the latest trends in recruiting in extracting ethnicity data about not only the place of birth but the ancestry of servicemen and women. The activities of the Chinese business community were also discussed at a very significant forum earlier this year, where the members were given a very real insight as to the value the ethnic communities can provide, in terms of making available the very precious contacts that they maintain with their countries of origin and within the networks that operate within the Chinese business culture. Islam and the problems of misunderstanding was another subject, and was also very topical at a time when problems associated with that particular part of the world where Islam is professed were being discussed. These are some of the subjects, but there are many more.

**Mr INGERSON:** I would like a list of grants made by the commission to the community groups or associations, the criteria under which they are granted, and specifically if there are any grants in relation to the funding of aged care, hostels or nursing homes. What criteria are they granted under?

**The Hon. Lynn Arnold:** We will provide, in a supplementary answer to *Hansard*, a listing of the grants that went to ethnic community organisations from across State Government, because in a number of cases, as I mentioned before, the funding will come from the Health Commission, or from FACS, or maybe, in the case of certain other programs, from arts and cultural heritage, from employment and technical and further education, from education and so on. If I can widen out the question to include those other areas we will come back with that information. It is important to note that, of course, because the actual sum of money available under the commission is not very large, but over the wider area of government the grant total is much bigger.

The objectives of the commission's grants scheme are to assist non-government organisations to develop projects which enrich relations between the different cultural and linguistic groups within the South Australian community; to improve community awareness of the State's cultural and linguistic diversity and the implications of that diversity for the community; to develop community initiatives which give expression to the distinctive cultural welfare information and recreational needs of ethnic groups; and to promote the full and effective participation of ethnic groups in the social, cultural, political and economic life of the community. In providing the answer we will provide the lists in two forms: one is by subject, by general type of grant—for example, aged services or literacy services or other things—and, secondly, by community group.

**Mr INGERSON:** My next question relates to subsidies specific to rents. Are there any specific subsidies at State level that go purely and simply to payment of rent and, if so, to what groups?

**The Hon. Lynn Arnold:** I cannot give a comprehensive answer right now, because I will obviously have to see the fuller list. I know that, in the case of UEC, \$10 000 is paid on their behalf to meet the rent costs of their present accommodation, and the ECC have a \$9 500 grant that goes towards their private rental accommodation. Of course, in the case of the Multicultural Arts Trust, in the grant moneys that it is given there is \$17 000 that is applicable to rent payments. They are three that come under the commission. We will check if there are any others in the Government area, as far as it is possible to check. But it is a pretty big task to ask us, and it might be something to refer to other Ministers so that they can have their officers do that work.

**Mr INGERSON:** In relation to the Multicultural Arts Trust of South Australia, many promises have been made in the past re Government involvement in the arts, and specifically in the multicultural arts arena. What is the current funding from the commission and what is the Government's intention re the future expansion of this arena with formal funding programs?

**The Hon. Lynn Arnold:** First of all, I know that the Deputy Leader will ask this question of my colleague the Minister for the Arts and Cultural Heritage, because clearly the arts and cultural heritage area provides numerous grants to ethnic community groups in the arts arena. For example, they support the multicultural art workers network, and, of course, the Lion Arts Centre, where we have such groups as Doppio Teatro and, I think, Teatro Oneiron, which is probably funded from the arts and cultural heritage area.

One could go on, as there is a great list of groups. In terms of the Multicultural Arts Trust, which comes specifically under my lines, that is chaired by Basil Taliangis, and, in addition, there are three other ministerial appointments: Randolph Alwis, Dr Lawrence Chan and Teresa Crea. In addition, there are four community representatives: Vincenzo Andreacchio, Margaret Bonesmo, Mike Hughes and Charmaine Moldrich. The trust's most recent art events include the Palimpsest Exhibition—Visions of Multicultural Australia, the Sevodnya Exhibition of Contemporary Soviet Artists, the Eight Eccentric Artists of Yangzhou, the *En la Linea del Sambre*, a photographic exhibition, Usually on a Friday, a photographic exhibition, and the 1992 Multicultural Carnival, featuring 'The World of Games' and 'Beyond Multicultural Writing'.

In 1991-92 the trust received a cash grant of \$75 000 from the commission and maintained its \$50 000 support from its principal sponsor, the State Bank of South Australia. In addition, it received accommodation in the old Treasury Building equivalent to \$17 000 per annum and it is estimated that similar amounts will be available this year.

**Mr INGERSON:** As you would be aware, the Multicultural Arts Trust has had difficulties in this funding area in the last few years, and I understand, from talking to people who are involved with the trust, that it is not getting easier in any year. What is the

Government's intention in terms of the trust? Does it intend significantly increasing funds to enable it to continue its existing function?

**The Hon. Lynn Arnold:** I must say that I have significantly increased the funds. If I go back to the first year I was Minister of Ethnic Affairs, the grant was of the order of \$40 000 and the total figure now is \$75 000 plus \$17 000 rental equivalent. From time to time, smaller amounts are made available to the trust for some special purpose exhibitions. I monitor its financial situation very closely, as I do with all areas that come under my control. These are tough times. I have made the point to the trust that I will do what I can, but it must be against all the competing demands I have in my various portfolio areas. The track record is not too bad.

**Mr INGERSON:** I note that the income from translation costs increased from an estimated \$1.795 million to \$2.116 million, an extra \$321 000, and that a new fee structure has been introduced. Will the Premier explain this new fee structure, as there have been complaints that it is not very flexible? Secondly, what are the contractual arrangements for casual interpreters and translators, and how does this contractual rate relate to the charge-out rate of the Language Services Division?

**The Hon. Lynn Arnold:** The revised fee structure in 1991-92 applied for casual interpreters and translators and was introduced as part of the award restructuring process undertaken throughout the Public Service. Most interpreting assignments take no more than about two hours. The then minimum hire period of three hours was reduced to two hours accordingly. That increased the flexibility. The two hour fee is charged for any assignment lasting two hours or less. The relevant hourly fee would be payable thereafter.

Furthermore, the time taken by the interpreter to travel to and from the assignment location within a 30 kilometre radius of his or her residence now forms part of the minimum two hour hire period. So, I suggest that that actually means it has become more flexible. We set the prices while being aware of the market place for interpreting, but we must be conscious of the award conditions that apply to us. In some situations, therefore, there may be a problem but, largely, we represent a very competitive and good service. That is evidenced by the volume of business we have.

I will take this opportunity to say that we are concerned at the pricing policies of the Federal interpreting service, which at times seems not to be done on any basis of actual cost of delivery of that service, and that is unfair to other providers of interpreting and translating services, not only to the Language Services Centre of the commission but also to private sector language service providers. I wished to put that small point on the record.

The other point I wish to make is that in the past year we undertook a change in terms of introducing what are called complex as opposed to non-complex languages. Those include Chinese, Japanese, Farsi and Arabic. Basically that amounts to where there is a significantly different script situation and, therefore, the work involved is greater.

**Mr INGERSON:** Is information available on the relationship between the contractual rate and the charge-

out rate. Is it \$10 an hour charged out at \$20? What are the two rates?

**The Hon. Lynn Arnold:** First, I make the point about the fees we charge in general terms. We had a 6.9 per cent increase last year but, apart from that, there have been no fee increases since 1 July 1988, so we have not done too badly. We do have a schedule of fees, which is quite complex, given the different types of business. I do not want to deny the Deputy Leader access to that list but, in relation to other competitive providers, it is rather a case that, if they show us theirs, we will show them ours. Otherwise, if we were simply to put ours on the table then that could put us at a disadvantage.

**Mr INGERSON:** There has been a developing change to move away from face to face interpreting services to the telephone interpreting service. Could you give us a brief report on how that is functioning?

**The Hon. Lynn Arnold:** The Deputy Leader quite correctly identifies that there has been something of a move in this area. The Language Services Centre has promoted more and better use of telephone interpreting, particularly in country areas, where face to face interpreting can be very expensive and, in any event, not always available. Where the use of a telephone interpreter is appropriate to the situation, agencies are being encouraged to consider this form of communication as an alternative to face to face interpreting.

The use of a telephone interpreter for shorter jobs is cheaper than the use of an on-site interpreter by virtue of the fact that travelling time is eliminated. Those reduced costs would be reflected by way of lower charges to the centre's clients. Booking the call well in advance will ensure that any special requirements can be catered for and that an appropriately qualified interpreter is available.

**Mr INGERSON:** Are any problems developing in this area when you remove the obvious advantage of face to face interpreting to telephone instruction?

**The Hon. Lynn Arnold:** This is a case of encouraging the use of this in certain circumstances. Clearly, if either the client or the other party feels that this is not an effective way of doing it, then the face to face interpreting situation could be provided. So, we are very sensitive to that. I think we have an excellent group of people in the Language Services Centre, and in situations where the warmth of immediate personal contact is part of the whole communication process, such as someone in hospital, we are very sensitive about putting a telephone handset in their hand.

**Mr INGERSON:** What are the continuing awareness courses for the users of language services, and what is the marketing plan in 1992-93 for this service?

**The Hon. Lynn Arnold:** With respect to the awareness courses, seminars on working with interpreters and translators are available to all client agencies so that they can become more aware of how this service can be of help to them in meeting the needs of their clients. Senior staff from the Language Services Centre deliver lectures on request at no cost to client agencies on how to work effectively with interpreters and on how to prepare text for translations. The lectures assist client agencies in understanding various cultural aspects, as well as facilitating communication with their non-English speaking clientele.

The centre also provides at no cost a consultancy service to client agencies on the advantages derived from different modes of interpreting services delivery—hence the phone versus the direct contact issue—and on special translation services. Centre staff also liaise with educational bodies and the education process of future interpreters and translators by delivering lectures to students of interpreting and translating courses, as well as providing field experience placements. This also assists the centre in assessing the availability and standard of potential future employees.

The centre provides approximately 20 weeks of field experience placements to 20 students, and senior staff deliver four to five lectures per year in education institutions, again at no charge. Each year, the University of South Australia undertakes a marketing management project program, which involves final year students completing a bachelor of business degree, with a major in marketing. The aim is to develop a marketing plan for an organisation in South Australia. Firms taking part in this program in 1991 included Kinhill Engineers, the Public Trustee, Telecom Business Services, ABC Radio and the Adelaide Casino.

An application was made on behalf of the Language Services Centre to establish a marketing plan for the further development of interpreting and translating services. The University of South Australia advised that applications were received from some 130 applicants and that the application from the Office of Multicultural and Ethnic Affairs was one of 26 successful applications. Two students will be supervised by the senior lecturer of that course, Peter Balan, of the University of South Australia's marketing group, and it is anticipated that a report will be prepared by the students and submitted during October 1992.

The plan that they will come up with will need to identify cost effective ways to promote the existing services and ways by which current services may need to be tailored to meet perceived need and to develop strategies that would promote the Language Services Centre's services to the private sector, including an awareness of business advantages to the client and economic benefit to the State.

**Mr INGERSON:** My next question relates to the Campania twinning arrangement and the much publicised arrangements of the Gemellaggio. What opportunities have developed out of the signing of this agreement? Are other agreements being investigated with other regions in Italy or other countries from which many migrants to our State have come?

**The Hon. Lynn Arnold:** The current state of implementation of the Gemellaggio is best reported if I refer to the planned activities for 1992. First, there will be an exchange of visits with the Salerno Province in the Campania region. Certainly there will be the visit by the sales promotion delegation from Campania in November 1992 visiting Perth, Adelaide and Brisbane and promoting various furniture, jewellery, crafts and foodstuffs.

In November 1992 a visit will also include a delegation of five led by the Campania Minister of Industry, Ernesto Mazzoni, and including three business people and an official. In addition, important events that we have had up until now include five diploma of hospitality students from the Adelaide College of TAFE, who went to the

Libera Facolta' di Scienze Turistiche in Naples in March/April 1992, with funding assistance provided by the college and DETAFE. A return visit by students from Naples is expected.

We have then had the visit to Adelaide by a delegation led by the On.Le Edmondo Cuomo and On.Le Antonio Iervolino in 1991 that arranged for a joint meeting of a Gemellaggio committee. We had my own visit to the Fiera d'Oltremare in Naples, leading a trade group under the auspices of the Italian Chamber of Commerce and Industry in South Australia. They are the sort of things we have already had.

In terms of other Gemellaggios, the honourable member knows about the sister State relationships that Government has with other parts such as Shandong, Heimeji, Penang and the like, but there is not a proposal to have any other Gemellaggio with Italy. However, there is a proposal to strengthen our links with different parts of Italy. There is a memorandum of understanding between South Australia and the Lazio regional government. As a result of that, we have started to see an exchange of visits. In a moment I will ask Paolo Nocella to comment on that. Undoubtedly, we have some particularly good links with other parts of Italy, for example, the Friuli Venezia-Giulia region. So, the Gemellaggio of Campania, about which we are excited, is not the only form of contact we have with regions of Italy.

**Mr Nocella:** The position with the region of Lazio, which of course is the region of Rome, is that a memorandum of understanding was signed in April last year, envisaging an exchange program for skill formation and training. This is in terms not only of academic skill formation and training but also work experience, with particular reference to the agri-food industry where exchange students can go from South Australia and be trained for six months or a longer period on agricultural enterprises and vice versa.

With that, it is also envisaged that a delegation of industrialists in the area of adding value to agricultural products will visit South Australia for the purpose of looking at the possibility of investing in this area, as well as a marketing exercise which would see the presence of some 40 to 50 companies from that region bringing their products to South Australia on an expected reverse basis in the following year. The whole exercise has the capacity of bringing very close together the region of Lazio and the State of South Australia, where the economies of the two areas complement each other very well and where a number of opportunities should be brought to the surface and offered to investors on both sides.

**Mr INGERSON:** Does the Premier use the Community Relations Unit to write his better speeches in relevant ethnic language, and is this facility available to other MPs, particularly to the shadow Minister?

**The Hon. Lynn Arnold:** There are some occasions where I use the interpreting services to provide some words in respective languages. Obviously, in some cases it is not quite so necessary and in other cases I rely upon the good help of one of my personal staff in the case of one particular language. But, it is charged against my office, and that service is available for anyone else at the fee that is paid by my office.



Mr **INGERSON**: My last question relates to the percentage increase of immigrants coming to South Australia. Will the Premier briefly advise what Government action has taken or is about to take place in an attempt to improve the percentage of immigrants coming to South Australia relative to those coming into the country?

The **Hon. Lynn Arnold**: In the first instance I refer the honourable member to answers that were given earlier today in the Industry, Trade and Technology line with respect to business migration and business skills migration. Clearly one situation we have this year is the Federal Government's decision to reduce the size of the program. It means that there will be a smaller pool of migrants to this country which South Australia can seek to attract a share of. The Immigration Promotion Unit that was established in 1990 within the Department of Industry, Trade and Technology had the objective of increasing the number of migrants coming to South Australia from the then share of 4.5 per cent to 9 per cent within five years. The plan for the first year had been to increase it by 0.5 per cent, and in fact I think that figure ended up being roughly the case; I think it came in at about 0.52 per cent or something.

The unit works with Federal and State Government agencies, including the commission, private enterprise bodies and immigration agents as well as any groups which can help achieve the desired objective. The Bureau

of Immigration Research, following advice from its South Australian reference group convened by the commission, commissioned a study to investigate the factors associated with the settlement locations chosen by immigrants in general, and those who settled in South Australia, Tasmania and Western Australia in particular. The bureau is planning to commission a follow-up study which will consist of a survey of destinations of prospective immigrants to Australia. As I say, it is still very much in the melting pot as to how that program is tending to work at this stage. One of the problems we have to overcome is how much people overseas know about South Australia, and that is a function that this unit attempts to address.

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

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#### ADJOURNMENT

At 10 p.m. the Committee adjourned until Wednesday 16 September at 11 a.m.