

**HOUSE OF ASSEMBLY**

Thursday 17 September 1992

**ESTIMATES COMMITTEE B****Chairman:**

The Hon. T.H. Hemmings

**Members:**

Dr M.H. Armitage  
 Mr H. Becker  
 Mr M.R. De Laine  
 The Hon. B.C. Eastick  
 Mr P. Holloway  
 Mr C.D.T. McKee

*The Committee met at 11 a.m.*

**The CHAIRMAN:** This is a relatively informal procedure. There is no need to stand to ask or to answer questions. I take it that the Committee has determined the timetable for today's proceedings. Any changes to the composition of the Committee should be notified to the Chairman as they occur. If the Minister undertakes to supply any information to the Committee it must be in a form suitable for insertion in *Hansard*, with two copies to be submitted no later than Friday 2 October. I propose to allow the Minister and the lead speaker for the Opposition to make opening statements, if they so desire, of about 10 minutes but no longer than 15 minutes. I understand that yesterday in Estimates Committee A there was some confusion about making ministerial statements or other statements. Statements can only be made on the actual changeover of examination of a portfolio responsibility.

We have a very flexible approach in relation to the asking of questions, which is based on three questions per member, alternating sides. I will also allow supplementary questions, but that will depend on the answer that the Minister has given to the question and whether the member asking the question is seeking clarification. There has been some confusion in that, because the subject matter is the same, the question is considered to be supplementary. It is not: it is dependent on what the Minister's response is. I will attempt to give any person outside the Committee the right to ask questions at a time when we can fit them in.

I remind members of the suspension of Standing Orders which allows for members of Estimates Committees to ask for explanations on matters relating to Estimates of Payments and Receipts and on the administration of statutory authorities, as provided for through a change in Standing Orders this year. All questions must be based on lines of expenditure and revenue as revealed in the Estimates of Payments and Receipts, etc. Reference may be made to other documents, such as the Program Estimates and the Auditor-General's Report, or any other reports that may be relevant to the line that the Minister is responsible for. Questions are to be directed to the Minister, not to the advisers, although the Minister can call upon the advisers for clarification at any time.

Arts and Cultural Heritage, \$68 185 000

**Witness:**

The Hon. Anne Levy, Minister for the Arts and Cultural Heritage.

**Departmental Advisers:**

Ms A. Dunn, Chief Executive Officer, Department for the Arts and Cultural Heritage.  
 Ms J. Caust, Director, Arts Division.  
 Mr U. Peisach, Manager, Financial Services.  
 Mr S. Tully, Director, Corporate Services.  
 Ms V. Hardy, Managing Director, South Australian Film Corporation.  
 Mr H. Bachmann, Chairman, South Australian Film and Video Corporation.

**The Hon. Anne Levy:** It is with agreement from the Opposition that we will commence this morning's session on the lines dealing with the South Australian Film Corporation. Prior to that, I shall make a few comments regarding Arts and Cultural Heritage for the past financial year. Certainly, the department had a very busy year with the completion of the reviews of all the statutory authorities and the various divisions of the department. There was also the development of the new structure for regional arts and the major decision to continue funding for the South Australian Film Corporation. Overall, the current year's budget shows a 4.9 per cent cut in recurrent funding to the Department for the Arts and Cultural Heritage. Last year, the figure was \$69.4 million and this year it is \$65.6 million.

This year's figures take into account, first, the new method of funding for the Adelaide Festival of Arts, which will be through unclaimed lottery winnings and, secondly, the transfer of SACON building maintenance funds into the arts budget and out of the SACON lines, where they occurred last year. The cut which has been applied to the budget has been distributed amongst the Government funded agencies so as to ensure that the excellence of artistic product is maintained throughout South Australia, while having, as all our reviews have indicated, a minimal impact on programming. The cuts have been absorbed largely in the bureaucracy and administration rather than in arts product.

Some changes have been made to the program structure of the department, and I would like to outline some of these to facilitate comprehension of the budget papers, particularly the line estimate ones. I will indicate a few of the broad changes which have occurred. Program 9, which appears in the Program Estimates as Provision of Services to Local Government, has, of course, been discontinued, given that agreement has been reached with the Local Government Association on services provided from the Local Government Services Bureau during the past financial year. The Public Libraries and Community Information Agreement, which was signed on 24 December last year, and the relevant

funding has been transferred from Program 9 to Program 2, which is Provision of State Library Services.

There is a new program in the papers called Provision of Adelaide Festival Centre Trust Services. This is now established as program 8 and the appropriate moneys have been transferred from program 1, 'Development of the Arts', which is where the Festival Centre Trust figures were previously incorporated.

Program 7, which is the Conservation of Movable Heritage, or Artlab, has been reconstructed so that the services expenditure from cultural institutions now shows under each institution. The community services component that remains in program 7 refers to work that Artlab does on conservation research and development and on providing free advisory services to individuals and community groups.

As I mentioned, Government funding for the maintenance of buildings has been transferred from SACON lines throughout and is now shown in the lines of the relevant programs. Likewise, the work force management assistance has been added as a line to the relevant programs and this represents a contribution to redeployment and voluntary separation costs expected during the financial year.

Program 1, 'Development for the Arts', has had new lines inserted for the Lion Arts Centre and cultural trusts (general). The Lion Arts Centre was previously included in the grants in the arts line, but with the opening of the Lion Arts Centre in February this year it was felt appropriate that it should have its own line. The line, cultural trusts (general) is an amalgamation of the previous regional cultural trusts grant and the regional cultural council that was previously in the grants for the arts line. This reflects the change that is expected to occur in the not too distant future when legislation has passed Parliament.

The grants for the Adelaide Festival Centre Trust and the regional cultural trusts have been divided to indicate both the debt servicing and the operating grant components. As I mentioned before, the Adelaide Festival of Arts will now be funded from unclaimed lotteries prizes and so does not appear in the lines. A special fund made up of 50 per cent of the unclaimed lottery wins will be established during the year following an amendment to the Lotteries Act, which will be introduced to the Parliament shortly.

Members of the Committee are probably aware of the introduction of new financial reporting arrangements for government, including the establishment of special deposit accounts. This applies across the whole of government, of course, and not just within my portfolio areas. The three principal financial statements still need to be reconcilable; for example, the Department of the Arts and Cultural Heritage expenditure as outlined in the Auditor-General's Report reflects the operations in the department's special deposit account. This in turn reconciles with the 1991-92 line estimates, but the Program Estimates figures also show other expenditures including the trust funds that are administered by the appropriate boards, such as the Art Gallery Board and the Libraries Board, and not by the department. These accounts are set up under section 21 of the Public Finance and Audit Act.

I also draw the attention of members to page 187 of the line estimates, and in particular the line under intra-agency support services, which has been named 'net change in suspense activities'. (This is an accounting term, not an emotional one in any way.)

Included in this line is the net effect of Artlab's commercial activities. We are holding discussions with the Auditor-General's Department and with Treasury with a view to incorporating the payments and receipts from this program differently in future budgets, thus eliminating the need for this Net Change in Suspense Activities line. Of course, full disclosure of past activities on Artlab's commercial work is already included in the Auditor-General's statement. I would welcome any questions on any of the programs or lines.

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

Dr ARMITAGE: On 9 January 1991 the Government agreed to make a SAFA non-interest bearing loan of up to \$2.4 million to the Film Corporation to help it trade out of its financial problems. During last year's Estimates Committees the Minister repeated earlier assurances that the loan 'will be repaid'. However, in June this year Cabinet agreed to write the loan off and swap it for equity in the corporation. Why did the Government agree to alter the terms of the loan and let the Film Corporation renege on its earlier obligation to repay the \$2.4 million to SAFA?

The Hon. Anne Levy: It was not a write-off, as indicated in the Auditor-General's Report. The Government loan was converted to equity and, instead of repaying the loan, the Film Corporation will pay dividends on that equity from any profit it is able to make. It is treating the assistance in a different manner, from an accounting point of view. It ceased to be a loan but became an equity contribution.

Dr ARMITAGE: I understand that. Presumably the Government accepted the equity instead of repayment of the loan as such. In doing so, it had a long-term business plan for the Film Corporation which confirmed that the further investment of money on a longer term basis would be sound. The Minister mentioned that dividends from the profits would come to the Government. As such, what were the profit projections and what return can the Government expect from the investment?

The Hon. Anne Levy: The corporation has a three-year corporate strategy, which at this stage does not incorporate any repayments on the loan, when it was a loan. Converting it to equity means that, when the corporation is in that position, it will be able to pay dividends on it. There is no doubt that the corporate strategy only made sense if it did not take any repayments of the loan into account in the short term. For that reason it was felt desirable to convert it into equity on which dividends would be payable whenever possible.

Dr ARMITAGE: Given that the Minister said that the people of South Australia would get repayment for this \$2.4 million from dividends, I understand that she is not able to tell us when the dividends will accrue to the people.

The Hon. Anne Levy: That is obvious. The Film Corporation went through a fairly lean time, as did the whole film industry in Australia. That was due largely to factors outside South Australia such as changes in the

income tax legislation and the buying and selling of television stations, which affected the film industry right around the country. The Film Corporation has turned the corner and is enjoying a very good time at the moment. We very much hope that will continue and, once it starts achieving profits, it will be able to make dividend payments.

**Dr ARMITAGE:** The Minister indicated that the Film Corporation has turned the corner. Is the proof of that pudding not in the eating? Can we not hear when the dividends will accrue? If it has turned the corner, as the Minister says it has, when will we get dividends from it?

**The Hon. Anne Levy:** There is a great slate of production at the moment. The Film Corporation is making a number of films. In addition the Hendon studios are being used by a number of other companies to make their films which, of course, adds to the profits of the corporation. I am hopeful that this will continue, but it is a very high risk business. One does not know when productions will get appropriate finance and be able to commence. If the Film Corporation makes a profit in the current financial year, a dividend will be payable. We need to look at the work of the Film Corporation, not just as a business, but in terms of its benefit to the State as a whole.

The multiplier effect of the film industry is being investigated as part of the film industry working party report, and there are considerable economic benefits to the State from any expenditure on film production, particularly when a large part of the finance for a particular film comes from outside the State. The film industry working party to which I referred, has not yet reported, but I mention that they are looking at the economic benefit of the film industry.

I understand that the study on the economic benefit which they have commissioned is indicating that the total Government investment in the film corporation in 20 years amounts to \$16.9 million. This has resulted in a total production of expenditure of nearly \$44 million, and applying the multiplier effect this has meant a return of over \$109 million in direct economic benefits to the State. So, we can see from these figures that for every dollar of taxpayers' money which has been invested in the corporation, the State has received nearly \$6.50 in return, and, when we are considering the Film Corporation, these very great economic benefits to the State do have to be taken into account.

**Dr ARMITAGE:** Does the \$2.4 million loan repayment, which we have just discussed, include any portion of advances to the corporation in relation to the *Ultraman* series?

**The Hon Anne Levy:** It certainly includes advances which were made in relation to *Ultraman*.

**Dr ARMITAGE:** In a ministerial statement on 2 August 1990, you indicated in relation to those advances the Government would give the corporation three years to pay that advance. Do we now assume that that advance is being written off after 18 months rather than three years?

**The Hon Anne Levy:** It has not been written off; it has been converted to equity. Cabinet decided to change the advance into equity.

**Dr ARMITAGE:** 'Written off' is an accounting term. There is no further contribution from the *Ultraman* series in relation to those advances?

**The Hon Anne Levy:** No.

**Dr ARMITAGE:** I refer to page 307 of the Auditor-General's Report in relation to the commercial activities of the Film Corporation. The Film Corporation recorded a net loss for the 1991-92 financial year of \$1.49 million which therefore increased its accumulated loss to \$6.965 million. What is the Government's funding allocation to the Film Corporation for the current financial year and what is the corporation's projected income and expenditure for this financial year?

**The Hon. Anne Levy:** The Government allocation to the Film Corporation this year is \$530 000. That is in the line estimates.

**Dr ARMITAGE:** What is the corporation's projected income and expenditure?

**The Hon. Anne Levy:** I do not have the corporation's budget in front of me. Perhaps I could refer the question to the Chair of the corporation board.

**Mr Bachmann:** On the plan that we have developed for the year 1992-93, with no production occurring—we are hopeful that there will be a production occurring, but taking the gloomier side—we would be looking at a cash deficit of around \$192 000 in our budget for the year.

**Dr ARMITAGE:** As I understand earlier statements from the Minister, the Government is not prepared to provide further capital contributions beyond the \$2.4 million used by the corporation over the past 18 months, be that write-off, equity or whatever. How does the corporation intend to cover this deficit of \$192 000?

**The Hon. Anne Levy:** I understand that the financial position of the corporation is relatively strong. It has a positive working capital of \$623 000, which represents 20 per cent of its total operating expenditure in the past financial year, and with the conversion of the loan to a capital contribution the net assets stand at \$1.395 million, compared to \$485 000 in the previous financial year.

**Dr ARMITAGE:** So it will cover the deficit out of its assets?

**Mr Bachmann:** The deficit of \$192 000 was projected in the worst case scenario. Since that time two months of the year have passed. We are in front of that budget by \$20 000 in two months. We also have had financed *The Battlers* which will assist us in a positive sense. Each production that we achieve in this financial year obviously will impact on that original budget deficit. But we did take the gloomiest side of what the budget would be for the year and that was projected as a deficit of approximately \$200 000. That is progressively being addressed by productions and throughput at the Hendon studios hopefully not only to balance the budget but to come forward with a profit. If we can achieve another production in what I can only describe as a risky industry it will further impact upon that deficit which was mooted at the beginning of the year.

**Mr De LAINE:** Mr Chairman, before asking my first question I would like to take this opportunity to record the fact that this day, 17 September, is the fifteenth anniversary of your election to this Parliament, and also that of the former Premier, the member for Ross Smith, and to offer congratulations.

**The CHAIRMAN:** Thank you. Perhaps the Film Corporation might wish to make a production on my career!

Mr De LAINE: I refer to page 184 of the Estimates of Payments. Why has the South Australian Film Corporation received \$630 000 rather than \$530 000 as estimated in 1991-92?

The Hon. Anne Levy: Members may remember that a couple of years ago the Government commissioned KPMG Peat Marwick to do a review of the Film Corporation. It came forward with a lot of recommendations and it was at that time that the extraordinary funding package of \$2.4 million was provided. The recommendations of the review included scaling down a number of operations at the Film Corporation. The funding package that was provided included \$200 000 as a project development fund. When, in the middle of this year, Cabinet converted the loan into equity in the Film Corporation we were fully cognisant of the international and national recognition of the corporation and its enviable reputation for quality drama and documentaries. By that time the corporation had incorporated a great range of measures, as recommended in the KPMG Peat Marwick review. It brought in much tighter cost controls, more effective use of staff, and last, but certainly not least, far better relationships with the independent sector of the industry. It was a very different and much more efficient organisation than it had been previously.

At the time of the conversion of the loan to equity Cabinet also endorsed a two year funding commitment of \$530 000 per year and a project development fund of \$100 000. The project development fund of \$100 000 was indicated as being for the current financial year but the department was able to find the resources to provide that project development fund before the end of the financial year, so it was able to get the money and start using it without waiting for the new financial year. Consequently, in the budget papers it has to be added to the money that was given to the Film Corporation in the past financial year. Project development is of course a very important matter in the film industry. In future years the project development fund will be negotiated between the Government and the Film Corporation, taking into consideration the production schedules that are then operative and other funding sources and what they are bringing in. In other words, there is no firm commitment, but it will obviously be discussed with the corporation at the appropriate time.

Mr De LAINE: I refer to page 409 of the Program Estimates, under '1991-92 Specific Targets and Objectives'. I see that a film industry assessment committee has been formed; what work is occurring at the Hendon studios at the moment?

The Hon. Anne Levy: I did indicate earlier that the Film Corporation certainly has turned the corner, and I think this can be illustrated by the fact that in the past 16 months the number of projects which are being developed at the Film Corporation has been increased from three 16 months ago to 22 at the moment, which will certainly improve the chances of the Film Corporation being able to get productions under way. Of course, we do have to recognise that development can take a long time. I understand that in the next three or four weeks the Film Corporation expects to take delivery of five different scripts. But in terms of film development we do have to

realise that from whoa to go it can take at least three years, and longer is not unusual.

The fact that things are in development does not mean to say they will turn into films the next day. Sixteen months ago at Hendon Studios work was completed on *Tracks of Glory*, which was a mini-series from Western Australia. At that time, the only projected work was *Hammers Over the Anvil*, which was a location picture and which was not going to use Hendon Studios. But by November this year *Black Beauty* will be in production. This is a 26 part children's television series which will be using the facilities at Hendon. The Film Corporation's own mini-series, the *Battlers*, will be in production, this being the series for which funding was announced quite recently. Kate White will have a documentary in production using the studios, *Cry for the Dream*. Another feature film, *Bubby*, by Rolf de Heer, will be in production, again using the studio and associated facilities. Early next year, a South Australian independent film, *Ebb Tide*, from Craig Lahiff will be in production using facilities, and if any member would care to visit the studios at the moment they will see that it is a great hive of activity and that the place is fairly bubbling.

Mr De LAINE: I refer to page 409 of the Program Estimates and to one of the 1992-93 specific targets/objectives:

Complete the examination of the South Australian commercial film industry and implement recommendations.

Generally, how is the South Australian commercial film industry performing when compared with other states?

The Hon. Anne Levy: The film industry working party has commissioned studies into various areas of the film industry, including comparisons with other States, the economic effects on South Australia and other benefits to South Australia from the film industry as a whole. While the economic impact study has been completed—and it is certainly being used by the working party—the work being done by comparison with other States has not yet been completed. Obviously, it will be made available to the working party as soon as it has been finished, and equally obviously it will be of great interest to everyone, once it is released. I understand that this committee is not expected to complete its task until early October, and it would probably be premature to comment on what its findings may or may not be, even if one has any preliminary indications.

Dr ARMITAGE: On page 308 at paragraph 2 the Auditor-General reports that last financial year the corporation's income from drama production totalled \$73 000, which included a \$31 000 net recoup on *Ultraman* overage. What was the final budget for producing the *Ultraman* series and what was the final contribution from both the Japanese company Tsuburaya and from the South Australian public?

The Hon. Anne Levy: I will take that question on notice. The *Ultraman* budget was in the region of \$1.8 million in total, but its exact breakup, I am afraid I do not have. As indicated, there was recovery of some of the overages; there may have been more recovery following the accounts, which are included in the report here. I can certainly get back to the honourable member on the latest available figures.

Dr ARMITAGE: Further to the *Ultraman* series, has the South Australian Film Corporation recouped any

funds from marketing the series in New Zealand? What are the further marketing plans for the series in Australia? Has Tsuburaya offered the Film Corporation the opportunity to be involved in another series of *Ultraman*, as I believe was envisaged when the first co-production was agreed to?

**The Hon. Anne Levy:** I understand there have been sales of *Ultraman* within Australia, but at this time there have not been any sales of the *Ultraman* series in New Zealand. The fact that they have not occurred to date does not mean to say that they will not occur, of course. As I understand it, no suggestions have been made from Tsuburaya regarding another series of *Ultraman*. I know there has been rumour that there would be such a second series and that it may or may not take place in South Australia or elsewhere in Australia.

As I understand it, there have been no firm suggestions from Tsuburaya about another series anywhere. I understand that the *Ultraman* series that was made here has been released in the United States and in Japan by Tsuburaya, but it has not been released anywhere else in the world. We have only Australian and New Zealand rights.

**Dr ARMITAGE:** I refer to page 308 of the Auditor-General's Report. The Government Film Fund was abolished in December 1990, when \$500 000 of those funds were transferred to the Film Corporation to help the *Ultraman* funding difficulties. At that time, the fund had financed documentaries, training films and similar things for Government departments and provided useful training programs and work for independent film producers. When the fund was abolished you were reported in the *Advertiser* as having said, as a promise to art unions, 'The fund will be resumed as soon as it is financially feasible to do so, and at least within the next 12 months.' You also told the Council that funds recouped from the sale of *Ultraman* in Australia and New Zealand would be used to reinstate the fund. We have heard that there have been no sales in New Zealand. When does the Minister envisage that the Government will restore the Government Film Fund? In the meantime, was any money allocated by each department last year for the production of the documentaries and so on that the Government Film Fund had previously been used to provide?

**The Hon. Anne Levy:** The Government Film Fund was not abolished; it was suspended and the resources that had been put into the fund were temporarily transferred to the Film Corporation. We indicated at the time that it would be resumed as soon as possible and in fact it was resumed in January this year. I cannot recall whether it was 1 January; it might have been 15 January or some such time. Certainly, the Government Film Fund has been operating since early this year. While it was in suspense some Government documentaries were made by some Government departments from their own resources. I do not have much detail on that.

Certainly, one was made by the Department of Agriculture, but I would not necessarily have access to what other departments may or may not have done during that time. Some may have found resources within their own allocations for productions. It has been suggested to me that TAFE produced a documentary or so, but that would really need to be inquired of each agency.

Certainly, the film fund was reinstated earlier this year. Its budget allocation for the current financial year is still under discussion with the Arts Finance Advisory Committee. We expect that it will be cut from its previous sum, but this has not been finally determined.

**Dr ARMITAGE:** The Auditor-General's Report, page 306, indicates a contribution from the Government Film Committee of \$30 000. I presume that that is the figure to which the Minister is referring. Given that the previous funds taken from the Government Film Fund were \$500 000, that leaves a shortfall of \$470 000 to make up the fund to where it was previously. Is that \$30 000 a contribution from the Government to restore the Government Film Fund? If not, what was it?

**The Hon. Anne Levy:** No, maybe that \$30 000 is a contribution from FilmSouth to the Film Corporation and has nothing to do with the Government Film Fund. When the Government Film Fund was restored in January there was about \$380 000 (I do not have the exact figure). It was a question of waiting. The regular amount was being used to finance the *Ultraman* deficit; when the deficit had been accommodated the Film Fund could start again. We can get the exact figures on that but that is the order of magnitude.

**Mr McKEE:** I refer to page 409 of the Program Estimates, which says that a working party was established to re-examine the structure and effectiveness of the South Australian commercial film industry. What has been the value of the South Australian Film Corporation to the South Australian film industry to this point?

**The Hon. Anne Levy:** The South Australian Film Corporation contributes considerably to the film industry as a whole in South Australia. It has been a very active training ground for local talent, and many people who have made a great contribution to the Film Corporation have gone on to become major players in the film industry throughout Australia. People like Anne Deveson, John Morris, Bruce Moyer, Matt Carroll and Penny Chapman all in their early days worked with the South Australian Film Corporation and doubtless gained very valuable experience there that contributed to their future careers.

The studios at Hendon contribute a great deal to the film industry in this State. If the film studios did not exist it is highly probable that many of the films that come from elsewhere in Australia would not be shot in South Australia. *Tracks of Glory*, from Western Australia, and *Black Beauty*, which is shooting there now, would probably never have been produced within South Australia if it had not been for the facilities and studios that existed here.

The fact that these films come here means that a great deal of work is provided for local crews and actors that otherwise would be denied them. Another initiative put in place by Valerie Hardy, when she became Managing Director, was for the Film Corporation to open its doors a great deal more to local film makers. Currently, there are five joint ventures between the Film Corporation and local film makers, which means that the financial burden of developing the projects is being shared. Obviously, the more projects that are being developed, the more that are likely to result in production. The Film Corporation is now contributing its expertise in both the legal and the

marketing areas free of charge to independents, and providing script editing advice to local film producers.

Taken together, all these initiatives have resulted in an enormous amount of new activity, new creative liaisons and a new level of energy within the independent sector of the film industry, as well as increased activity at the Film Corporation itself. There are independent producers who readily acknowledge the assistance being provided to them by the Film Corporation through its various activities. Another step that the Film Corporation has taken is to provide general working space for independent producers who are now working on the premises at Hendon. This will lead to much more contact between people in the industry.

If people are working in the next room from each other, they will meet in the corridors, and we will gain the benefit of conversation and ideas sparking throughout the industry as people discuss things of common interest. So, Hendon has become quite a hub for the film industry in South Australia. Whilst I do not wish in any way to diminish the valuable work being done by people in the independent sector who do not use Hendon Studios, the very fact of their existence makes a big difference to the industry in this State.

**Mr McKEE:** Much publicity seems to be given to Warner Bros activities on the Gold Coast. Is there any way of gauging whether that may have had an adverse or competitive effect on the South Australian Film Corporation?

**The Hon. Anne Levy:** Obviously, this is something that is being looked at in the study that is being undertaken on the film industry in other States. I will ask Ms Hardy to comment on that from her intimate knowledge of the film industry throughout Australia, if not the world.

**Ms Hardy:** We are looking at the industry throughout Australia and at the differences between South Australia and the rest of the country. The Film Corporation is unique in Australia in that all other Government bodies are merely development bodies; we are a producer and a studio facility as well. The Queensland studios are a threat. We have had to become much more aware of our competition not only in Queensland but also in the rest of the country. We are unable to compete financially with Queensland: the Government is literally buying itself an industry. That is the only way one can put it: it is just buying people.

What it is not buying is talent, nor is it buying a reputation. The Film Corporation's reputation still opens doors. It still finds it easier to get to financiers than Queensland does, but we are ever mindful of the fact that the Queensland Government is also aware of that and is using every cent it can, so we are having to compete more on a talent level. Also, we need to sell our locations. In this State we have a much greater diversity of locations; the weather is better; logistically it is better, and it is also cheaper to shoot here. The working party is looking at an entire marketing campaign for this State, which will need to go beyond the film industry.

**The Hon. B.C. EASTICK:** To what degree is cooperation taking place with independent organisations, many of which have brought a great deal of benefit to South Australia? I refer particularly to the recent production of *River Kings*, which was shot in great

measure in the electorate of Light. Is there cooperation between the South Australian Film Corporation and these other bodies that would be mutually beneficial both to the corporation and to the State? In answering that question, can comment be made on the degree to which local authors are used for the theme of any production? Of course, in the case of *River Kings* the author was Max Fatchen.

**The Hon. Anne Levy:** There is a great deal of cooperation and mutual assistance between the Film Corporation and the independent sector. I noted some examples of joint ventures when answering a question from the member for Gilles. There is the working space that is made available at Hendon Studios for independent producers, and a considerable degree of cooperation occurs, which, I may say, has been very ably fostered by Ms Hardy since she took over the reins of the Film Corporation. I will ask Ms Hardy to elaborate on some of the cooperative measures she has instituted, which may be of interest to the Committee.

**Ms Hardy:** The producer of *River Kings* is probably one of the most successful independents in this State and, as such, probably needs less assistance from us than some of the others. However, we have been co-developing projects with Rob George over the past year. Probably 95 per cent of the active producers in this State are working with us at Hendon. As far as local authors go, we are trying to use as much local talent as we can. However, I have gone on record saying that I will do that only to the best of that talent's ability because we also have to survive and keep things alive. There is no point in adapting a book if it is an awful book because no-one will finance it. That is a waste of development money. We are actively seeking to enhance local industry as much as we can.

**The Hon. B.C. EASTICK:** In relation to joint ventures, which you mentioned again, one of the current productions is *Hammers over the Anvil*. I am interested to know to what degree pre-sales have been negotiated in relation to this production. Because it is a joint exercise with Harvey Wright Enterprises and funded by the Australian Film Corporation to the tune of \$3.5 million, is the corporation entitled to receive any funds generated from sales and, if so, what is the anticipated return to the corporation, or is that commercially confidential?

**The Hon. Anne Levy:** *Hammers over the Anvil* has been completed. In fact, it was shown last week at the twentieth birthday celebrations of the Film Corporation to an absolutely packed and most enthusiastic house. I will ask Ms Hardy to respond to the other details.

**Ms Hardy:** *Hammers* was made under the Film Trust Fund of the Australian Film Finances Corporation. It funded it 100 per cent. It does three or four films a year. It usually receives a couple of hundred submissions from which it chooses three or four to produce. *Hammers* was chosen. It was a joint production with Peter Harvey Wright in Melbourne. He brought it to the corporation because he could not move it himself. That is another example of a joint venture that worked.

Because it was 100 per cent funded by the FFC, it will see the profit first. The Film Corporation is entitled to some profit but, quite frankly, it is so far down the road that I doubt it will ever see it. As with most of these films, the people who put their money in want it up-front

and, if you are lucky to make *Crocodile Dundee*, you will see some money. They got reasonable fees out of it, but not huge fees. Again, when it funds these films, the FFC governs what you can pay yourself, and they are not large amounts of money. The distributor, which is an Australian distributor, will take its fees out of it, as well. Once that is all over, the joint venturers might see something.

**The Hon. B.C. EASTICK:** Will next year's Estimates Committee be able to view the profit that was made?

**Ms Hardy:** It may well. However, it does not give them much time to sell it.

**The Hon. Anne Levy:** They may need a bit longer than that.

**Dr ARMITAGE:** That was the last question concerning the Film Corporation.

**The CHAIRMAN:** On behalf of the Committee, I thank the Minister's advisers for their assistance.

**Dr ARMITAGE:** Page 404 of the Program Estimates makes reference to development of the arts. In relation to the objectives of the arts program, last year the list of seven objectives for the program 'Integration and development of the arts' was headed by the following reference, 'to promote excellence in the arts and to monitor the effectiveness of arts policies'. This year the list of objectives has been expanded to eight but the reference to promoting excellence has been omitted. Why has excellence been excluded as an objective of the department in this key program?

**The Hon. Anne Levy:** That is not correct. If members look at the top of that page, they will see that encouragement of the pursuit of excellence has been raised in status and is no longer down the page. It occurs in the very first sentence as part of the mission statement of the department. There is no question of its being downgraded; it has been upgraded.

**Mr De LAINE:** I refer to page 414 of the Program Estimates under the heading 'Specific targets/objectives'. I notice that one of the targets concerns the old steel vessel the *Nelcebee*, which is a landmark—or perhaps a watermark—in my electorate. I have seen that vessel around Port Adelaide practically all my life. What was the purpose of slipping and refurbishing the *Nelcebee*? What did it cost and what is its progress?

**The Hon. Anne Levy:** I am happy to answer that question because I know that the honourable member has had a long interest in the Maritime Museum and the maritime history of Port Adelaide. The *Nelcebee* belonged to the Maritime Museum. It was facing a very sad end because of the condition it was in but with great joy it has been saved through funding grants from both State and Federal Governments which so far total \$130 000.

It is a remarkable conservation program which is serving many different ends. While conserving the *Nelcebee* it is very largely a program of skill development and training in that a number of out-of-trade apprentices have been employed on the project, and this gives them a fighting chance for jobs, income and security once they finish the program. Fifteen apprentices have been employed on the project so far, and I understand that some of them—I am not sure whether it is three or four—have already found jobs and have left the program, although, of course, they can then be

replaced by others. It is certainly one of the largest projects with which the Maritime Museum has ever been involved. It will take a full six months to do the work, even if there is no slippage in the time schedule.

The Department for the Arts and Cultural Heritage, through the Maritime Museum, contributed \$30 000, and this was the catalyst in attracting substantial funding from other sources. It meant that the Federal Department of Employment, Education and Training was persuaded to commit \$85 000, and the State Department of Employment, Technical and Further Education contributed \$15 000 to enable the work to get under way, the interest of these two departments obviously being in the employment generation and training opportunities which the project involved.

Other members may not know that the *Nelcebee* is the oldest ocean-going vessel in Australia at the moment. In fact, it is the third oldest vessel in Lloyds World Register of Shipping that is currently still afloat. It has the longest unbroken connection with a State of any ship in Australia. It has been used as a tug and a ketch for over 100 years in South Australian waters. The work was very necessary because the ship was in grave danger of sinking due to hull corrosion, and there was also timber rot in the woodwork of the historic cabins and decking, and these are all being restored.

The Maritime Museum intends using the ship for all sorts of programs once it has been restored. One very exciting plan they have is to involve school students who will be able to take part in sleep-over night programs on the *Nelcebee* as part of their education while the ship is moored in Port Adelaide. Of course, it will be open for anyone to visit and to learn about the hard and dangerous maritime working life of past generations, as well, of course, to the many people who will be interested in the technological aspects of sailing 100 years ago. So, the restoration of the *Nelcebee* is a very valuable program indeed, and is to be welcomed on all fronts. I and many other people look forward to its completion and the restoration of the *Nelcebee* to her former glory.

**Mr HOLLOWAY:** My two questions relate to the Art Gallery, my reference thereto being page 411 of the Program Estimates. It is stated that one of the significant achievements of the past year is that the Art Gallery has developed a 10-year acquisition strategy and continued to apply works of art within policy guidelines and with assistance from the Government granting major gifts through the Art Gallery Foundation. Will the Minister inform the Committee what are the values of those gifts and purchases of art work, and what major acquisitions has the gallery made in the past year?

**The Hon. Anne Levy:** The total acquisition in the gallery in the past year made an all-time record of \$1.73 million. Of this \$1.16 million were purchases, and the remainder were gifts of particular works of art. Probably the best known acquisition was the cast of Alfred Gilbert's very famous sculpture Eros which is identical to the one which stands in Piccadilly Circus. It is known throughout the world, but I think ours in Australia is loved as much as that in Great Britain. It is regarded as one of the best sculptures of late nineteenth-century Britain, and the gallery is very pleased to acquire it in terms of filling a significant gap in its collection. It is very much a highlight now of the gallery's collection of

British Victorian and late nineteenth-century art, and has attracted a very large number of visitors to the gallery, one advantage being, of course, that you can see it much closer than you can if you go to Piccadilly Circus and really appreciate the fine work of the sculpture.

There have been other European purchases in the past 12 months. There have been five old master drawings, one of them being by the seventeenth-century Italian artist Salvatore Rosa, and the gallery already has two very fine paintings by this artist. The drawing which they obtained is a study for one of the figures in one of the paintings which the gallery has. So, it is doubly interesting for that reason.

A pair of armchairs, designed by Ernest Gibson was purchased and there is a Morris & Company armchair which was originally used to furnish an Adelaide house in the nineteenth century. It still has the original Morris & Company fabric, so it is of great interest. In the last year there were many acquisitions of major Australian works. I have mentioned the European ones, but there were a number of extraordinary and rare additions of the nineteenth-century art of Tasmania, Victoria, New South Wales and South Australia, and one of the South Australian colonial acquisitions was the beautiful figure composition *Madonna and Child* by Alexander Schramm. I mention this because our Art Gallery has doubtless the best collection of colonial art of any art gallery in Australia—not just South Australian works of art but from all around the country.

I would also like to mention three very fine colonial Australian works which were donated to the collection by Mr M.J.M. Carter, who has been a long-time patron of the Art Gallery and has donated works of art worth very large sums of money indeed. All of South Australia is very indebted to him for the wonderful contributions that he has made to our State collection.

In this last year he donated three paintings to the gallery: *Maria Island, from Little Swanport, Van Diemen's Land* by John Prout; an early view of Sydney by Jacob Janssen; and a Frederick McCubbin picture, *Kitchen at the Old King Street Bakery*. These three works add enormous lustre to our collection of the period. There are many other acquisitions. In the decorative arts, there is an example of early Melbourne silver work, which is called a biscuit tin, but I can assure you that it is silver work, and a very fine example. In the area of Asian art there is a sculpture by the very well-known Japanese artist, Toshikatsu Endo. The gallery has also acquired three outstanding early twentieth-century silk textiles from Cambodia and a very rare silk from Vietnam. I mention these because they are the first fabrics from Cambodia and Vietnam which the gallery has ever acquired. The gallery last year, as it has done in past years, has bought very wisely and it continues to establish its very famous, and deservedly so, collection.

**Mr HOLLOWAY:** Also referring to the Art Gallery's achievements for the past year, reference is made to a number of special exhibitions held by the gallery. How many special exhibitions were held at the gallery last year and how many are proposed to be held this year?

**The Hon. Anne Levy:** The gallery runs a very energetic program of special exhibitions. In the past financial year it developed and executed 11 different exhibitions. There was *Unfamiliar Territory* which was

the second Adelaide Biennial of Australian Art and which was shown as the Art Gallery's contribution to the Adelaide Festival of Arts. Apart from that there was *Impressioni Italiane*, which was an exhibition of Italian art. In relation to recent acquisitions of South Australian art by the gallery, there was a new Aboriginal art display as part of commemorating 25 years of Aboriginal citizenship of Australia; there was an exhibition of a single painting, a wonderful work by Claude Monet which drew a very large number of people to the gallery to see it. It is not often that a famous French impressionist painting is shown in our gallery.

The attendances at the Art Gallery always tend to rise during a festival year, but the number of exhibitions that were shown last year and the different segments of the population to which they held great attraction resulted in an extraordinary increase in attendances at the Art Gallery—in fact, they rose by 120 000 on the numbers who had visited the Art Gallery the previous year. Naturally, we are delighted that there has been this increase in visitation to the gallery, as it means that the gallery, which is there for the people of South Australia, is in fact being appreciated and used by them.

**The Hon. B.C. EASTICK:** Particularly when it's free.

**The Hon. Anne Levy:** Well, that has not changed. However, I am sure that part of the very welcome increase in attendance is due to the very large number of very worthwhile exhibitions which the gallery has been putting on. Also, of course, the gallery has introduced programs of talks and lectures. It had a spring lecture series where five distinguished speakers gave five lectures on particular relevant topics. These again attract more people into the gallery. They may come for a lecture but I am sure they sneak a look at some of the artworks before they leave, and this is very much to be welcomed. There are nine different exhibitions being programmed for the current financial year, and three of these have already opened. There is a focus on exhibitions of German art, particularly German art from 150 years ago because this year is the sesquicentenary of the founding of the Barossa Valley and there are many activities celebrating that event.

**The Hon. B.C. EASTICK:** A very well represented area!

**The Hon. Anne Levy:** I sincerely hope that the member for Light will be able to view the exhibition of Colonial Biedermeier, South Australia's nineteenth-century German art, which is certainly part of the Barossa sesquicentenary celebrations and which opens at the Art Gallery on 25 September. I am sure that the honourable member would be very welcome to view it as part of those celebrations, knowing his interest in the Barossa Valley and its sesquicentenary celebrations. The exhibitions planned for this year cover a very wide range and will finish up with an exhibition on Imperial China. This is a touring exhibition which will be targeted to the local Chinese population, as the Italian exhibition last year was targeted to the local Italian population. The Art Gallery has planned a very exciting program of exhibitions which I am sure will be appreciated by many people in South Australia.

**Mr BECKER:** I have a number of questions about the administration of the Jam Factory arising from reports that morale among staff is poor and unrest is increasing



due to financial problems, retrenchments and changes in marketing policies and personnel. I am concerned about reports that the furniture design workshop last month incurred a substantial loss of \$50 000 on a recent quotation to design and fit out a church at Henley Beach. Apparently five extra craftspeople were brought in to help complete the work on time. The craftspeople agreed to work at a rate of \$15 per hour; however, when they had not been paid for about five weeks a deputation to the administrative manager, Ms Brooks, elicited an offer of \$11.50 per hour. The craftspeople later agreed to \$12.50 per hour, notwithstanding the original offer of \$15.

I am advised that the craftspeople would not have agreed to help the Jam Factory management get out of its deadline dilemma problems if the initial offer of pay had been \$12.50; but they had no choice other than ultimately to accept this lower rate of pay or not be paid at all. This is not the only example where the furniture design workshop has been way out in its quotations for work. Apparently the job it quoted for fitting out the retail shop at the Lion Art Centre went \$10 000 over budget. Will the Minister investigate concerns that the management at the Jam Factory does not have the appropriate skills or commercial knowledge to submit realistic quotations for work, or is deliberately submitting low quotations irrespective of costs, in order to gain work? Also, will the Minister investigate the grievances of the five craftspeople engaged by the Jam Factory to help complete the fit-out of the church, to determine if the Jam Factory management can or should be obliged to pay the craftspeople the originally negotiated fee of \$15 per hour?

**The Hon. Anne Levy:** I should point out, as members of the Committee may not know, that the Jam Factory is not a statutory authority but a community organisation, an incorporated body, and the board of the Jam Factory runs the affairs of the Jam Factory. The honourable member mentioned a report: I do not know to what report he is referring. It is certainly not a report which has ever been brought to my attention. But I will certainly pass his questions on to members of the board of the Jam Factory and ask them whether they can supply the information that he has requested.

**Mr BECKER:** I would ask the Minister to refer the next two questions as well. I am concerned that the Jam Factory has employed four different marketing managers in the past two years—none has lasted longer than their six month trial period. The current Manager, Mr Kym Crawford, was appointed a few weeks ago, after some six years with David Jones. In the meantime, I understand the former Marketing Manager, Denni Rossi, is now suing the Jam Factory for unfair dismissal. There are also a lot of disgruntled craftsmen and craftswomen in South Australia who now find that they cannot get their work accepted for display and potential sale in one of the two retail shops. Following the decision to maintain the Citistyle shop in Gawler Place and to establish a new shop at the Lion Arts Centre, the board apparently decided that the two shops should offer different craft. The Lion Arts Centre shop at the Jam Factory's headquarters now stocks an increasing amount of craft from interstate. I refer to page 267 of the

Auditor-General's Report, which states under the heading 'Retail Operations':

As a result of the move of operations to new premises, the centre now has two retail outlets in the city. In April 1992, the centre decided to retain both outlets and extend the lease of the city shop to 31 May 1993. The marketing strategy is to make the two shops as different as possible in presentation, stock profile and price range so that the shops will be complementary rather than competitive.

In my previous reports I have expressed concerns with the accumulated losses of the city shop. The shop commenced trading in July 1989, with the aim of reducing reliance on Government subsidies. To 30 June 1992, accumulated losses were \$206 000. So there are two problems there: one with the continual changing of marketing managers and the other one is the difficulty that our craftspeople are having getting their stock into the shops. Exactly what is happening?

**The Hon. Anne Levy:** I am not quite sure what the quotation from the Auditor-General's Report has to do with the questions. I do know that the city shop was losing money when originally set up, and the Jam Factory board members had decided to leave the premises as soon as they could get out of the lease which they had on the premises. But they were unable to sublet, so they continued the shopping operation. However, there was then a turnaround, and for several months before the lease expired the shop was trading at a considerable profit. So the decision was made to extend the lease for a further 12 months and, as I understand it, it has continued as a profit-making operation. With regard to the other questions which the honourable member mentioned and which are obviously not covered by the Auditor-General's Report, they are matters for the board of the Jam Factory. I suggest that the honourable member should take it up himself with the board members of the Jam Factory; that is the group responsible for running the Jam Factory.

#### Membership:

Mr V.S. Heron substituted for Mr M.R. De Laine.

**Mr BECKER:** Minister, as I understand it, the Jam Factory is part and parcel of your portfolio, and I do not see why I should have to run around. I am asking you for the information, because it is included in the Auditor-General's Report.

**The Hon. Anne Levy:** I agree it is included in the Auditor-General's Report, but I reiterate: it is not a statutory authority. Certainly I am quite happy to pass the honourable member's questions over to the board of the Jam Factory; but it is not a statutory authority.

**Mr BECKER:** What is it?

**The Hon. Anne Levy:** It is an incorporated body. It is a community body incorporated under the Associations Incorporation Act, like many organisations in our community. It does receive a Government grant but, of course, it is not the only community organisation in this State that receives a Government grant, either. I am not quite sure why historically the Jam Factory is audited by the Auditor-General; doubtless there is some good reason for it dating back to its origins many years ago. I am not *au fait* with the Jam Factory, it not being a statutory authority, just being an incorporated body. However, I

will pass on the honourable member's questions to the board of the Jam Factory for its consideration.

**Mr McKEE:** I want to ask a question on the rock and roll industry, and I ask this as a former secretary of the Musicians' Union in South Australia. The following reference appears at page 409 of the Program Estimates, under 1991-92 Specific Targets:

The recommendations of the South Australian rock industry report were implemented.

What were some of those recommendations?

**The Hon. Anne Levy:** The main one was to help finance a coordinator for the rock industry in South Australia. In last year's budget \$60 000 was allocated for assistance to the contemporary music industry. Part of this was used to enable the industry group, which then called itself the Rock Pool, to employ a coordinator. David Jarratt was appointed to this position earlier this year. His role is to raise the national profile of South Australian rock and contemporary music and to stimulate the business opportunities for people in the industry at local, interstate and international levels. He is working and achieving his aims to the satisfaction of many people in the industry.

Rock Pool has now changed its name to the South Australian Music Industry Association (SAMIA). Only yesterday I had the pleasure of attending a SAMIA function, where honorary membership of SAMIA was given to members of the Angels group, which originated in South Australia: it may have had a different name when it performed here—Moonshine.

Other recommendations from the report have been implemented. A major one is that a grants program has been established specifically for the preparation of demonstration tapes. It was felt that this was a very valuable way of assisting people to get started in the industry.

For grants programs, like all our other arts grants programs, there are calls twice a year. Selection is done by a peer group assessment procedure. Already one lot of 13 grants has been allocated, a few months ago. A second round of grants has just been opened and applications have been called for.

This has been very much welcomed by people in the industry who are delighted with this support. Members of the Angels yesterday were complimentary indeed about the program that we have instituted: they assured us that it is the only one of its type in Australia and should be of great benefit to the contemporary music scene in this State.

**Mr HOLLOWAY:** I refer to the Estimates of Payments, page 186, program 7. There have been a number of accounting changes in relation to the program. Reference is made to a new line, community services, \$165 000. Why has that become a special line?

**The Hon. Anne Levy:** As I mentioned earlier, Artlab lines have been changed in that there is no longer a grant to Artlab for the work that it does for Government institutions. Instead, the allocation has been made to the institutions themselves, so they will then pay Artlab for the conservation work that it does.

**The Hon. B.C. EASTICK:** A work of excellence?

**The Hon. Anne Levy:** Undoubtedly, it is a work of great excellence. We are very proud, indeed, of the work that it does. The resources for the work that it does for

the Art Gallery, Museum, State Library and so on are now incorporated in the budgets of the Art Gallery, Museum and State Library so that all that remains in the Artlab budget in the budget papers is the so-called community service money that is given direct from consolidated revenue to Artlab.

This is used for three different purposes. One is the program of access and equity, whereby it provides conservation work free of charge in different areas. Of this year's budget, \$65 000 has been allocated for the equity and access program. Of this, \$25 000 is allocated for a clinic day free advisory service. Once a month Artlab has a clinic day where anyone can take work along and have its conservation needs assessed. This is provided free of charge.

Artlab also provides school lectures, work experience placements for school children, lectures, tours for clubs and community organisations, free conservation work to some small collecting organisations that would be unable to pay for the conservation work required on historically important material that they might have.

Part of the \$165 000 is also used for the research and development program that Artlab undertakes. I understand that in the current financial year its program will include matters such as examination of cleaning agents in conservation, different dry cleaning systems for delicate textiles, conservation packaging systems and monitoring systems for works of art in transit—the best way of transporting delicate works of art. It wants to look at the examination of environmental monitoring systems that would be used in monitoring the State's major collecting institutions.

It also has work under way in an investigation of repagination processes in the treatment of metal artefacts. It is essential that an organisation such as Artlab should undertake such research and development work if it is to remain in the forefront of conservation work in Australia, and internationally. We are very happy to support an R and D program of this type.

Thirdly, the community service money also includes conservation money for some small collecting institutions that traditionally have not been allocated a conservation budget and have had a very limited access to Artlab's resources even though they can handle significant collections and conservation is an important matter for them. This year Artlab has allocated resources for conservation to three organisations: Tandanya, the performing arts collection and the Riddoch Gallery in Mount Gambier.

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

**Additional Departmental Advisers:**

Ms Rosemary Wighton, Manager, State Theatre Company.

Mr Robert Love, General Manager, State Theatre Company.

**Mr HOLLOWAY:** The allocation to the State Theatre Company from this year's budget is \$1.535 million. I should like a break-down of that allocation showing, in particular, how much is going to the State Theatre's

library, and will the Minister outline whether there are future plans for that library?

**The Hon. Anne Levy:** The State Theatre Company library receives about \$30 000 a year as its share of the sum mentioned. The review into the major arts organisations, which reported earlier this year, recommended that we should look into the feasibility of amalgamating the individual performing arts libraries. State Theatre has a library, as has the South Australian Youth Arts Board, and the review felt that it was undesirable to have a number of small libraries scattered around. The State Theatre Company has felt that its library needed to be looked at. It is not very accessible: it is up three flights of stairs, through a door that does not lead obviously to a library, and is open only part time.

Probably as a result of that, its usage is not very great. I am told that it averages 50 uses per month, which is about two per day and hardly comparable with the use of many other libraries. Obviously, there would be advantages in terms of access and cost effectiveness if there were an integration of the performing arts libraries. This matter is being looked at by the department, and I hope that we will be able to make some sensible decisions in the not too distant future.

**Dr ARMITAGE:** The Estimates of Payments and Receipts for this financial year identifies that the State Theatre Company will receive a cut in recurrent funding of \$85 000. However, the review team had recommended the implementation of an urgent priority list of options, which it estimated would result in infrastructure savings of \$150 000 per year by the end of 1993. Has the State Theatre Company's appeal to the Arts Finance Advisory Committee proved successful in reducing the size of the cut recommended by the review team? Also, which of the review teams cost-cutting recommendations that were deemed urgent in March has the Minister now agreed need not be pursued?

**The Hon. Anne Levy:** As I understand it, the review recommendation was a cut for State Theatre of \$150 000 over two years. In effect, this is a cut of \$75 000 in the first year, since the extra \$10 000 is to do with equipment. There has been a reduction of \$10 000 in the equipment grant, but the \$75 000 in general operating costs is as recommended by the review.

**Dr ARMITAGE:** And which of the review team's cost-cutting recommendations has the Minister agreed need not now be pursued?

**The Hon. Anne Levy:** The suggested cost cutting was \$150 000 over two years, so it is being phased in. It is not a question of some of the recommendations not being implemented; it is just that they are not all being implemented immediately.

**Dr ARMITAGE:** The Auditor-General's Report confirms that the State Theatre Company recorded a net deficit for the year of \$495 000 compared with a deficit of \$83 000 the previous year. The Auditor-General also notes that the total income last year increased by \$1 000; that administration costs fell by \$1 000; but that production and performance expenses increased by \$356 000, to a total of \$3.474 million. To what does the Minister attribute incurring such a substantial loss last year, and will she explain when the board first became aware of the potential for such losses and what action it took to arrest them?

**The Hon. Anne Levy:** There has been a fall in income not just for State Theatre but right across the arts, in terms of sponsorship and, in particular, of box office. It is not news to anyone that we are in the middle of a recession, and arts groups across all art forms throughout Australia—and probably throughout the world, although I have no information outside Australia—have noted a decline in box office, which is having an effect on all arts bodies. State Theatre is no more immune to this than anyone else has been.

**Dr ARMITAGE:** The Auditor-General indicates a \$1 000 increase in total income last year.

**Mr Love:** It is true that we incurred an operating deficit of \$495 000 last year, but it is important that a number of factors be noted here. The company recorded as expenses \$81 000 for depreciation and leave provisions and, as the company is funded on a cash basis, these non-cash provisions could be ignored when assessing the actual performance against our budget. The company, for a number of years now, has not incorporated into its profit and loss account part of its corporate sponsorship.

These funds have been set aside in the balance sheet reserve account known as the corporate foundation. In 1991-92 the company received \$89 000, which was credited to this reserve. Accordingly, if these two items were deducted from the reported operating deficit, the company's result for the year would have been a deficit of \$325 000. It is probably also worth noting that, despite the 1991-92 operating deficit, which, as the Minister has said, has been a result of falling revenue against our budgeted targets, the company is in a strong position as of 30 June.

This can be evidenced, if one looks at the balance sheet, through the company's working capital position as at 30 June 1992, which stood at \$223 000, 5 per cent of the company's annual expenditure. This compares very favourably with 2 per cent of total annual expenditure as at 30 June 1988.

**Dr ARMITAGE:** I have not heard an answer to my question as to what reasons the Minister attributes for incurring such a substantial loss. I have heard how the loss may be different from what it is but I have not heard when the board first became aware of the potential for losses of that magnitude and what it did about it.

**The Hon. Anne Levy:** I answered the first part: I said that there was a fall in box office. That is not unique to the State Theatre Company. Indeed, it is occurring to all arts organisations right around the country and is posing problems for them. Ms Wighton informed me in December last year that the earned income was falling compared with what had been budgeted, so there were discussions between State Theatre and officers of the department during the early part of this year. As Mr Love indicated, there was no need for further financial support because of the considerable reserves that were held by the company and its sound financial position in terms of its operating budget.

**Dr ARMITAGE:** As an observation, I point out that State Opera, *Phantom of the Opera* and others have not suffered a fall in box office. In relation to State Theatre, last year what was the cost of overtime payments in relation to production and performance and what was the figure in the previous year?

**The Hon. Anne Levy:** I will take that question on notice because I do not have that detailed information here.

**Dr ARMITAGE:** What is the company's proposed income and expenditure budget this year? Given that the production and performance expenses increased by \$356 000 last year, what is the proposed expenditure this year for production and performance?

**The Hon. Anne Levy:** Is the honourable member referring to the current financial year?

**Dr ARMITAGE:** Yes, 1992-93.

**Mr Love:** At this stage we have not finalised our budget. We are still waiting on information from the Australia Council's Performing Arts Board as to our grant level. We are in the process of putting together our program for 1993 and we are working on some results for that calendar year when we are looking to begin to re-establish that reserve. In the 1993 calendar year we are looking to achieve a surplus of \$150 000 as the first step in re-establishing the reserve.

**The Hon. Anne Levy:** As I said, the financial projections depend on box office. State Theatre is currently running two plays in Adelaide—*What the Butler Saw* and *Lost in Yonkers*—both of which are at least matching if not surpassing their box office expectations. Like film, theatre is a fairly high risk business.

**The Hon. B.C. EASTICK:** At the beginning of the last financial year, the company estimated that its expenditure on performance and production would amount to \$3.474 million. Did the company estimate that it would have that form of deficit or does that figure represent an increase on the expected or estimated expenditure? If so, by how much does it exceed it and in what areas? It must have been predicted at the beginning of the year that there was to be a deficit.

**Mr Love:** Are you referring to the financial year just concluded?

**The Hon. B.C. EASTICK:** Yes.

**Mr Love:** For the financial year just concluded, the company budgeted for a Playhouse deficit of the order of \$220 000. That was exceeded by a substantial amount, leading to an operating deficit of \$495 000. In terms of expenditure, the company has always had a good track record of being able to monitor and hold to expenditure budgets but, during the last financial year, we discovered that the current economic circumstances in the general community have led to a decrease in box office of a substantial level—about \$260 000 or so against budget. That meant that the result that we incurred occurred.

**The Hon. B.C. EASTICK:** We have had representation that a number of local actors are quite disillusioned that the State Theatre Company is not using or supporting South Australian actors. They are concerned that major roles consistently go to actors from interstate, yet our own experienced actors and actresses are being given opportunities in roles interstate. What is the STC's policy on employing and supporting local actors, both graduate and experienced actors? How much did the STC spend last year on living-away-from-home allowances for actors engaged from interstate?

**The Hon. Anne Levy:** I do not think it can be substantiated that State Theatre does not use local actors.

**The Hon. B.C. EASTICK:** I am talking of major roles.

**The Hon. Anne Levy:** No, the honourable member said 'actors'. Major or minor, the roles provide employment, experience and opportunity. Because the theatre program tends to be organised on a calendar year basis, I will refer to the figures for the past three calendar years, that is, 1990, 1991 and 1992. Over that time, 262 actor positions were available and 163 or 62 per cent of them were filled by Adelaide actors, which means that the company is hardly ignoring local talent. It is estimated that, for 1993, 72 per cent of the actors employed will be from Adelaide.

State Theatre is not obliged to employ Adelaide actors, but it does so to the extent that it does to nurture and encourage the local industry. However, like any other South Australian performing arts organisation, State Theatre is very mindful that the South Australian public deserves to see the best of Australia's performers, and it will engage interstate actors accordingly. As well as increasing the likelihood of achieving box office requirements, the employment of interstate actors will also enhance State Theatre's ability to attract sponsors and affect its ability to tour productions to other States which are much more likely to take a State Theatre production if it includes interstate actors than if it consists entirely of South Australian actors. Certainly, I do not think it can be said on these figures that State Theatre ignores local talent when two-thirds of the actors it uses are Adelaide based.

The second part of the question referred to the travel allowance which interstate actors received through being cast in State theatre productions. This calendar year I am told that about \$150 000 was budgeted. The budget is on target for that amount.

**The Hon. B.C. EASTICK:** In relation to the loss circumstances which have arisen and notwithstanding the answer the Minister has just given regarding the importance of having a mix of both interstate and State actors, does the STC intend to engage more local actors for their seasonal plays next year to offset some of that loss? By way of explanation, I indicate that some of our experienced actors who have gone interstate because they fear they have not been given an opportunity in South Australia include the likes of Teddy Hodgeman, Audine Leith, Daphne West and Barbara West.

**The Hon. Anne Levy:** With regard to those two questions I understand it is not true that those actors have moved interstate. They may temporarily be interstate having been employed by companies interstate, but those actors mentioned, certainly as far as I am aware, are based in South Australia and have on numerous occasions been employed by the State Theatre Company.

With regard to next year I thought I indicated earlier that the three year average of 62 per cent Adelaide based actors is expected to increase to 72 per cent Adelaide based actors in the next calendar year. For next year's living away allowance, the budgeted amount will fall to \$57 000.

**The Hon. B.C. EASTICK:** How much is the daily interstate allowance?

**The Hon. Anne Levy:** The figure is \$452.60 per week. I should perhaps expand on that figure. That is the cash equivalent of the allowance. Accommodation can be provided, and if the actor chooses not to use the accommodation provided—which has to be of a certain

standard—the \$452.60 is the cash equivalent which they receive instead of the accommodation part of that allowance. The actual cost to the company may sometimes go above that amount if the costs of the accommodation rises above what is allowed for in the award.

**The Hon. B.C. EASTICK:** If we can just relate to the fall in patronage which has been well expanded, figures made available to me suggest there were 64 000 patrons at the Playhouse last year which was down 16 000 on the previous year. However, by contrast it is noted that the State Opera did not register a fall in attendances. Has the Minister or her advisers been able to rationalise why one area of activity has been able to remain static whilst the other has fallen away? Of course, this relates to the by-play between the Minister and me before lunch, when I said that larger numbers are going to the Art Gallery for free because of the financial circumstances which exist and which must be part of that drop in patronage.

**The Hon. Anne Levy:** It is very difficult to give a definitive answer in matters like this. It is a bit like how people vote: we all wished we knew, but there are variables which one can never determine. I think it would be fair to say that in general the State Opera attracts a wealthier audience than State Theatre does. So, tough economic circumstances may have less effect on their disposable income than it does to those on lesser incomes. I also know that State Opera has a larger part of its audience which takes out a full subscription to the series and that a smaller proportion of their ticket sales are single seat sales, whereas in State Theatre I think the number of subscribers is getting close to 4 000 who will obviously attend every play. However, a much larger proportion of their ticket sales are single performance tickets, which again are more likely to be affected by a recession.

It has been pointed out to me that comparing the two years, State Theatre had one less production which meant that there were considerably fewer performances; in 1990-91 there were 231 performances, but in 1991-92 there were 196 performances. Obviously, if there is a decreasing number of performances, there is a decreasing number of seats available, and that must affect total attendances. Also, a very major difference between State Opera and State Theatre, apart from the fact that one does opera and one does theatre, is the fact that State Theatre has a policy of doing at least some performances or productions of new Australian plays, and that is not the policy of State Opera. Time has shown that audience attendances are not usually as great for new Australian work as they are for tried and true works.

**The Hon. B.C. EASTICK:** State Opera does not use so many guinea pigs?

**The Hon. Anne Levy:** I suppose one could say that, other than the last two festivals: State Opera has done modern opera—not Australian opera but at least not nineteenth century opera. In addition, the Australia Council, which provides funds to State Theatre, will only provide funds where modern Australian work is being done, and there is no Australia Council contribution to State Opera.

**The Hon. B.C. EASTICK:** Different products.

**The Hon. Anne Levy:** Different product, yes.

**Mr McKEE:** I refer to the member for Light's second question. In fact, I raised the same issue at the national level of the union only to have the Federal secretary pull out a list of names of Adelaide actors who it claimed were taking all the positions of the Sydney actors. I did not last too long on that podium. Is it fair to suggest that, by their very nature the entertainment industry and the arts are itinerant, as part of the profession? Do people think that those who are professionally involved in the arts expect to travel as part of honing and improving their art, their performance and their discipline?

**The Hon. Anne Levy:** I think it is generally accepted in the performing arts, perhaps in the performing arts more so than other art forms, that there is always a degree of movement. Audiences can get sick of the same faces however good they are. I think it probably is in the nature of the industry. It is obviously expected to be that or the award would not be so specific in the terms of travelling allowances. The very fact that there is this specificity and detail of travel arrangements in the award seems to me a confirmation that it is an industry where people are expected to travel and move a good deal.

**Dr ARMITAGE:** What did the State Theatre Company pay to the Adelaide Festival Centre Trust last year for the rental of venues at the Festival Centre complex? Does the Minister agree with the chair of the STC, as expressed in the review, that if the STC had control of venues in the drama complex, that is, the Playhouse and the Space, this would help the company 'to develop a rich and varied program of work and its own distinct public image and identity'?

**The Hon. Anne Levy:** I will have to leave the detailed figure question to someone from State Theatre. With regard to the control of venues, the Festival Centre Trust is currently having a business plan developed, and one of the matters being looked at in the business plan is the management and control of the different performing venues within the Festival Centre Trust. I think we need to wait for the result of that business plan before any firm decisions can be made in the matter of control of venues. I have just had a note passed to me which says that the rental and services, which includes theatre staff, that was paid to the Festival Centre Trust by State Theatre, was approximately \$700 000.

**Dr ARMITAGE:** Does the Minister agree with the chair of the STC that the Bass ticketing system should be reconstituted as a separate company legally independent of the Adelaide Festival Centre Trust; or with the views of the review team that the STC's concerns of current arrangements should be addressed in the immediate future by the Adelaide Festival Centre Trust inviting representatives of other main user groups to join an enlarged board of management?

**The Hon. Anne Levy:** The business plan for the Festival Centre Trust to which I referred will obviously be looking at matters such as Bass. That will be very much part of its considerations in the business plan for the trust. I would like to wait for its conclusions before making further comment. It is certainly true that in the past there have been problems with Bass. I know that the Festival Centre Trust has spent a great deal of time and energy improving the Bass system and the facilities, increasing the number of staff and improving the whole computer system. I do not want to pretend that everything

is perfect in the most perfect of possible worlds, but I am sure that there have been great improvements in recent times. I really think any further comment should wait until the Festival Centre Trust has completed its business plan.

**Dr ARMITAGE:** Given that there are now Government funding cuts, deficits and changes to be made in accordance with the recent review, I am concerned that the position of the Deputy General Manager of the State Theatre Company is vacant and the board has now announced by mutual agreement that the General Manager's contract is not to be renewed. In respect of the company's structure, I note that the review team recorded concern 'that there is currently a weighting in favour of males in senior management and artistic positions in the company'. In seeking applications to fill the position of General Manager and Deputy General Manager, what will the board do about that recommendation of the review team?

**The Hon. Anne Levy:** I am sure that the merit principle will apply as it has always done in State Theatre and indeed throughout the Public Service. The Deputy General Manager's position was a new position and he was only there for three months. So, except for those three months the company had never had a Deputy General Manager. Currently a restructuring of the organisation is taking place and it is not expected that the position of Deputy General Manager will continue to exist.

As the honourable member indicated, the current General Manager will be finishing his contract early in the new year, and very soon advertisements will be placed to fill his position as from the date he leaves. The position will be advertised nationally; it will be an open advertisement. The Chair has just reminded me that the two previous General Managers were both female.

**Additional Departmental Adviser:**

Mr T. McFarlane, General Manager, Adelaide Festival Centre Trust.

**Mr HOLLOWAY:** My question relates to page 416 of the Program Estimates. What is the Festival Centre Trust's program to provide access for people who, for social or economic reasons, are unable to attend events at the centre? What does the trust plan to do in such situation?

**The Hon. Anne Levy:** The Festival Centre does have a considerable access and equity program whereby opportunities are made available for people to attend performances at the Festival Centre who otherwise might not be able to. The detailed statistics indicate that in a 12-month period (it does not exactly correspond to either a financial or calendar year) nearly 4 500 people participated in the access program. This is where they were able to attend particular performances at very low entry prices. The access is usually made available through institutions, whereby a large group of individuals can take up the offer of very low price tickets to a particular performance. The Festival Centre has done a great deal in making this program available, which, in effect, is providing a subsidy to these people who would not otherwise be able to benefit from the programs at the Festival Centre.

**Mr HOLLOWAY:** Page 416 also indicates that one of the issues facing the Adelaide Festival Centre Trust is the greater demand for the theatre from disabled and aged people; that is another aspect to it. How is the trust addressing that issue?

**The Hon. Anne Levy:** The Festival Centre is very aware of the needs of people with disabilities. Although the original design of the theatre did not make it completely user-friendly for people in wheelchairs, nevertheless there is access for wheelchairs. The Festival Centre also has an audio loop, which means that the sound is enhanced in certain seats within the theatre so that people who are hard of hearing can specifically book these seats and consequently get an enhanced sound. There have also been performances where interpreters for the deaf have been provided. At one performance, amongst many of a particular show, interpreters are provided who stand at the side of the stage and interpret during the performance. So, again, assistance is provided for those who have such a disability. I do not know whether the honourable member has ever seen such a performance; I did attend one myself during the festival, and it was really heart-warming to see these interpreters at the side of the stage interpreting for deaf people throughout the performance. I have been informed also that the Morning Melodies program, which is put on, as it says, in the mornings, although sometimes in the afternoons, is specifically designed to appeal to senior citizens, and about 35 000 of them do attend these performances each year. There is no doubt that the Festival Centre is used and loved by a very broad cross-section of the South Australian community.

**Dr ARMITAGE:** Page 409 of the Program Estimates refers to reviews of arts organisations. Last year reviews were conducted on the following arts organisations: Adelaide Festival Centre Trust, State Theatre, State Opera and the South Australian Youth Arts Board. Further reviews were conducted into various divisions within the department, plus the Art Gallery, Museum and History Trust. The results of those reviews have all been released except for the reviews of the Adelaide Festival Centre Trust and the Art Gallery of South Australia. My question is: as the Minister ordered the reviews and as they were conducted at a cost to the taxpayer—and I understand consultancy charges were \$27 000—and as all the divisions and agencies which were reviewed absorb millions of dollars of public funds, and as they are all ultimately accountable to the Minister and the Minister to the people via the Parliament, why has she refused to release the reviews of the Adelaide Festival Centre and the Art Gallery of South Australia? If it is because of specific requests of the respective boards, why has she not overridden those board requests, given her responsibilities to the public and the expenditure of public money?

**The Hon. Anne Levy:** The expenditure of public money was the grand total of around \$20 000 (including external fees of \$13 000) for all the reviews of the statutory authorities. I think it was fairly good value for money indeed to have the reviews done for such a low sum. The taxpayer might well have expected to pick up a great deal more than that. As to the review of the Festival Centre Trust, it has been agreed with the board that it will form one of the background documents that will be

used in the preparation of the business plan for the Festival Centre Trust, to which I referred earlier.

The business plan on which work has begun is being overseen by a steering committee of four people headed by Mr John Bastian of Sola; a representative of the Government Management Board, Mr Schilling; the General Manager of the Festival Centre Trust, Mr McFarlane; and the Chief Executive Officer of the department, Ms Dunn. Work has begun on this. The target is to have this completed by the end of this calendar year, although it would be nice if it could be completed before then.

**Dr ARMITAGE:** A supplementary question: I heard the Minister say that they cost only about \$20 000 and that in her view that is good value for the public dollar, but I have not yet heard why they have not been released. Is it not fairly paternalistic for the Minister to decide whether it is good value? Why are the reports not released so that the taxpayer can decide that?

**The Hon. Anne Levy:** It was around \$20 000 for the four reviews. I suggest that that is very good value for money: in many cases in the private sector if one attempts to get a review done the prices are likely to be many multiples of that figure for four reviews. That aside, the review was by agreement between the board of the Adelaide Festival Centre Trust and me: it was felt desirable that the review papers were to be referred as background material for the construction of the business plan; there had been suggestions that a business plan was an appropriate course of action; and it was by agreement between the board and me that the review documents were to be regarded as background papers for the review.

**Dr ARMITAGE:** Again, a supplementary question: what was the difference between the review of the Adelaide Festival Centre Trust, which has not been released to the public, and the reviews of the other three organisations, which have been?

**The Hon. Anne Levy:** Basically, the difference is that the ones that were released were complete in themselves; the ones that were not required more work. In consequence, they have formed the background for more work to be done. By agreement that is what is occurring.

**Dr ARMITAGE:** As an observation, to have four reviews done for \$20 000 is good value only if what they produce is good value. To make the allegation that private reviews might cost many hundreds of thousands of dollars more is fatuous. The only value is if the people can see the value for the dollar that they are spending.

**The Hon. Anne Levy:** I make an equal observation: three of the four reviews have been released and each of those three would have cost more than \$20 000 if done in the private sector, given the charges that many private consultants are able to command these days. I reiterate that that has been very good value for the taxpayer.

**The CHAIRMAN:** It may suit the member for Adelaide and the Minister to make observations, but the rest of the Committee, especially me, would rather hear questions and answers.

**The Hon. Anne Levy:** My apologies, Mr Chair.

**Dr ARMITAGE:** I defer to your observation, Sir. In relation to the business plan about which the Minister has spoken, we have heard who the members of the committee are. What is the budget for the preparation of this business plan, including the fees for consultancies if

that is necessary? When is the committee due to report, and will this report be released to the public?

**The Hon. Anne Levy:** The budget for this will be approximately \$50 000: I cannot be more precise than that; I would not want to be accused of misleading Parliament if it goes a little beyond that, but that is the ballpark figure. As I indicated, it is expected to be concluded by Christmas. There is every expectation on the part of everybody that it will be made public.

**Dr ARMITAGE:** On page 409, the Program Estimates note that last year the review of the Adelaide Festival Centre technical and maintenance needs was completed. I understand that the review was in two parts: first, \$8 300 for a lighting and sound survey that was conducted to determine the suitability of present technical equipment and, secondly, a \$15 000 building fabric survey that was conducted by SACON to assess the general building needs for the upgrade of the Festival Centre and Her Majesty's Theatre. Both reports were important because for some years there has been some concern that the Festival Centre has been in danger of losing its pre-eminent position, especially in relation to venues in other capital cities.

What conclusions did both consultancies reach as to the cost of addressing the technical and general building needs of the Festival Theatre complex, and what funds have been provided this year to implement the recommendations of those reports?

**The Hon. Anne Levy:** As the honourable member has indicated, two reports have been prepared: one on the technical equipment requirements of the Festival Centre and the other on essential maintenance work. In round figures, the two reports recommend work totalling about \$5 million. As the honourable member can see from the budget papers, \$1 million has been allocated this year to the Festival Centre Trust towards implementation of these two reports. The total recommended by the two reports was about \$5 million but that was split into short and long term. It was a recommendation of \$3 million in the first instance and another \$2 million further down the track. The budget papers show an allocation to the Festival Centre Trust of \$1 million this financial year.

**Dr ARMITAGE:** Leaving \$2 million of work that is needed immediately?

**The Hon. Anne Levy:** Not necessarily immediately.

**Dr ARMITAGE:** Recommended to be done now as opposed to the longer term.

**The Hon. Anne Levy:** It is not a report that \$3 million is needed this minute, but the Festival Centre Trust is reasonably happy to have \$1 million this current year to begin work on these matters. The production of the business plan may affect some of these requirements, while not of essential bread and butter maintenance. It could well affect the technical requirements of the venue, so those figures, both short and long term, may be altered when the business plan has been produced.

**Dr ARMITAGE:** This year, recurrent expenditure for the Festival of Arts has been reduced by \$1.6 million following the decision to alter the funding arrangements. I realise that the Perth Festival is funded in a similar manner to that proposed for ours. When the suggestion was first put to the Minister and/or the department by representatives of the Adelaide Festival, was it on the basis that the unclaimed State lotteries funds be used to

supplement and not to replace funding through the department, thus providing a reserve fund for the Adelaide Festival for use if and when required?

**The Hon. Anne Levy:** The General Manager of the Festival Centre Trust has exactly the same recollection as I have, that details of that nature were not discussed in the first discussion we had on the matter. Before having this discussion, both he and I had thought of this possibility, both having been aware of what the Western Australian Government was doing, I presume, and we discussed it in terms of a source of funding that could increase the total available resources for the Adelaide Festival of Arts, but without at that stage going into details of allocations.

The Government remains committed to adequate funding for the Adelaide Festival, as shown not only by the proposal for changing the funding method but by a commitment that the next Adelaide Festival will receive funding of \$2.5 million. This decision is made on the basis that, if the unclaimed lotteries fund fell below that amount, it would be made up.

**Dr ARMITAGE:** From the arts budget?

**The Hon. Anne Levy:** I do not think that we need cross hypothetical bridges until we come to them. It is expected that the method of funding will produce the \$2.5 million but that the bottom line guarantee is given to reassure the festival board that, whatever happens to the fund, it will have \$2.5 million for the next Festival of Arts—which is a considerable increase from the resources that were allocated to this year's festival. That clearly indicates the Government's commitment to the festival, recognising the great economic as well as cultural benefits it brings to South Australia.

**Mr BECKER:** Has the new Entertainment Centre impacted on attendances or productions of the Festival Theatre?

**The Hon. Anne Levy:** As the honourable member would know, I have no responsibility at all for the Entertainment Centre. In the entertainment area it is very hard to say what affects what, but I will ask the General Manager whether he would like to give his impressions—and I am sure that it could be impressions only; one can never prove anything in this regard.

**Mr McFarlane:** In our opinion, the Adelaide Entertainment Centre has had no effect either on hirings or on attendances at the Festival Centre. They are two different sized venues used for different types of presentation. The only area in which we foresaw that we may have lost hirings is where people who may have come in and hired the Festival Theatre for two nights might find it more economical to go to the Entertainment Centre for one night. But we have not seen even those artists and companies leave the Festival Theatre, because those types of audiences want the greater comfort of the Festival Theatre.

**Mr BECKER:** Concerts by people such as Carreras, Domingo and one other I went to had very small attendances, so perhaps two nights at the Festival Theatre might be more comfortable, although it might be more expensive, too.

**The Hon. Anne Levy:** As a patron of both venues, I can assure the Committee that the Festival Centre is more comfortable.

**The CHAIRMAN:** Thank you very much, Mr McFarlane.

**Mr HERON:** In relation to page 185 of the Estimates of Payments booklet, how many Community Information Services are funded under that program and what did those services really entail?

**The Hon. Anne Levy:** The Community Information Services, like the subsidies to public libraries, are funded through the Libraries Board of South Australia and the grants are administered by that board. There are currently 30 Community Information Services throughout the State, which operate from a great variety of locations: some of them out of their local public libraries, some from community centres, some from council properties; and the funding that each receives is based on a formula that takes account of the number of people in the area as well as including a needs factor.

The funding ensures that all populations, regardless of the socioeconomic conditions or ethnic composition, will receive an amount of money to provide services appropriate to their needs and, therefore, to provide more extensive services where the needs are greatest. I will illustrate the point with a couple of examples. The Community Information Service in Hindmarsh serves a population of about 8 500 people. If it received money purely on a per capita basis, it would get only a bit over \$3 000. Because of the needs of the people in that area, the service receives about \$8 000. By way of contrast, the Community Information Service of the Burnside council serves a population of 39 000 people, so it is funded purely on a per capita basis. The socioeconomic and social mix of the people in Burnside makes it unnecessary to subsidise the service beyond a per capita base. Therefore, Burnside also receives a bit over \$8 000.

The type of information that is provided by Community Information Services is hard to define. It is information for everyday living. It can be information about the services, programs, facilities, functions and activities within a community. It can be information about special needs or accommodation. It can be information on housing or tenancy problems. The services receive queries on consumer protection, education, legal matters, finance, income maintenance, leisure facilities, general community activities, and special services for groups such as Aborigines, senior citizens, people with specific forms of disability or people of non-English speaking background. The services also provide information about special services for young people, and so on.

Community Information Services are sources of information on anything and everything on which anyone could possibly want information, and they play a very valuable role in the community. That is recognised by the fact that more and more council areas want Community Information Services available to their population. I am sure that the trend will be to see them associated with public libraries.

**Mr HERON:** My next question relates to page 185 of the Estimates of Payments and Receipts and the line, 'Subsidies and processing costs of local government libraries'. Does that include the public libraries automated information network? Is that system operating yet and what benefit does it provide?



**The Hon. Anne Levy:** The public libraries automated information network, commonly known as PLAIN, is included in the line concerning subsidies and processing costs of local government libraries. PLAIN is the computer system that connects the 136 public libraries scattered around the State of South Australia. It is one of the most comprehensive public library services in the country. It has its central services centre at a building in Hindmarsh and is now called PLAIN Central Services.

Earlier this year a new phase of PLAIN was introduced which enabled any public library in the State to access via a computer the catalogue or the collection of every other public library in the State and to make arrangements electronically for inter-library loans. That means, in effect, that readers have access to any book in the public library system throughout the State, which increases enormously the range and number available, of course.

Later this year, by means of PLAIN, the 136 public libraries will also be able to link into the computerised catalogues of the State Library on North Terrace, which is the major reference library. That is computerising its collection by a computer system that is called SALINET. There will be access from PLAIN to SALINET later this year so that anyone in any public library in South Australia will be able to access the catalogues of the State Library as well as all the public libraries. That is a major advance and we are sure it will be of great benefit to all library users.

**Dr ARMITAGE:** My question relates to page 184 of the Estimates of Payments and Receipts concerning the State Opera. Page 11 of the review of the State Opera Company—the review which we have talked about at considerable length and which was released publicly—says:

The current pared-down activities of the State Opera are cost efficient and effectively managed. Further cuts would threaten the critical mass of the company, jeopardising the presentation of any opera at all.

Why did the Minister ignore this fairly dire warning by the review about the impact of further cuts on the State Opera Company and agree to cut State Opera's recurrent funding this year by \$73 000? As the review did not recommend areas for funding cuts, which areas of State Opera's activities does the Minister believe ought to be cut?

**The Hon. Anne Levy:** The State Opera Board has made a decision to reduce the number of operas produced per year from four to three, commencing in 1993. I stress that this decision was made by the State Opera Board. In no way did I influence it in making its decision as to where it felt it was appropriate to make savings.

It would be presumptive of me to tell the board what to do. It is their responsibility to make such decisions, and they in no way wish to shirk that responsibility. I point out that the State Opera has also decided that, while it will be cutting one production in a conventional theatre, it is committed to presenting an opera in the park during the next financial period which, of course, costs money. However, this will enable opera to be enjoyed by a far greater number of people than can fit in a conventional theatre. This has certainly been shown in the last two festivals, where opera has been presented in Elder Park, where between 30 000 and 50 000 people

have crowded the park and thoroughly enjoyed a wonderful evening under the stars, listening to a magnificent performance by State Opera. State Opera has decided that it will replace one of its in-theatre productions next year with an opera in the park.

**Dr ARMITAGE:** Supplementary to that, presumably the Minister believes that, because it is presumably less expensive to perform an opera in the park, which would still mean that the State Opera Company will be presenting four operas throughout the year, it will be able to be accommodated within the reduced budget for this year.

**The Hon. Anne Levy:** There are a number of points to be made. The opera in the park is a concert production, so it costs considerably less to put on than a full theatrical production, quite apart from its benefits in enabling far more people to partake of the pleasure of grand opera under the stars. Regarding the \$73 000, the State Opera Board has decided that it will cut its equipment budget this year, and some of the money which previously would have been used for equipment will be transferred to general operating costs, I stress that that is its decision, not ours. The State Opera, I am sure, accepts that there have been cuts to arts funding as a whole and that all arts organisations have to play their part in meeting the budget targets for the arts. I should perhaps backtrack a bit and point out to be fair, that State Opera is hoping that a major sponsor will be forthcoming for opera in the park, although at this stage I would not want to give any more details.

**Dr ARMITAGE:** I refer to page 404 of the Program Estimates under the heading 'Development of the Arts and Program Estimates'. Following the decision of the board of the ADT to terminate the contract of the Artistic Director, Mr Leigh Warren has decided to form his own dance company, and I understand that this year funding applications were received from both the Australian Dance Theatre and Mr Warren, and, as it is unlikely at this time of funding cuts that more money will be provided to dance to fulfil the expectations of both applicants, it has been suggested to me that, if Mr Warren's application is successful, the Australian Dance Theatre will face a fairly savage money cut. Has the Minister received the recommendations relating to funding in 1993 for the ADT and for the Leigh Warren Dancers and, if so, what are those recommendations?

**The Hon. Anne Levy:** I have not received any recommendations from the Arts Finance Advisory Committee at this stage. Decisions on funding are currently under consideration at both State and Federal level, and State Theatre indicated a few minutes ago that they do not expect to know their budget from the Australia Council for a while yet. The same applies for all the arts companies. Funding decisions are not usually expected until October or November.

**Dr ARMITAGE:** The Liberal Party has been advised that the Arts Grants Advisory Committee has recommended that the Leigh Warren Dancers be funded. Is there any precedent for the Minister's amending funding recommendations from the funding advisory committee?

**The Hon. Anne Levy:** I think the Liberal Party has been misinformed. I am informed that the Dance Advisory Panel has not even met yet to consider

applications which have been made to it. So, I suggest to the honourable member that he should perhaps distrust his source of information in the future.

**Dr ARMITAGE:** Accepting that for the political repatee, cut and thrust, I ask again, whether the Minister has in the past amended funding recommendations from funding advisory committees?

**The Hon. Anne Levy:** I did so on one occasion only on a very minor grant in an area totally unconnected with the performing arts and for very good reasons which it does not seem appropriate to go into at the moment. But, with that very minor exception, I have always accepted the recommendations from AFAC.

**Dr ARMITAGE:** I refer to page 418 and 'Support Services'. Is the Minister satisfied that over the past year the Cultural Promotions Unit has justified its existence in terms of adding value, if you like, to the arts and cultural heritage in South Australia, and is it to continue operating this year? If so, with what personnel and with what cost, including consultancy budgets, will it do so?

**The Hon. Anne Levy:** The Cultural Promotions Unit has achieved a great deal since it came into existence with a large number of activities. It was responsible for producing the little logo, State of the Arts, which is being used to promote arts and arts activities, not only by them but by all sorts of people. We get all sorts of requests for the stickers. Other people can use it as being a most appropriate logo and a very good promotional activity. Speakers are being provided to community groups which would like speakers about the arts and what they contribute and are capable of contributing.

The Cultural Promotions Unit is working very closely with Tourism SA in terms of stimulating cultural tourism. They have been responsible for the list of free arts activities this weekend which appears in the *Advertiser*, every Saturday and they will coordinate, provided that they are notified by organisations that they are running particular programs, and coordinate them and get this publicity and information giving through the media, which is obviously of considerable assistance to individual organisations. It is about to take part in a major presentation at the Lifestyle Expo, which is part of Seniors' Week, and kits are being prepared for this. What arts activities can and do mean for senior citizens will be actively promoted during Seniors' Week.

As well as all this, the Cultural Promotions Unit will be very involved in the arts and cultural heritage program for the International Year of Indigenous People, which will occur next year. The department is organising a major exhibition of Aboriginal art and it will be through the Cultural Promotions Unit that this initiative is taken and through which all the organisation will be coordinated. Obviously other people will be involved. The staff in the unit involves three people, including the Senior Adviser in the Arts, Mr Len Amadio, the Manager of Special Projects, Mr Jim Schoff, and Deborah Mewett who is the Promotions Officer. Those three people alone make up the Cultural Promotions Unit. Their budget will be about \$350 000. I have been sampling from a report on the Cultural Promotions Unit in the department. This report was prepared after it had been in operation for a while as an internal evaluation and I would be very happy to make a copy of it available to the honourable

member if he would like to see it, rather than take more time going through an extensive document.

#### Additional Departmental Advisers:

Ms C. Procter, Director, State-Local Government Relations Unit.

Ms J. Gerlach, Adviser, State-Local Government Relations Unit.

Mr M. Barry, Director, PLAIN Central Services.

#### Membership:

Mr M.R. De Laine substituted for Mr V.S. Heron.

Mr G.A. Ingerson substituted for Dr M.H. Armitage.

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

**The Hon. Anne Levy:** If I could make a brief introductory remark on the Local Government Relations area: I remind members that the Local Government Services Bureau has been wound down completely now with respect to the various services which it previously undertook, having been absorbed by other State Government departments. For example, the Department for the Arts and Cultural Heritage has taken on the public libraries, which were previously in the bureau; the Local Government Grants Commission has gone to Treasury; the Septic Tank Effluent Drainage Scheme has gone to the E&WS Department; and the Department of Environment and Planning has taken over the Building Branch.

In the past 12 months a number of significant agreements have been signed between the State Government and the Local Government Association, including the Public Library and Community Services agreement, the Septic Tank and Effluent Drainage Scheme agreement and an agreement which gave the State executive of the LGA authority and responsibility to set certain statutory fees and charges to be levied by councils. Some minor services from the bureau, such as parking, are now being handled by the State—Local Government Relations Unit which is attached to the Department of Premier and Cabinet, but that may move elsewhere in the future.

In the past 12 months, the Local Government (Reform) Amendment Bill went through Parliament in March this year, and the Local Government (Miscellaneous Provisions) Amendment Bill was passed some three weeks ago. Negotiations, as set up under the memorandum of understanding, are continuing between the State Government and LGA over a number of matters, particularly including financial arrangements between State Government and local government. Members would be aware that one significant change was announced in the State budget, that being the increase in the petrol tax rate to raise revenue specifically for local government. I welcome any questions on any matters.

**The Hon. B.C. EASTICK:** Notwithstanding this movement of various activities to other departments, by virtue of the document before us, and with the Minister still retaining the name 'local government relations' we may inquire on any matter in relation to local government?

**The Hon. Anne Levy:** I presume so. Obviously I would not have any detailed knowledge of matters that

have gone to the E&WS Department, as these have not been within my purview since 1 July, or sometime earlier than that for the STED scheme.

**The Hon. B.C. EASTICK:** The only reference I can see to local government in the Treasurer and Premier's line is that which relates to a local government disaster fund, and therefore there was no opportunity to pose these questions during the examination of the Premier's lines.

**The Hon. Anne Levy:** I would be very happy to consider these matters.

**Mr HOLLOWAY:** In her opening comments, the Minister referred to the increase in the duty payable on petroleum, with the money to go to local government. Will the Minister say what she sees as the Government's objectives in imposing that duty so far as the reform of inter-governmental relations is concerned?

**The Hon. Anne Levy:** This new revenue source for local government really represents a major reform in South Australian State Government-local government financial relations. For some time, the LGA has been indicating that it felt it would like to have a growth revenue source other than rates, whose distribution would be at its discretion not that of State Government, that it would be a funding source on which it could rely and in relation to which there was the potential for growth. It was in the light of that oft-repeated request from the LGA that the State Government introduced the local government petrol tax.

It is estimated that it will raise about \$32 million in the current financial year, and about \$42 million or \$43 million in a full year. Of course, initially, the revenue gain will be offset by local government agreeing to accept responsibility for programs and functions which are currently funded by the State Government. It is generally accepted that these programs currently total about \$60 million, that is, State Government funded programs which apply at the local level and which certainly interact with local government. As this sum exceeds the revenue which will be available from any petrol tax, negotiations are taking place between the State Government and the LGA to determine the funding and allocation responsibilities and which functional responsibilities will be transferred to local government. Of course, the aim of these transfers is to decrease the costs and to increase the effectiveness of the programs in meeting community needs, seeing they do relate to matters which can properly be considered as being those for a local level.

The increased petrol duty will be levied on a sliding scale, as applies to some of the petrol tax at the moment, which depends on the location of the petrol station. It will not be operative before November, so there is time to prepare for it, and I am sure honourable members would be aware that the rate is 3c a litre on petrol sold within 50 kilometres of the GPO; 2c a litre for stations between 50 and 100 kilometres from the GPO; and 1c a litre for the stations which are more than 100 kilometres away. As these matters are still being negotiated with local government, for the current year the money from the tax will go into a fund which will be administered by the State Government, but that is a temporary arrangement until arrangements are finalised with the

LGA, which we certainly expect to occur before the end of the current financial year and maybe earlier.

**Mr HOLLOWAY:** As the Minister also mentioned in her statement, under program nine, 'Provision of services to local government', no allocation is made, which, of course, coincides with the disbanding of the Local Government Services Bureau. First, what will happen with matters that were under consideration by the Local Government Advisory Committee that were still in train? Secondly, what happens to inquiries and complaints that are made about councils? How are they now handled?

**The Hon. Anne Levy:** With regard to the matters that were before the Local Government Advisory Commission, as members would be aware, according to the transition arrangements provided in the legislation passed by the Parliament regarding periodical reviews of ward boundaries and council representation, councils had the option for those matters which were still in the pipeline either to continue with the LGAC or to choose the provisions which would apply in the future, that is, to have the periodic review checked by the Electoral Commissioner. Five periodic reviews had been completed before 30 June, which were before the LGAC, and all five councils chose to stay with the LGAC and have their reviews completed by them, rather than to go to the Electoral Commissioner.

The other responsibility of the LGAC was to look at proposals for boundary changes between councils. Five boundary change proposals were before the LGAC at 30 June. Four of them have elected to stay with the LGAC rather than transfer to the new LGA panel procedure that was set up in the Act. As for the periodic reviews, councils could choose whether to continue with the LGAC or transfer to the panel procedure: four elected to stay with the LGAC at their own expense as the LGAC is no longer funded by the Government.

The various bodies concerned were not able to agree as to whether the fifth proposal for boundary change should be transferred to the panel procedure or remain with the LGAC. Under the Act that means that it transfers to the panel procedure. The transference has not yet occurred because it is suspected that the proponents may drop the proposal rather than have it transferred, but that matter has not yet been fully resolved.

As to the question of inquiries and complaints that residents have about their councils, in April last year an agreement was signed between State and local government as to how the functions of the former advisory services unit would be carried out. The LGA itself assumed the responsibility for providing information to the public about local government and how individuals could have input into council decisions and the mechanisms for appeals against these decisions or administrative actions of councils.

The LGA also assumed responsibility for monitoring complaints to it and, where it felt appropriate, initiating action to improve practices and procedures adopted by its member councils, so that general inquiries and complaints about councils or complaints about poor but not unlawful local government practice have been referred to the LGA, which has undertaken to deal with them. This referral is working reasonably well after initial teething problems where a number of phone calls were required on several occasions before things could be sorted out.

I understand that the LGA is currently considering new arrangements internal to the LGA so that it can better handle its responsibility for public complaints about practices and procedures of member councils. At the same time, the State Ombudsman has been liaising with councils about his role in dealing with complaints about local government and reaffirming that the Ombudsman's office is a place of last resort where there are complaints about administrative actions of councils.

The LGA has established a working party to look at the grievance and appeals systems that relate to councils. It also wishes to promote model procedures for councils. It is working on this in conjunction with the Institution of Municipal Management. Some councils have developed formal grievance procedures: a particularly good model is the City of Burnside, which has been tackling the issue from the point of view of very good customer relations policies and practices. The Burnside council will soon launch its new 'please review' procedures, which will allow anyone who is annoyed with an administrative action or decision to have it reviewed within seven working days. It is stressing good customer service and conflict resolution. This launch has not yet occurred, but I am very much looking forward to attending the launch of its new customer service procedures, which will take place in about 10 days. So, there is still a way to go, but work is certainly being done on this matter.

**Mr HOLLOWAY:** Referring to page 132 of the financial statement, financial assistance to local government, I understand that the local road grants made during the 1991-92 financial year were made under interim arrangements through the Local Government Grants Commission. What are the new arrangements to distribute grants for the current financial year?

**The Hon. Anne Levy:** Members may remember that a special Premier's conference decided that local road funds that are provided by the Federal Government would be untied so that they could be used by local government not necessarily for roads. In May this year the Commonwealth Government approved new arrangements for the distribution of identified local road grants for three years. It was decided that these road grants would be separately identified and derived, but would be paid to councils as untied grants so that they had flexibility to use them as they saw fit. The distribution of this Federal money between States was to continue on the existing basis.

The distribution of this money between States is an unknown formula. Within the States it has been agreed that the funds would be allocated on the basis of principles developed jointly by the three levels of Government. For metropolitan councils it depends on population and road length; for non-metropolitan councils it depends on population, road length and area. Those factors determine the amount distributed to each council. The Commonwealth principles also were to be consistent with the recommendations of the Royal Commission into Aboriginal Deaths in Custody, so that account is taken of the needs of Aboriginal communities in road funding.

The Commonwealth decision was made only in May of this year, so there was not very much time to do much before the financial year began. For distribution within States, the principles proposed for this year were very similar to those which applied in the past. Just what

principles will be used for the within State distributions in the next two financial years of the three-year agreement with the Federal Government are still being negotiated between all three levels of Government. Of course, we will have discussions with the Local Government Association (LGA) on this matter to determine the South Australian position before it is decided at Commonwealth level.

**The Hon. B.C. EASTICK:** What interpretation is to be placed on the phrase 'local government community'? In the statement by the former Premier when bringing down the budget, he indicated that 'negotiations between the State and local government community will determine the range of existing State Government funding responsibilities' etc. Does the 'local government community' mean the LGA? Does it mean the individual local government bodies? Does it include the ratepayers and electors of local government, who are all part of the community?

I extend the background to the difficulties that arose on the occasion of the local government amendment Bill in February and March of this year, when the LGA was to be given certain authority but there was no clear indication of what or who the LGA was or would be in the future. In other words, there was no legal identification of the LGA. At the time that debate was taking place, one very major local governing body was claiming publicly that it intended to withdraw, so we would then find a situation in which the LGA would not be speaking for the whole of local government or of the Local Government Association.

From my most recent discussions with people in the LGA area, it seems they have not yet concluded their negotiations as to the desire of the individual local governing bodies, let alone the ratepayers or the others, and that it may be some months yet before they could present to the Government or the Government could present to the Parliament a document that truly sought to identify the LGA. I have indicated several aspects of the local government community circumstance, one which is causing quite a degree of interest in the general local government community and in the LGA, and one which would tend to question the ability of any finality relative to what might be termed a memorandum of understanding mark II.

**The Anne Levy:** I appreciate the problem to which the honourable member refers. As he would no doubt know, the memorandum of understanding stated that, during the negotiation period, the State Government would negotiate with the LGA on matters that affect more than one council, although it was always understood that, if a matter affected one council only, the State Government could negotiate with that individual council.

The formal 18 month negotiation period has now finished but, by agreement, it is being extended until the end of this month. Whilst discussions take place as to what will be the consultation process beyond that, just how formal it will be, who it involves and so on, various proposals are being tossed around at the moment. I am meeting next week with representatives of the LGA to thrash out some of the alternatives and, hopefully, to reach an agreement.

It depends on what is being negotiated as to who needs to be consulted. If we are looking at the basic structure of

local government, its functions and how it operates, this is a matter that affects a very large number of people in the community, and it would seem desirable that any consultation or any ability to have input into the process must be extended to more than just local councils. The communities and peak bodies have an interest in the matter, and there should be some means whereby their views can be put forward.

How to achieve this is the sort of thing I will be discussing in the near future with the LGA. It seems to me that the financial arrangement as to the petrol tax money is more properly a matter for local government. It will be a question of how local government does certain things in relation to this money that is allocated to it, and how to work that out is probably a question of negotiation between the LGA and the State Government. Obviously, the LGA consults with its constituent members, but it states very firmly that that is its prerogative: that it is an association of councils and will consult with its councils whenever such consultation is necessary or desirable. The final details as to how that consultation should be undertaken are not yet resolved while, at the moment, the negotiations continue in the same manner and with the same process as was established in the memorandum of understanding.

**The Hon. B.C. EASTICK:** Will the Minister indicate whether she or the Government will extend membership of the Local Government Association to being an obligatory or compulsory action?

**The Hon. Anne Levy:** I have not considered that matter. As the honourable member would know, I am sure, the LGA is recognised in the legislation, but it has always maintained strongly that it is a voluntary association of councils. I do not want to make any off-the-cuff comments on that matter without first discussing it with the LGA.

**The Hon. B.C. EASTICK:** The Minister and other members of the Committee can accept that the very thought of compulsion is against the best interests of local government *per se*; yet, if the legislation were couched in the wrong terms, that might be the only consequence.

**The Hon. Anne Levy:** It is certainly a factor that every council in the State is a member of the LGA and has been for a number of years. While that situation applies, it would seem to me irrelevant whether it is compulsory or voluntary. In net effect, it may make a difference in people's perceptions, but the fact is that every council belongs to the LGA at the moment and has done so for quite a number of years.

**The Hon. B.C. EASTICK:** Councils have the opportunity to withdraw if they wish. I return to the statement by the former Premier when he introduced the measure for the petroleum duty. He said:

Negotiations between the State and local government community will determine a range of existing State Government funding responsibilities which will be transferred to local government as part of the sharing of petroleum franchise revenues.

Will the portion nominated for use by local government be transferred totally to local government or will that sharing mean that the Government intends to retain a portion of the amount that is raised by the petroleum duty?

**The Hon. Anne Levy:** It seems to me that there is confusion. Petroleum duty already exists, and that duty is collected by the State for State revenue. This additional revenue is to be raised through a petrol tax. It is intended that the additional amount will be for local government.

**The Hon. B.C. EASTICK:** In total?

**The Hon. Anne Levy:** Yes, the additional one, but not the total petroleum tax. The existing petroleum tax will not be shared with local government. When the former Premier spoke about sharing the petrol tax with local government, he was talking about the total petrol tax. The additional 3c, 2c or 1c will be earmarked for local government. The petrol tax existing before that additional levy will not be earmarked for local government.

**The Hon. B.C. EASTICK:** Will the Minister indicate what functions the Government intends or desires to pass on to local government to be paid for by that proportion of funds that will be available to it?

**The Hon. Anne Levy:** As I suggested in my opening remarks, this has not yet been determined. It has been estimated that the sum total of functions which the State Government currently pays for but which can be regarded quite logically as local government functions comes to about \$60 million. This additional petrol tax is not expected to raise anything like that sum. It will be \$35 million in the current financial year, given that it will not become operative before November, and between \$42 million and \$43 million in a full financial year. The total matters amounting to \$60 million will not be transferred to local government if it is to receive only \$42 million. It will be a question of transferring \$42 million worth. Just what that will entail has not been decided. There will be negotiations with the LGA as to what functions should be transferred with those resources. It will take a while to sort it out. In the meantime, the money raised will be held in a special fund and administered by the State Government for local government purposes until agreement has been finalised. The sooner agreement can be reached, the better, and we expect it to be reached during the current financial year.

**The Hon. B.C. EASTICK:** To what degree does the Government expect to benefit in financial terms from finding this other source of money for local government and therefore not making money available to local government as it has in the past?

**The Hon. Anne Levy:** It will benefit to the extent that it is not transferring resources to local government. It is difficult to quantify that at the moment because, if a particular function is transferred, it is hoped that it will be done more efficiently and administered at lower cost where only one tier of government, instead of two, is involved, so that there will be savings all round and both State and local government will benefit from the transfer.

**The Hon. B.C. EASTICK:** If a member of the local government community is of the view that its share of the cake has not been sufficient *vis-a-vis* all the other areas, is it the Minister's intention to write into any legislation an appeal mechanism or a distribution review mechanism, for example, using the Grants Commission office, to guarantee that there is equitable distribution?

**The Hon. Anne Levy:** No decisions have been made on this matter. This is all part of the discussions that are occurring. I would not like to pre-empt the outcome of discussions in this regard. On the face of it, some appeal

mechanism seems very fair but it could depend on the procedures that are used for the allocation of funds. The Federal Government distributes money to State Governments without any appeal mechanism applying at all. In saying that, I am not suggesting that an appeal mechanism should or should not be involved. It is certainly a matter for discussion.

**The Hon. B.C. EASTICK:** Is it intended by the Government that the outback areas funding will come from this same source, or will that continue as a distribution from the Grants Commission utilising Commonwealth funds and/or as topped up by the State Government?

**The Hon. Anne Levy:** That has not yet been determined. I think it would depend on what functions were being transferred because the Outback Areas Trust, while it has a local government function in many of the outback areas, does not undertake all the functions of local government in those areas. So, whether or not they were participating would obviously depend on whether they were responsible for a particular function which was being transferred.

**The Hon. B.C. EASTICK:** We might be back discussing these matters in 12 months.

**The Hon. Anne Levy:** I strongly suspect we will be or that someone will be in 12 months time. It is very early days in this, and there is obviously a whole range of issues and their consequences which need to be thoroughly sorted out. I am sure that these discussions will be approached by both sides with a great deal of goodwill in an attempt to achieve a mutually satisfactory outcome.

**The Hon. B.C. EASTICK:** When the Minister abolished the Department of Local Government and established the Local Government Services Bureau, she delegated certain of her powers under the Local Government Act to the Chair and the Deputy Chair of the Bureau's Management Committee. Now that the bureau has been abolished, I assume that the Minister has revoked the delegations, in other words, taken them back unto herself. Has there been any subsequent delegations of power under the Act and, if so, to whom and, if not, what is the Minister's intention in respect of current requirements for ministerial consent?

**The Hon. Anne Levy:** As the honourable member indicates, the delegations were revoked on 30 June when the management committee of the Local Government Services Bureau ceased to exist. In consequence, they have reverted to the Minister for the moment. There has been some correspondence with the Local Government Association regarding this matter. My feeling was that it was perhaps pointless to think about whom they should be delegated to at the moment; that the much more constructive approach would be to look at abolishing the requirement for ministerial approval in most of these matters; that in the spirit of deregulation, and of greater autonomy and independence for local government, on many of these matters it was really quite unnecessary to have ministerial or any other approval at State Government level; and that local government should be able to manage most of these things by themselves.

I have suggested that to the Local Government Association and that we should be investigating all these approvals with the idea of abolishing most, if not all, of

them, and retaining only those where there was a real value to the public interest to do so. I am waiting a further response from the Local Government Association on this matter, but certainly I feel this is the way we should be proceeding and that many of these approvals are unnecessary red tape and regulation and should be abolished. They create work for the sake of creating work.

**The Hon. B.C. EASTICK:** The Minister would know that it was necessary for former Ministers occupying her role to involve themselves in matters relating to entrepreneurial activity. Unless there is some clear indication of what statutory or guaranteed provisions exist for the Local Government Association, or the local government community, to control that area of conflict, might the void be disadvantageous to the people of South Australia or to some council areas?

**The Hon. Anne Levy:** I presume the honourable member is referring to the provisions in the Local Government Act whereby ministerial approval is required before councils can undertake certain entrepreneurial activities.

**The Hon. B.C. EASTICK:** I am thinking more particularly of the problem which arose, for example, at Thebarton.

**The Hon. Anne Levy:** I am not quite sure to which problem the honourable member is referring that required ministerial approval.

**The Hon. B.C. EASTICK:** They were about to enter into an arrangement which completely put them outside the true intent of Parliament and the Act in relation to conflict of interest and financial gain.

**The Hon. Anne Levy:** Obviously, if ministerial approval were not required for certain activities, guidelines or principles which would be set out in the legislation would have to be adhered to. Guidelines might provide that, where financial matters are involved, a business plan has to be prepared and a financial evaluation undertaken by an outside consultant. I am suggesting that as an example, not necessarily saying that that is what it will be. However, one does not need to have ministerial approvals. There are many other ways of ensuring that appropriate and responsible behaviour is being adhered to by councils. That is very much the sort of matter which I want to discuss with the Local Government Association, in the spirit of local government being autonomous, so that they would act within determined legislative guidelines in the same way as State Government does. One then must determine what are the appropriate legislative guidelines within which they act.

**Mr De LAINE:** Concern has been expressed about the recent floods and their effects on local government roads, particularly in the Hills. Will the Minister outline how money for such disasters is allocated from the Local Government Disaster Fund?

**The Hon. Anne Levy:** Honourable members may recall that the Local Government Disaster Fund was established several years ago. It is funded by a levy on the FID tax and it exists to assist local government where there are natural disasters such as floods. The fund is managed by a committee which has two nominees from the LGA and one nominee from the State Government and is chaired by the chair of the Local Government

Grants Commission, who may be said to have a foot in both State and local government camps. There are guidelines for distribution of the money that have been established by the committee and distributed to all councils in the State.

This committee also considers any applications that are made to it for assistance by councils when a disaster has occurred. I should stress that the fund is only available for damage for which council is liable, such as council property, roads and so on; it is not a disaster fund for damage to private property through natural disasters. Claims for assistance are assessed by the management committee on a case-by-case basis, and likewise the type of assistance which it grants is also determined by the committee on a case-by-case basis. It could be a grant; it could be assistance with interest on borrowings—but that is decided by the committee on a case-by-case basis. My attention has been drawn to the fact that I have wrongly indicated the chair of that committee. The chair of the Local Government Grants Commission is a member of the committee, not the chair of it; the chair is one of the Local Government Association nominees, Councillor Malcolm Germein.

As regards the floods in the Adelaide Hills and the damage that they have caused there, this would obviously fit within the guidelines that are laid down by the Disaster Fund. As far as I know, no council has yet made application to the Disaster Fund for assistance. It may well be that the councils need to wait a while before they can determine the full financial effect of the disaster and they need to know just what the cost of reparations are before they can make application to the Disaster Fund. However, I am sure that they will make application to the fund and I expect that they would receive assistance from it.

**Mr De LAINE:** What resources have been allocated from the inter-government relations budget to work on changes to the conflict of interest provisions for local government?

**The Hon. Anne Levy:** As members may know, the conflict of interest provisions have been a matter that has been of concern to a number of people for quite some time, and not only in local government. The question of conflict between private interest and public duty has become quite a hot topic right around Australia at all levels of government. A couple of years ago the then Department of Local Government had a paper prepared on conflict of interest with many representatives from local government involved in that, and that paper was released and served as a discussion paper and on which comment was invited. To some extent the abolition of the department and the new relationship has overtaken some of the recommendations that were made in that report. They implied a role for the department which, obviously, now that there is no department, cannot be undertaken. However, that does not alter the value of a lot of its recommendations.

I have been concerned that this matter has not been finalised. I feel that the confusion that exists in some quarters should certainly be cleared up. The principles should be very clearly defined and be made very open so that there is no doubt in anyone's mind where they stand and what their duties are, from the point of view of both elected members of councils and staff of councils. With

the best will in the world, people can find themselves in difficult situations and not quite know what is the best course of action for them to follow. I am not suggesting any wish to act dishonourably but which is the best way to proceed in acting honourably in such situations. We have set up a consultancy, one could call it, and have allocated \$10 000 for someone with a legal approach to work on this, look at all the submissions that were submitted in relation to the previous report, to examine these and any other comments and to re-look at the matter in the light of the present relationship between State Government and local government. I certainly hope that this will result in some firm recommendations which can then be circulated for comment prior to legislative action being taken to clarify the situation once and for all.

**Mr De LAINE:** What is the current situation in relation to the proposed amalgamation of the Woodville, Port Adelaide and Hindmarsh councils?

**The Hon. Anne Levy:** The proposed amalgamation of Woodville, Hindmarsh and Port Adelaide was one of the five proposals before the LGAC when the bureau ceased to exist on 30 June. By mutual agreement the three councils decided that they did not want to transfer to a Local Government Association panel as set out in the legislation but would prefer the option of remaining with the Local Government Advisory Commission, paid for of course by the three councils concerned. I, for one, certainly welcomed their trust in the LGAC and the procedures and processes that the LGAC was adopting with regard to that proposed amalgamation. The fact that all three councils wished to remain with the LGAC is, I think, a tribute to the method of approach of the LGAC, that it does achieve the trust and confidence of councils. Presently, a series of public meetings are being held—I do not know how many have been held, but I know that a whole series of them has been set up throughout the three council areas.

Through these meetings, anyone can have an input and express their opinion direct to the LGAC. The three councils have decided to hold an indicative poll, which will be held on Saturday week, the last Saturday of the month. Of course, this is an indicative poll only and I, along with the members of the three councils I am sure, will await the result with great interest, as I am sure the LGAC will. I am not sure of the timetable that the LGAC is proposing, but I would imagine that the time of its making a recommendation to me on the proposal put to it cannot be too far distant, in view of all the consultations, discussions and preparation of documents that has been going on for quite a while.

**Mr BECKER:** I understand that there has been a series of meetings regarding the proposed merger of the three councils, Port Adelaide, Woodville and Hindmarsh. According to the local papers, the *Weekly Times* and the *Portside*, between 250 and 300 people have attended the various public meetings. From councils to which I have spoken—apart from one council that is objecting to it—it seems that there is general agreement and that all the problems have been sorted out. It seems that everyone is confident and hopeful that the merging of these three councils into one larger council will show the way of just how it can be done. I believe it has been about four years in the making; it has been a long process, which has been

carried out in the way we would like to see these mergers undertaken. It will be very interesting to see what happens on Saturday 26 September in relation to the poll. I now have a question in relation to the Local Government Financing Authority. Has that organisation fully borrowed the amount of money to which it is entitled and, if so, why? Does it have a line of credit and are there any restrictions on that credit?

**The Hon. Anne Levy:** I will have to take that question on notice and ask the LGFA to provide that information. Honourable members may recall that for the Estimates last year it had been suggested that the LGFA would be a topic of questioning and members of the LGFA were present and able to respond to any questions. I am sorry they are not here today, but I did not receive any indication that any questions relating to the LGFA would be asked. I will have to take the question on notice and get that information.

**Mr BECKER:** Will the Minister also ask those members whether they have had periodical approaches from the South Australian Financing Authority for funds—meaning that the Local Government Financing Authority borrows the money and then invests that money with the South Australian Financing Authority? Is there a board vacancy for the member formerly from the Local Government Department and should there be an amendment to the Local Government Financing Authority Act to cover that vacancy? When will that be dealt with?

**The Hon. Anne Levy:** I will have to take the first part of the question on notice. I understand that the LGFA has money deposited with it and borrowed from it by councils and that it manages that money, and it certainly includes SAFA in its management practices. However, I will get further details on that. With regard to the board of the LGFA, I certainly agree that there is a vacancy there at the moment, because the position of one of the designated members of the authority, as set out in the Act, no longer exists, with the abolition of the department. I have spoken to the LGFA about this and have asked it to look at this provision in its Act and at the whole Act as to what it feels the changes to the Act should involve, both with regard to its membership and generally, or in relation to any other areas of the Act. I know that it has been looking at its Act and considering what changes might be desirable but I have not yet heard back from it on this matter. When I do, I will be quite happy to bring the necessary legislation to Parliament, when it can be fitted into the legislative program.

**Mr BECKER:** I would be grateful if you could expedite the request from the authority, because, if we read the *City Messenger*, Alex Kennedy has you promoted elsewhere, so I would like to see the affairs of the Local Government Financing Authority tidied up as quickly as possible. It is important that an organisation such as the Local Government Financing Authority has the board fully in place, and if a vacancy is created—no matter how it is created—it should be filled. I would like to see an amendment to the legislation so that that position can be filled. This is important, because local government, as well as all taxpayers, are concerned about the activities of the South Australian Financing Authority and similar organisations that borrow and invest taxpayers' and Government funds. For example, the South Australian Superannuation Finance Investment

Trust is a fund that has money invested in all the other States. It even has \$80 million invested in the Sydney Harbor tunnel. Given the leaking of the tunnel and the continual repairs of the road, it makes one wonder how good that investment is. That is what is happening.

Our money is being invested interstate, in shopping centres and in office buildings. Put options are still being undertaken, so I would think that any Government instrumentality that is dealing with taxpayers' funds or with public servants' funds needs to have its board in place so that we can reassure the people of South Australia that the boards are operating the way we would expect them to, in supervising and looking after taxpayers' funds. That is why I make the plea to the Minister: please expedite the filling of this vacant position on the Local Government Financing Authority board.

Finally, I understand that last year the member for Light asked the Minister a question in relation to the percentage rate profile for non-returnable capital of \$13.7 million which was renegotiated between 18 October 1991 and 29 September 1992.

**The Hon. Anne Levy:** I will certainly draw the attention of the board of the LGFA to the honourable member's comments, but I understand that the board has not felt that revision of its Act is a matter of great urgency. It is certainly operating very profitably, providing a valuable service to local government. All the board members have proxies. They do not feel that being one short in the membership of their board is proving a disadvantage or making life difficult for them in any way. I agree that the matter should be finalised, but the board itself does not feel that it must be settled within five minutes. Whatever Alex Kennedy may or may not say, there will be a Minister of Local Government Relations; the honourable member can rest assured that there will be such a portfolio and someone to undertake the responsibilities involved.

I will have to take the honourable member's final comment on notice. It seems that last year he referred to something that was going to happen this year: it was raised last year, but I am sure that he said something about 1992, so it must have been a forecast. I will refer that question. I really do not know what it was about, and I suspect that the member for Hanson did not know, either.

**The Hon. B.C. EASTICK:** Wearing her hat as Minister for Local Government Relations, is the Minister in the habit of using documents of no value in preparing press releases? I refer to press release No. 54 of 1992, bearing today's date, in which the Minister refers to a document that she claims was leaked from the GST planning and coordinating office, suggesting that local government would be landed with 15 per cent across the board. That is not the case, never has been and does not apply.

**The Hon. Anne Levy:** That is not as it was reported to me. By 'document of no value', I thought that the honourable member was referring to a document of no financial value, seeing we were discussing financial matters: pieces of paper rarely have great financial value. I can assure the honourable member that it was not an anonymous document, unlike other documents that have been quoted from today which, without indication of their



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

State Services, \$7 639 000

**Chairman:**

The Hon. T.H. Hemmings

**Members:**

Mr H. Becker  
Mr M.R. De Laine  
Dr B.C. Eastick  
Mr P. Holloway  
Mr C.D.T. McKee  
Mr W.A. Matthew

**Witness:**

The Hon. Anne Levy, Minister of State Services.

**Departmental Advisers:**

Mr W.R. Cossey, Chief Executive Officer, State Services.  
Mr P.J. Bridge, Director, State Supply.  
Mr M.E. Jones, Director, Corporate Services.  
Mr D.J. Carman, Acting Director, State Fleet.

**The CHAIRMAN:** I declare the proposed payments open for examination. Does the Minister have a statement?

**The Hon. Anne Levy:** I will provide the Committee with some information that will assist it in reviewing the estimates of the Department of State Services. Members probably know that the department provides a range of services primarily to South Australian Government agencies, including supply, forensic science, printing, transport, information, communications, information technology, clothing manufacture and the storage and management of records. As from 1 July this year, Central Linen Service was transferred to State Services from the Health Commission.

State Services is required to recover the costs of its operation from the fees charged for services rendered except in some limited cases where the services are required in the interests of government or the community where a community service payment is provided. These occur mainly in the area of State information, State forensic science, the State Supply Board itself, State records and a small part of the business of State Fleet. Nearly all the services that the department provides may be compared directly with alternative suppliers either in-house, within Government agencies or in the private sector.

The department has been operating strictly according to commercial principles since 1988. It is required to achieve set targets and return a dividend to Treasury. This commercial approach was accompanied by significant increases in the freedom of Government customers as to whether they should use these services; they are not mandated to do so. This has led to substantial emphasis on improving customer service, and in many respects State Services has been at the forefront

of the public sector in its approach to improving customer service.

Central Linen Service, which joined us only two and a half months ago, has a slightly different customer relationship in that the public health system has committed itself to Central Linen for at least the next three years. Since 1988-89 the department has achieved its targets every year, and I am pleased to say that 1991-92 was again successful. Revenue increased by 4.4 per cent while unit operating costs were reduced. This enabled prices to be reduced in many areas. They were held constant in some other areas, while others increased only marginally.

The department's financial charter requires that price increases be kept within the CPI, and this was certainly achieved, although most prices were not increased at all. This trend is expected to continue in 1992-93 with a strong emphasis being placed on continuing cost reductions. A surplus of \$3.9 million was achieved last year, which represented a return on commercial assets of 5.6 per cent compared with a target of 6 per cent. There was also a return on subscribed capital of 18.5 per cent compared with the target of 13.2 per cent, a very commendable result.

Our return on assets was slightly below target, but this was due to an unusually high level of abnormal expenditure resulting mainly from writedowns of obsolete stock and the payment of voluntary separation packages. Unlike many other agencies, State Services was able to finance the cost of separation packages from its 1991-92 revenue and did not need to undertake borrowings for that purpose. Again, in 1992-93 the department is facing a number of challenges and there continue to be a number of uncertainties.

We will continue our cost reduction strategy and efficiency improvements resulting in containment or, we hope, reductions in prices. Further restructuring will be undertaken and voluntarily separation packages offered in specific but limited areas in State Print and Central Linen Service. Following significant changes in 1991-92, State Print will undergo further changes during this year with emphasis being placed on State Print as a provider of information in electronic as well as printed form. This will require the introduction of new technology and the retraining of people.

An example of the changes which will occur and which will have a significant effect on State Print is the way in which *Hansard* will be produced. That change, when fully implemented, will reduce the work at State Print by the equivalent of eight full-time people. State Print is actively pursuing additional desk top publishing work within Government for these people, to ensure that the savings are realised. I am confident that these and other issues will be addressed successfully during the year and that State Services will continue to adapt its product and services to meet the changing needs of its customers.

The Estimates documents from which we are working today are not entirely suitable for a commercial operation, so they are somewhat confusing in assessing the proposed outcome of the department's operation for the coming financial year. I should like to give a few details to clarify the information provided. The total estimated revenue for 1992-93 is \$134.8 million, while the estimated expenditure is \$131.9 million. In addition,

funds of \$680 000 are provided to State Services for the administration of the State Supply Board.

This results in a projected surplus of \$3.9 million, with a planned dividend of \$1.9 million to Treasury. Of the proposed expenditure, community service funding or direct funding from the Consolidated Account is only \$6.6 million. Capital expenditure is estimated to be \$28.1 million, of which only \$1 million will be funded from the Consolidated Account. The balance will be funded entirely from internally generated sources.

Taking into account the return that Treasury received in the form of a dividend and also the proposed repayment of debt, the net draw on the Consolidated Account for the current financial year is only \$3.7 million, which is 2.3 per cent of the total expenditure of \$161 million. We could compare this with 1990-91 when there was a draw of \$12.1 million and \$7.4 million in the past financial year. I stress again that it is only \$3.7 million this year. I would welcome any questions from members of the Committee.

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

Mr MATTHEW: Why is a specific policy on managing the risk of fraud in supply operations not already in existence, and what has occurred to motivate the State Supply Board to do something about this oversight at this time?

The Hon. Anne Levy: I am sure that members are aware that the Government has set up the Fraud Coordinating Committee to combat specifically the possibility of fraud throughout Government. It is in response to that committee that every agency is looking at developing specific policies on managing the risk of fraud in its operation which, in the case of the State Services Department, relates to supply operations.

It is not that attention has not been given to this area before, but the development of a specific policy which is to be integrated across Government results from the Government's initiative of the Special Coordinating Committee on Fraud.

Mr MATTHEW: The Minister is aware that the State Supply Board has a rather large task. The funds at its disposal are not small; it has a purchasing operation managing some \$500 million with a resell operation of some \$30 million. It is not unusual to expect such a policy to be in place. The Minister said that it is not that attention has not been given to this before. What attention has been given to managing potential fraud in the past?

Mr Bridge: A series of policies has been issued by the board over a number of years and those policies have been checked by the board or by agencies themselves. The Auditor-General has a program of reviewing agencies each year and my understanding is that the incidence of fraud in the supply area has been minimal over the years. However, as I understand it, the Government has decided that it cannot be complacent about this issue and, therefore, the coordinating committee has begun the process of looking at whether there are areas that can be tightened up. The State Supply Board is cooperating with the fraud coordinating committee to put in place policies which are modern and which reflect the degree of business that is now being done in computing.

Mr MATTHEW: I have no doubt that State Fleet is cooperating with the fraud coordinating committee. Therefore, what action has the Minister taken to tighten procedures in State Fleet since I contacted her by letter expressing concern over some serious allegations regarding Mobil petrol card abuse by a small number of Government employees?

The Hon. Anne Levy: State Fleet has a system of checking any anomalies in invoices it receives for the use of Mobil cards. It regularly investigates any queries that may result from checking those invoices. It has detected two cases only in the past two years that have required further investigation. The honourable member referred to possible fraud allegations with regard to Mobil cards. Following his making allegations in July, I know that he was contacted by the Commissioner of Police and asked to supply information that could be investigated. The anti-fraud coordinating committee wants to investigate his allegations, as does the anti-corruption squad of the Police Force. As far as I am aware, the honourable member has not provided any information that the fraud squad can follow up.

Mr Matthew interjecting: That's not correct. I have provided information.

The Hon. Anne Levy: I may be mistaken and I apologise to him if he has provided such information in the past two or three days, but my information of a few days ago was that he had not provided any. I am quite sure that both the police fraud squad and the anti-corruption coordinating committee are keen to follow up any instances where fraud in the Public Service has been alleged.

Mr MATTHEW: Before proceeding with a supplementary question, it is important that I set the record straight. The Police Commissioner contacted me after I raised the initial allegations. Within a matter of days after that contact from the Police Commissioner, I furnished information. That is now seven weeks ago. No action was taken after that and I pursued the matter further. As a result of pursuing it and airing it publicly via the ABC, I was subsequently interviewed by members of the police anti-corruption squad. The matter is now being taken further. I am disappointed that it has taken so long for action to be taken.

My supplementary question relating to State Fleet involves the sixty-sixth report of the Parliamentary Public Accounts Committee, which was tabled in November 1991. As the Minister would be aware, that report concerns the management of transport of public sector employees. That report is interesting and the committee concluded:

In the committee's view, a management information system for a fleet of vehicles should include the following elements: a log book for each vehicle; an expenditure record for each vehicle; an asset record for each vehicle; periodic reports based on data captured by the above records; audit reports based on the data captured by the above records; and reports . . . The use of electronic log book systems to collect the above data was brought to the committee's attention by various entities at the outset of this inquiry. The committee believes that those agencies operating large fleets may benefit from the introduction of such systems, particularly if greater market acceptance reduces the price of the equipment. The committee did not attempt to assess the various systems available but recommends that the State Supply Board review the feasibility of the available systems to improve the management of vehicles.

Why are not the most basic, fundamental manual systems identified by the committee utilised by State Fleet? What action has been taken to ensure that, at the very least, the basic, fundamental systems are implemented? What action has been taken to review the use of electronic systems?

**The Hon. Anne Levy:** I will make one comment on the honourable member's statement regarding the Mobil card allegations. As I understand it, the letter that the honourable member wrote to the police was written at the end of July and, in August, the matter was referred to the anti-corruption squad of the police for further investigation. I understand that the police interviewed the honourable member about his allegations before the ABC ran the information.

*Mr Matthew interjecting:*

**The Hon. Anne Levy:** I cannot say when the ABC received its information because I am aware only of when it was used.

With regard to the honourable member's question about electronic devices in State Fleet vehicles, I will cite as an example the electronic device known as Exec-u-log, which has been discussed. It is true that this equipment can be fitted to vehicles to provide all sorts of details regarding usage and driver behaviour and can be used in the management of a fleet. It is claimed that this assists in minimising the number of vehicles in a fleet, which obviously has strong savings for Government, and one would expect fleet managers to be interested in anything that would minimise the number of vehicles.

State Fleet has looked at this question. Each unit costs nearly \$1 300, which is not an insignificant sum. A feasibility study was undertaken by State Fleet which suggested that Government could not justify such expenditure if it were to place a unit in every vehicle or even in some selected vehicles.

A pilot study was undertaken for 10 vehicles in one department to trial the device, but it is the cost which plays an important factor. We note that 12 units will cost State Fleet the same as one vehicle, so there would be enormous cost in fitting it to all vehicles. As honourable members would know following the Public Accounts Committee Report, there have been moves in Government through the GARG process to achieve decreases in the cost of operation and the number of vehicles in the Government fleet, and it is felt desirable to see what economies can be achieved through the GARG process before again considering whether there would be any cost benefit in moving to the electronic devices. These electronic devices have not been used elsewhere in Australia. One fleet purchased a number of these but has never used them and does not feel that they are of great benefit.

I point out that the report of the Public Accounts Committee refers to the whole Government fleet, and State Fleet itself has responsibility for only about 25 per cent of Government vehicles. The other 75 per cent are owned by different agencies and are not in any way within the control of State Fleet. We certainly feel that most of the points made by the honourable member are already covered by the systems which State Fleet uses, but I cannot speak for the other 75 per cent, for whom I have no responsibility whatsoever. I ask Mr Carman to

comment on the management system which is currently in use in State Fleet.

**Mr Carman:** Certainly, the fleet management system that we are using records the full details of every vehicle in terms of its physical attributes, appearance and so forth. It has the ability of recording all the costs associated with owning and operating the vehicle, and it also monitors the use of the vehicle in quite a detailed fashion. You would be aware that we do have short-term hire vehicles and long-term hire vehicles. In the case of short-term hire vehicles, the information that we record effectively makes log books unnecessary but then, in the case of long-term hire, the vehicles in most cases are effectively permanently allocated to other agencies, so we are unable to monitor the use of those vehicles. We suggest that the log book should then be maintained by the hiring agency.

**The CHAIRMAN:** Before I ask the member for Bright to proceed with his third question, I would like to remind members, who may have forgotten, what my interpretation is of a supplementary question. I granted to the member for Bright's last question as supplementary to his previous question. I make the point that my interpretation of a supplementary question is that if a member of the Committee, after receiving an answer from the Minister, wishes to have further clarification or further explanation the Committee will find I am very generous in granting a further question as a supplementary. A supplementary question is not one where the subject matter is still the same as the previous question. That does not give it the status of a supplementary question; I make that point. The member for Bright, who I know always obeys the rules, will now understand what my interpretation is. I also remind the Committee (and we had this before, where the transgressor was not the member for Bright) that it does us no good to have comments on comments. I remind members that there are other forums where a person can comment on what the Minister said or the Minister can then comment on that comment.

**Mr MATTHEW:** I seek the opportunity to ask a supplementary question within the guidelines that you, Sir, have just detailed to the Committee. The gentleman answering the previous question highlighted the fleet management system and therefore not the need for a log book. When I spoke to Mr Peter Grenville from State Fleet about that system, he told me that there were numerous problems with the system. He was hoping for a new system because there were a lot better around, and certainly it was not operating as one would expect of a fleet management system. Mr Grenville volunteered that many details are not included in it, for example, petrol and oil purchases; at least 10 per cent of the details are never received, let alone entered in the first place. It was said that there was no need for a log book to be used. Is this system adequately covering the needs of State Fleet to operate in the manner expected?

**Mr Carman:** I would not in any way contend that our fleet management system is perfect. I would say that within the limits of the information that is available it has the capacity to record those details. I think there is a difference between being able to record the details and being able to use that information effectively. We lease vehicles out to other agencies not to our own employees.

Improvements can be made to our system, and we are currently reviewing that situation. It may require a new system or it may require upgrading of the existing system.

**Mr MATTHEW:** My third question relates to State Supply and, in particular, to page 432 of the Program Estimates. I refer to the 1992-93 targets and objectives and a statement concerning the establishment of a city stationery outlet. Has the business case recommending the establishment of a city stationery outlet been completed, and is it the intention that such an outlet can sell direct to the public such as a normal retail store would?

**The Hon. Anne Levy:** I will leave the first part of the question regarding the business case to Mr Bridge from State Supply. However, I can assure the honourable member that if such a stationery outlet were to be established it would certainly not be dealing with the public. State Services' charter is very clear: it serves Government agencies, the government sector (and interpreted broadly that includes local government) and can also deal with community organisations that are Government-funded or sales tax exempt, and because of this have a relationship to Government. It is not in the charter of State Services to deal directly with the public, and there is no intention of changing that even though I may say that there are people within State Services who feel that this is making them fight with one hand tied behind their back.

**Mr Bridge:** The business case has not been completed. It is one of the items down for this current financial year.

**Mr McKEE:** I refer to page 426 of the Program Estimates which states:

It is proposed that the State Supply Board have responsibility under the Gaming Machines Act for licensing of agents for the sale and maintenance of poker machines.

How does the department propose to go about that and where is the department at the moment in regard to that procedure?

**The Hon. Anne Levy:** I suppose all I can say at this stage is that discussions are continuing. The State Supply Board, under the legislation that was passed by the Parliament, will of course have the gaming machines suppliers' licence and service licence. So, it will be appointing the service technicians—suitable people of course, those who can get the appropriate licence. Likewise, a gaming machines suppliers' licence will mean that the State Supply Board, acting through an approved purchasing agent, can purchase gaming machines from licensed dealers and resell them to the hotels and clubs that have a gaming machines licence.

The Act has not been proclaimed as yet, although I imagine that certain parts of it will be proclaimed so that people can start applying for the various licences that are necessary. As to how the State Supply Board will fulfil its functions has not been fully determined. Obviously, it is having discussions, particularly with the Liquor Licensing Commissioner, who has an overall responsibility for the whole gaming machines legislative procedures. The State Supply Board will be acting very much in concert with the Liquor Licensing Commissioner and, of course, Crown Law on any legal aspects. The procedures are still in the process of being developed and have not been finalised at this stage.

**Mr De LAINE:** I would like to ask the Minister about the partnerships that State Supply form with some of its

suppliers. What is involved and what are the benefits of these partnerships?

**The Hon. Anne Levy:** State Supply, by its very nature, has developed a very efficient and wide distribution network throughout South Australia. In South Australia there were several companies who lacked a distribution network although they had very high quality products available. Forming partnerships between State Supply and these companies has meant that high quality products have been able to be provided at low prices to the customers of State Supply. The companies with which partnerships have been formed are companies such as 3M, Kimberly-Clark, APPM, Verbatim, Computer Resources Company, Canon Australia, Spicers Paper and Polarcup. The obvious benefits from such partnerships are benefits to the customers who get a wider variety of quality goods at low prices and benefits go to the partners of State Supply in that with their goods they can take advantage of the wide distribution network which State Supply has. The obvious advantage to State Supply is that it is undertaking more business thereby enabling it to lower the cost per unit item and achieve greater efficiencies and better profits. So, it is very much a win-win situation.

**Mr De LAINE:** I understand that State Supply has introduced some innovative marketing approaches to support its existing customers and develop new markets. Could you give some details of these initiatives and the benefits that have resulted?

**The Hon. Anne Levy:** This is very much a success story of State Supply which saw an opportunity to expand its services when the Northern Territory Education Department decided to wind down and abandon its warehousing and distribution service. State Supply has most South Australian schools as its regular customers, and it saw an opportunity to pick up the schools in the Northern Territory as customers.

State Supply introduced telemarketing as the most economic way of servicing the Northern Territory schools, which are scattered over a vast area and a long way from Adelaide. This telemarketing service has enabled State Supply to also service some Commonwealth Government Departments and some semi-government bodies, all of which are based in the Northern Territory, because the Northern Territory Government has abandoned its State Supply function, leaving a window of opportunity for our State Supply. The telemarketing service has been expanded to cover customers in South Australia as well, and it has proven to be a very successful innovation by State Supply. In fact, in the past financial year, State Supply virtually doubled its sales to the Northern Territory, because of telemarketing. Of course, this is additional income for State Supply and comes from funds outside the State. So, it is certainly of benefit to South Australia. Of course, telemarketing provides other benefits; it is not just to State Supply. The schools themselves, particularly in remote areas, will have access to a much wider range of educational materials at lower prices than was the case before. So, this is another case of a win-win situation, whereby with these innovative methods the customers are benefiting and so is South Australia, through the initiative of State Supply.

**Mr MATTHEW:** In relation to the electronic management of State Fleet, is the Minister aware that the Centre for South Australian Economic Studies has prepared a report which estimates that there is a 15 per cent potential saving in Government fleet sizes through such a system?

**The Hon. Anne Levy:** As I understand it, the member has misunderstood the report. The report assumes that a 15 per cent reduction will occur and then estimates the savings which will result because of this. It is not an estimate that 15 per cent can be achieved; it is a presumption that a 15 per cent reduction can occur and hence certain savings can be made. I presume we are talking about the same report.

**Mr MATTHEW:** We are talking about the same report, Minister.

**The Hon. Anne Levy:** It has been suggested that the GARG process could achieve a 15 per cent reduction in fleet size without the use of any electronic devices. So, at this stage State Fleet certainly—I cannot speak for the other fleets in Government—would prefer to see what reductions can be achieved through the GARG process where no equipment is required, before considering any investment in equipment.

#### Membership:

Mr S.G. Evans substituted for Hon. B.C. Eastick.

#### Additional Departmental Advisers:

Mr D. Patriarca, Director of State Systems.

Mr A. Secker, Director, State Print.

Mr D.J. Suter, General Manager, Central Linen Service.

**Mr MATTHEW:** Relating to State Systems, I refer the member to page 168 of the Auditor-General's Report and to the Statelink/State Computer merger. As the Minister is aware, the business unit of State Systems was established in February 1991 through the merger of State Computer and Statelink. Since that time the Auditor-General has raised a number of issues that require resolution. He states in his latest report:

It is recognised that State Systems over the past two years has been affected by the Statelink/State Computing merger, proposed Information Utility arrangements and internal developments, which have implications for the areas being addressed.

Audit considers that priority needs to be given to these matters to ensure a timely resolution of the exposures and deficiencies previously identified.

The Minister would be aware that one of the areas raised by the Auditor-General in his 1991 report concerned contingency disaster planning for continuity of computer facilities and processing operations. I am aware that in July 1988 Arthur Andersen & Co. was engaged by the ITU to conduct a disaster recovery planning feasibility study into the Government's main processing facilities. Drawing that and the Auditor-General's statement together, can the Minister provide details of how major disaster information processing in State Systems would be handled? Can the Minister also identify how those contingency plans would be affected to include the Statelink merger into the old State Computing Centre?

**The Hon. Anne Levy:** State Systems as a whole has formal contingency plans to recover from failure of various components necessary for a continued operation

of the installation. I can instance an alternate power grid, recovery of systems and data from off-site back-up, and so on. Currently, there are no formal procedures for recovery from a disaster of major proportions, but a disaster recovery plan project proposal has been prepared by State Systems and will be presented for approval later this month. If it is approved the project will commence early in 1993 for completion about the end of the financial year.

This project will identify strategies to limit disruption to services to customers in the event of a really major disaster, for example, an earthquake, flood, fire or sabotage. Such plans have been prepared but have not yet been formally adopted and implemented: State Systems is working to that end.

**Mr MATTHEW:** To clarify what has just been said, does that mean that the plans would include things like reciprocal arrangements that have been made with an identical mainframe? If so, which sites have been identified? Has there been an opportunity to test in practice the theory of using another site?

**Mr Patriarca:** We have informal arrangements with another data centre in Adelaide that has comparable facilities to ours and have in the past used that facility in relation to laser printing recovery requirements. We make arrangements to ensure that we are aware of all available computer accommodation in Adelaide that has an alternative site and for general arrangements with our suppliers with a view to the provision of alternate hardware. We also have back-up facilities with reference to storing all our data and our operating systems and various other material off site so that we can reinstate the computing environment in the event of a disaster. In relation to communications, we have also had discussions with Telecom in relation to using the public network in the event that our private network experiences difficulties.

**Mr MATTHEW:** My third question relates to the same subject and also to a letter that was sent in 1989 by the then Director of what was the Government Computing Centre, Mr M.E. Jones, to Mr Malcolm Hill, Principal Adviser, Information Technology Unit, regarding a disaster recovery planning feasibility study. The opening sentence of that letter gives me cause for concern. It reads:

I refer to the feasibility report on disaster recovery planning for the South Australian Government. The study has served a very useful purpose by highlighting the almost total absence of formal disaster recovery plans within the South Australian Government. In addition, many general security issues were raised, some of which are already being addressed by the agencies involved.

Bearing that statement in mind, and bearing in mind that it was made on 20 March 1989 in relation to an earlier disaster recovery planning feasibility study, can the Minister say why is it in 1992—well over three years later—we are only just getting our disaster recovery plan in place? Has that not (and perhaps it does still) put Government computing plans operations at enormous risk.

**The Hon. Anne Levy:** I was not Minister at the time to which the honourable member was referring. We have a disaster recovery plan prepared that is awaiting formal approval before implementation. Perhaps we have been lucky, but there has been no formal disaster. There has been no major disaster and it is wrong to suggest that

there have not been disaster contingency plans. As Mr Patriarca has indicated, there are many back-up arrangements and, had any disaster short of the most major one occurred, there would have been no problems at all.

**Mr HOLLOWAY:** With what social justice initiative is State Systems involved? There is no reference in the program to that matter, but I would be interested to know just what part social justice plays in that division.

**The Hon. Anne Levy:** Along with numerous other divisions of State Services, State Systems provides support to quite a number of organisations. It has also provided sponsorship support to a number of information technology industry activities. The number of activities that are carried out by many of the divisions of State Services is probably not generally known. It tends to undertake these quietly without seeking great public recognition for its admirable support.

Recently, in conjunction with a private firm (J&R Communications) State Systems upgraded the telephone system for the Asthma Foundation at no cost whatever to that foundation. It has also assisted the Paraplegic and Quadriplegic Association by supplying and installing new telephone equipment, again at no cost to the organisation. In association with NEC Australia, it recently offered the St John Ambulance Service a PABX system with the associated console equipment. State Systems contributed financially and with labour to install this, again at no cost to the St John Ambulance Service.

State Systems has provided sponsorship to functions such as the Government Technology Expo, the Australian telecommunications user group in Adelaide, the Comtech conference and exhibition and the Australian Computer Society. It has joined with other agencies in sponsoring the business information systems program at the University of South Australia. I suppose that one should not let State Supply hear this, but on occasions excess equipment and office furniture is donated to underprivileged and disadvantaged associations.

It is worth drawing the attention of members to this very public spirited activity on the part of State Systems, for which it gains very little recognition. It does not seek it, but it is worthy of commendation, and I am very glad to have the opportunity of bringing it to the attention of the public of South Australia.

**Mr HOLLOWAY:** During the Estimates Committees last year I asked the Minister several questions about forensic science, and she referred to the research into DNA being conducted by State Forensic Science. Will the Minister provide us with some information about the developments in that area and how the department is helping State Forensic Science in its research?

**The Hon. Anne Levy:** The DNA technology is one of the most exciting developments occurring in forensic science, and State Forensic is a world leader in this area. It has been known for a long time that the genetic make up of every individual is unique, and that the genetic make up is in the DNA which is found in the nucleus of every cell. For some time now, research has been undertaken internationally in developing analytical systems to determine the individual characteristics of DNA, so that the DNA of an individual can be recognised and distinguished from that of any other individual—except, of course, an identical twin.

The biological material with which State Forensic deals is mainly the body fluids of blood and semen, which are relevant in serious crimes such as murder, assault and rape, and typing of these materials is a very important component in forensic science examination. Very accurate and discriminating analytical systems are needed for this, particularly as forensic material is not like a nice fresh sample which may be obtained in a hospital; it can be old, partly decomposed, of very limited quantity and, certainly, not material that the scientist would choose for his analysis, if he had the choice.

But DNA technology is proving of enormous assistance in the analysis of these body fluids. There are two areas in which DNA technology is now being used at State Forensic. One is parentage testing, which uses a methodology known as restriction fragment linked polymorphism, which I will not take the time to explain to members but which provides a much greater level of discrimination than did previous blood group analysis and, therefore, is much more likely to be able to give a definite answer as to inclusion or exclusion of putative fathers, where there is a dispute over paternity.

In criminal work, the methodology used is the polymerised chain reaction. This has the advantage that results can be obtained from very small amounts of degraded biological material. A significant factor in the application of this polymerised chain reaction technology is that results are now being produced where in the past no grouping of samples was possible. This is particularly important in sexual assault matters where the number of positive grouping results has been increased four-fold by use of this technology.

A very important outcome of this DNA technology is that, while we are not yet at the stage of being able to categorise each individual solely by the use of these techniques, they are more powerful tools both for inclusion and for exclusion of individuals who may have been wrongly accused of a crime, and cases in both directions have been found by State Forensic. It has been able to show categorically that someone suspected of committing a crime could not have been the perpetrator of the crime, and in other cases has shown a very high probability that an individual was the perpetrator of a crime, by use of these very powerful DNA tools.

State Forensic employs very highly qualified people and searches the world for the best people to work in this area. It is known throughout the forensic science community of Australia as being pre-eminent and it undertakes work for the police in other States, as well as within South Australia, so highly regarded is its work.

**Mr HOLLOWAY:** Given that forensic science is so important as evidence in many trials, how is the standard or the quality of that evidence guaranteed and maintained?

**The Hon. Anne Levy:** Forensic science laboratories around the world are very concerned about quality management. An accreditation system is used worldwide through the American Society of Crime Laboratory Directors. State Forensic worked very hard on a program to achieve accreditation through this international body, and it was awarded accreditation in October 1990. Accreditation programs for forensic science were not available in Australia at the time, so accreditation had to be sought from the American body. State Forensic

remains the only forensic science laboratory in Australia with formal accreditation. In fact, it was the first forensic science laboratory outside North America to achieve this accreditation standard.

Our leadership in quality management and accreditation is well recognised. A process has been initiated to develop an association between the Australian Laboratory Accreditation Authority, which has now been established, and the American body so that a forensic science accreditation program can apply for Australia and New Zealand. The Director of State Forensic is on the working party that is developing this program. The Director has been chosen for that role because of the pre-eminent position of State Forensic in its field in Australia.

Part of quality management is a philosophy of always trying to improve methods and systems, so thorough and continual training and very active research and development contribute significantly in this area. State Forensic is very active in these areas to maintain and constantly improve its standards.

**Mr BECKER:** Why has there been an increase of some \$3 million or 20 per cent in the capital expenditure on light motor vehicle transport services? I noticed recently in the Minister's answers to my Questions on Notice that the Government has been buying Mira and Charade vehicles, which are fully imported. Neither of these vehicles is on the current contract. This appears to be in breach of the purchasing rules in terms of Australian content. Are fully imported vehicles adding to the increased cost in capital expenditure?

**The Hon. Anne Levy:** The increase in capital cost results primarily from the transfer in its entirety of the SACON fleet to State Fleet. SACON no longer has a fleet. A small part of the increase arises from the recent decision of the Remuneration Tribunal to award cars to magistrates and judges, but the bulk of the increase relates to the SACON transfer.

With regard to imported cars, the vehicles mentioned by the honourable member are very small cars that are not manufactured in Australia. The only way of obtaining them is by importing them. Only a very small number have been purchased and they are being tried out to see whether they are cost effective. There is a demand for very small vehicles which are easy to manoeuvre and suitable for certain functions for which bigger cars are not suitable. Before any purchase was made, it was approved specifically by the State Supply Board as no Australian car is comparable in any way. It is only at a trial stage.

**Mr BECKER:** Would they be suitable for the courier services of departments operating out of the city square mile, being easy to use?

**The Hon. Anne Levy:** It is possible that that is the sort of use for which they are wanted.

**Mr BECKER:** What alternative methods of selling vehicles have been employed to generate improved returns and how much extra revenue has been generated as a consequence? My reference is page 427 under the 1991 targets and objectives.

**The Hon. Anne Levy:** This is a pretty broad question. State Fleet has been trialling a number of methods of disposal of vehicles and probably the greatest change in the past 12 to 18 months has been the trading-in of vehicles as opposed to selling them through State Supply

auctions. In the past 15 months, State Fleet has traded in 558 different vehicles. Prior to their being traded-in, the vehicle is inspected and, if necessary, some money is spent on repairs so that the vehicle is ready for immediate sale at the dealer's premises. The dealers put in bids for vehicles and, following the selection of the winning bid, a new vehicle order is given to that dealer. Results are monitored to ensure that the fleet mix does not get out of kilter so that it is not always Holden dealers, say, who are successful.

As far as I am aware there have not been any particular problems in this area, but care is taken to ensure that no problems arise. This new process has enabled State Fleet to work far more closely with dealers, and the trade-in system has the complete support of the Motor Trade Association. An analysis undertaken recently shows that the system has many advantages and financially is attractive to Government. It means that fewer cars are going through the State auction system at State Supply and, in consequence, with fewer cars there, the remaining cars are attracting higher prices. The dealers certainly appreciate the trade-in system, and I think this is probably another situation where one could say there is a win-win result to the satisfaction of all concerned.

**Mr BECKER:** What alternative methods of selling vehicles have been employed to generate improved returns? How much extra revenue has been generated as a consequence?

**The Hon. Anne Levy:** It is the trade-in system. The financial benefit is up to \$1 000 a vehicle using the trade-in system as opposed to the auction system. So with over 500 cars one could say the State system has benefited by close on \$500 000 by adopting a mix of the auction system and the trade-in system.

**Mr S.G. EVANS:** Did the Minister say that the department gets a bid for the second-hand vehicles and then it is really asking for a bid for the new vehicles and decides that that will be the contract? That is the way it was said and that is what I want clarified. I thought that the new car dealers have put in a new car price and also a price on the trade-in of potential vehicles, and the decision would be made from there.

**The Hon. Anne Levy:** That is not quite correct, and I am sorry if the honourable member has misunderstood my comments. With regard to new vehicles, State Supply has a contract with a manufacturer that for a stated period cars will be provided at a certain cost. Before those contracts are signed they are put out to tender, but once the contract is signed it is in operation for the term of the contract, be it 12 months or two years, and any vehicle of that make will then be purchased at that price.

In relation to the trade-in system, what is put out to tender is the bid for the vehicle being traded in. The dealer will, of course, know the price that will be paid for the new vehicle, because he would know the price on contract for new vehicles of that make. So, the dealer is aware of the price which will be paid to him for a new car, and he puts in a competitive bid, the price he will pay, for the second-hand car and the car is disposed to the person offering the best price. The new car is then obtained from that dealer at the price which has been agreed between State Supply and the manufacturer for the contract period.

**Mr S.G. EVANS:** In fact, the dealer has an opportunity to change the price of the new vehicle by upping the price of the second hand vehicle. That may be to the department's advantage, but it may not be to another dealer.

**The Hon. Anne Levy:** It is a business decision by the dealer as to what price he is prepared to pay for the vehicle.

**Mr S.G. EVANS:** That means the first contract price is irrelevant in the deal.

**The Hon. Anne Levy:** It may not be irrelevant to the dealer, in that he will pay money for a second-hand car in return for which he will sell a new car and he knows what price he will get for that new car because that is on contract.

**The CHAIRMAN:** Before I call on the next question let me clarify something in regard to questions. We have adopted a procedure in this Committee who have not been on here as yet and have not had the joy and benefit of my persistent chairmanship, we in this Committee have adopted a certain procedure. If we go to alternate sides it is quite permissible, as we have just had that situation, where two questions have come from the member for Hanson and one from the member for Davenport. We find it makes the Committee free and easy. It stops us getting bogged down by asking the Minister unnecessary questions to get our three questions in. In fact, I will talk to the Speaker and ask him to have that included in the Standing Orders next year.

**Mr De LAINE:** I refer to page 429 of the Program Estimates. What role is State Systems playing to contribute to the development of the information technology industry in South Australia?

**The Hon. Anne Levy:** State Systems is very actively involved in the development of the information technology industry in South Australia and has taken quite a number of initiatives in this regard. For example, they have reached an agreement with Cisco Systems whereby Cisco Systems has awarded a dealership status to State Systems for routing devices. These devices are used to direct information across a wide geographically dispersed network.

The private company is the inventor and leading supplier of the multi-protocol router, which is a device that facilitates the efficient flow of data between different systems, and this technology forms the infrastructure of many of the world's largest international networks. Cisco Products and Services are used today by over 2 000 organisations in 35 countries throughout the five continents of the planet. This joint venture provides State Systems with many benefits and places them in a very favourable position to provide a cost effective router solution for the whole of Government. Also, State Systems has joined the Australian Associated Press Telecommunications Intelligent Network and, as a result, will save something like \$150 000 a year.

The AAPT is a joint venture that was formed a couple of years ago and is generally recognised as a major factor carrier in the Australian deregulated market. The AAPT was asked to comply with the Government's precise needs, including some changes that were asked for in our systems operations. The savings that we will make will increase as more parts of our network are linked into AAPT's for interstate and overseas telecommunications.

There are various matters in areas like this. State Systems is working with other groups in being right at the forefront of the latest developments in information technology, and this is very much to the benefit of State Systems and hence to the Government of South Australia, in taking part in these exciting technological developments.

**Mr De LAINE:** I refer to page 429 of the Program Estimates and to '1991-92 Specific Targets/Objectives'. One of the major initiatives proposed under the program 'Provision of information services to improve operations' is total quality management. Could the Minister explain what this program involves, its current status and the benefits it will generate?

**The Hon. Anne Levy:** This program is designed to implement a quality management system within State Systems, one which is based on the Australian Standards for quality systems, and to ensure that, as in State Forensic, quality improvement is constantly being sought and worked towards. The aim of a total quality management program is to ensure that the goods and services really satisfy the customers and are what they need. Furthermore, it is part of the Government's policy that all suppliers to the Government be accredited quality suppliers.

If we want suppliers from the private sector to be accredited quality suppliers we must have that same standard ourselves. The system at State Systems has been called TQI (total quality improvement); 'total quality' to show that everything is considered in terms of achieving high quality and 'improvement' to indicate that constant effort is made to improve. The system involves identification of all the work processes which affect the quality of products and services, documentation of those processes, ownership of the processes by the people who are actually doing the work so that they feel involved in it, implementation of quality teams so that work processes are reviewed and improved wherever possible and implementation of quality measurements so that variations in quality can be monitored and efforts made to reduce any variability that is occurring.

State Systems has this planned total quality improvement program, and it is implementing it: it is on schedule with its implementation. It has produced a policy and has produced a manual, regarding the steps, objectives and guidelines for its implementation. There is training for members of staff so that they understand the system and know what is being achieved. There has been training throughout the organisation for its implementation and the necessary documentation of work processes is well under way. All branches have action plans. It is anticipated that, following the program, State Systems will be audited and certified by a third party accredited body as complying with the quality standards. This is expected to occur by the middle of next year. The benefits to State Systems of becoming fully accredited in this way are obvious.

**Mr De LAINE:** I refer to page 430 of the Program Estimates and draw attention to the following under '1991-92 Specific Targets/Objectives':

Further improvements have been made to turnaround times. Then, under '1992-93 Specific Targets/Objectives' it states:

... it is proposed to ... further reduce turnaround times.



Can the Minister give details of improvements to turnaround times and say in what areas there is potential to further reduce turnaround times?

**The Hon. Anne Levy:** The turnaround time for cases is a very important matter for the customers of State Forensic, quite obviously. What is usually measured is the percentage of cases that are turned around in 42 days. The 42 days is picked because this was the turnaround time indicated by the Chief Justice in his initiative on speedy trials. The aim is to have as high a turnaround as possible within 42 days. Within the past two years there has been a great improvement in these figures. In 1989-90 only 54 per cent of cases were completed with the turnaround time of 42 days, but this has been rising steadily and last year reached 78 per cent—a considerable improvement.

The aim would be to get as close as possible to 100 per cent, realising that that is probably never achievable in that some analyses will take more than 42 days because they are so time consuming, but the bulk do not require anything like that time. I think it is very commendable of State Forensic that it has been able to raise the percentage so markedly in relation to the 42 day turnaround time: it is very much to its credit that it has been able to do so. The reason for the increase is that, as much as possible, automated procedures are being used as these are more rapid than the slower manual ones. There is a limit to how much can be automated. Certainly the most time-consuming cases from State Forensic's point of view are the serious crimes against a person such as rape, assault and homicide. The analyses for this type of crime required by State Forensic are increasing at something like 12 per cent a year.

The work in these cases is extremely labour intensive and does not lend itself to automation in the way that more routine work does. So, to have an increasing caseload of the labour intensive cases and still be able to raise the turnaround 42 day percentage from 54 to 78 indicates a very great achievement indeed on the part of the State Forensic.

**Mr S.G. EVANS:** On the matter of State Fleet which was raised earlier when the Minister said that \$500 000 a year was saved from the tendering for trade-ins, can the Minister say how much is gained by that method of having two systems, the other one being auction? The Minister did say that in the case of auction, because they had the tendering system for trade-ins, a greater price was paid at auction for the vehicles. What is the total gain from that dual system?

**The Hon. Anne Levy:** The trade-ins are occurring only with State Fleet's own vehicles, and State Fleet has only 20 or 25 per cent of the total Government fleet. The cars from other agencies, when they are disposed of, are going through auction. The figure of \$1 000 per vehicle, which I quoted, is of course a round figure.

**Mr S.G. EVANS:** For how many vehicles?

**The Hon. Anne Levy:** For 550 vehicles. In quoting such a figure, all the costs have been taken into account. The staff requirement for the trade-ins is low. I think State Fleet has 1.5 FTEs who are involved in trade-ins so that the costs associated are quite low and have been taken account of when I quote about \$1 000 advantage per vehicle.

**Mr S.G. EVANS:** I refer to State Supply and to interest on borrowings (page 192 of the Estimates of Payments and Receipts). Why has the estimated interest on borrowings for 1992-93 increased by 135 per cent, that is, by \$434 000, above that paid in 1991-92, at the time when interest rates have gone down?

**The Hon. Anne Levy:** There are a number of reasons, but the main one is what we were referring to earlier—that SACON's costs are now being distributed amongst the agencies rather than kept within SACON, for accounting purposes. Interest is payable on the land and buildings which are occupied by State Services which previously was paid through the SACON lines. This has now been transferred out of the SACON lines into the lines of all the agencies. That is the main reason for the increase in interest. There were also adjustments with the Central Linen Service coming into State Services. Integrating it into State Services' accounts means that its debts as well as its assets are being included in State Services' accounts. Those would be the major causes.

**Mr S.G. EVANS:** At a later date, will the Minister make available a breakdown in relation to how those areas have affected the interest payments as regards the Minister's department? Thirdly, I refer to the State Supply Board (page 190 of Estimates of Payments and Receipts), and, in relation to Program 2—Regulation and Improvement of Supply Procedures, for salaries, wages and related payments there has been an increase of \$85 963 from 1991-92 to this year, which is an increase of 26 per cent. What is the reason for this large increase in this area?

**The Hon. Anne Levy:** I understand that the figure there is the full-year effect of the taking on of three graduates, which occurred in January of this year; three graduates were brought onto the staff of the State Supply Board. Consequently, in the past financial year, there was only a half-year cost. In the budget for 1992-93, there is the full-year cost.

**Mr S.G. EVANS:** For what purpose were the graduates brought on?

**The Hon. Anne Levy:** I will get Mr Cossey to give the detail.

**Mr Cossey:** The employment of young graduates from the materials management program in the State Supply Board has been happening now for a couple years. A couple of years ago, the State Supply Board was concerned that a lot of people had been in supply function operating quite traditionally for many years and that it would be a good thing, since many of these people would be retiring in the near future, to make sure there was a continuous flow of new blood into the system and in particular into the supply function in South Australia. So, this is an initiative that has been going on for a couple of years.

In relation to the recruitment of young graduates, they are given a quite extensive induction program, working with both the board and Government agencies. One who was recruited a couple of years ago has done a stint in Canberra. They are given a thorough induction, and they work generally on projects involving the improvement of supply functions in Government, and eventually—some sooner, some later—work their way into formal positions into the supply function in the public sector. As soon as that happens they come off the establishment of the State

Supply Board. So, there can be little peaks and troughs in the numbers that are assigned to the State Supply Board, depending on how quickly they work their way into positions in the supply function in other Government departments.

**Mr HOLLOWAY:** Some reports have been made in the media that the Central Linen Service made a loss last year. What are the financial results for the past five years? What is the net position of the Central Linen Service as a result of its performance over those years? What are its prospects for the future?

**The Hon. Anne Levy:** I will, and I am glad to do so because there were most misleading reports in the media the other evening arising either from a lack of understanding or deliberate mischief on the part of the shadow Treasurer, who claimed that Central Linen was in a very bad way. In fact, Central Linen is in a very strong and healthy financial position. It has been a profitable business unit for many years and has been able to take some large abnormal write-downs and new provisions in 1991-92 from an accumulated profit position and still retain a net positive financial position. The overall result for the past five years of operations is a net profit of over \$800 000.

There has been a suggestion, again from the member for Mitcham, that the Central Linen Service was using unacceptable accounting practices. I can assure the Committee that State Services is not in the business of using unacceptable accounting practices, and we report our financial statements in accordance with the Australian Accounting Standards.

In the context of answering this question I refer to the Auditor-General's comments about the Central Linen Service: in the past financial year Central Linen made a profit on its operations of \$436 000 before taking up the two abnormal adjustments that related to the establishment of a new provision for future workers compensation liabilities and a write-down in the linen stock valuation.

Even taking into account these one-off negative adjustments, the business has a very healthy balance and total accumulated profits of \$3.6 million to take with it as it transfers from the Health Commission to State Services. The new provision for future workers compensation liabilities was necessary because workers compensation within health units is paid for in a different manner from the way in which it is treated within State Services. Central Linen Service was transferring from the Health Commission to State Services and needed to bring its workers compensation provisions into line with those used throughout the rest of the department.

Also, as part of the transfer in July there had to be a valuation of stock so that a proper business transfer could be recorded in a manner appropriate to the business requirements of State Systems, which is the way that State Systems operates throughout. Valuing the stock of Central Linen is very difficult because at any one time most of its linen stocks are not in Central Linen but are out there in the hospitals. The staff of the Auditor-General's Department were asked to undertake a stock valuation, but found it very difficult to determine an appropriate value because most of the stock was not there at any one time.

Central Linen undertook to finalise a valuation using methods which were felt to be appropriate and which were further felt to be very conservative methods. The Auditor-General was not able to certify one way or the other as to whether the valuation was accurate in accounting terms because of the difficulties that I have outlined, but Central Linen is certain that it was a very conservative valuation and that these two abnormal items to which I have referred are one-off items due to Central Linen changing from being a unit of the Health Commission to being a unit of State Services where the usual and full business practices will be followed.

**Mr HOLLOWAY:** With regard to State Fleet, the Minister will recall that last year I asked for some statistics on the number of vehicles that were stolen. There had at that time been a large increase, but I note on page 427 of the Program Estimates that one of the achievements during 1991-92 was that the fitting of anti-theft devices on vehicles has led to a decrease in the number of stolen vehicles. Can the Minister provide those statistics and some more information about the success of that measure?

**The Hon. Anne Levy:** Certainly, there was an upsurge in stolen vehicles in 1991, which was reported in the press. At the time, apparently Holden Commodores were prime targets, not only those that were Government-owned but many privately-owned. State Fleet purchased and fitted an inexpensive metal sheath to the steering column of all its Holden Commodore VNs. This led to a substantial decrease in the theft of State Fleet vehicles. I have not got here the details of the numbers that were stolen but we could obtain them for the honourable member. There has been a considerable decrease; in fact, theft of its Commodores has virtually ceased.

**Mr HOLLOWAY:** Also under that page of the Program Estimates, one of the objectives for the current year is to renegotiate prices as a result of decreasing costs, with the aim of reducing prices. I also note on page 429 under information technology services that one of the achievements in 1991-92 was price reductions for information processing and CBD handsets. Can the Minister outline the current proposals for price changes in the various units of State Supply? Has she any trends on those changing prices, and what does this mean for the future?

**The Hon. Anne Levy:** As a general comment, I can say that price increases within all parts of State Services have been below the CPI for a number of years. In State Systems for the past six years the price increases for computer processing services have been well below the CPI.

The benefits of the cost reduction strategies have been passed on to customers. For instance, from January of this year the price of IBM processing charges was lowered by 5 per cent in real terms. A similar reduction of 5 per cent occurred in July of last year and in April of the year before. The prices for the current year have been held at the same level, that is, no CPI increase at all. In general, one can say that over the past six years there has been a reduction in price in real terms of more than 44 per cent. This benefit is passed on to the customers of State Systems.

At State Fleet, prices were adjusted on 1 July 1990 and, with the exception of an increase that occurred on 1

October 1990, were maintained at that level until 30 June this year with no increases. On 30 June this year they were decreased. The minor adjustment that I mentioned was as a consequence of the escalation of fuel prices that occurred during the Gulf War. The prices at State Fleet were not reduced subsequently, because the reduction in fuel prices was offset by a substantial increase in depreciation because values of vehicles fell markedly at that time. So, prices have in fact been reduced from 1 July this year.

At State Print, because of economic difficulties being experienced through the printing industry, prices have actually fallen by up to 20 per cent in an effort to win business. State Print has had to charge prices in line with those of the private sector and, consequently, life has been difficult at State Print, as it is in the private sector of the printing industry. Central Linen has increased its prices by the CPI but, because of the difficulties being experienced by some public hospitals, a revised price scheme is being introduced that will make life easier for some hospitals.

State Supply has held procurement prices and charges at the same level as in the past year and, overall, one can say that State Services has been able to achieve price restraint and falling prices, in real terms, due to a continued emphasis on improving efficiency and the reduction of overheads. It is very much to be commended on this approach.

**Mr MATTHEW:** On page xvi of the Auditor-General's Report is the following statement:

Audit reviews undertaken this year confirm that, as a general comment, management needs to improve the standard of control over Government computer systems.

Of course, I recognise that the Auditor-General was talking generally of all computer installations, but on that page he identifies a number of control deficiencies, as follows:

- Lack of formal, management approved policies, procedures and practices;
- Inappropriate security measures regarding access to production system programs, master files and data files;
- Inadequate testing and review of changes to system programs;
- No management/audit trail of changes to systems and processing of data;
- Failure to perform adequate and timely reconciliations over system processing and results;
- Ineffective physical security over computing facilities;
- Inadequate systems documentation; and
- Lack of disaster recovery planning.

Bearing those in mind, which of those deficiencies have been identified as relating to State Systems, in particular, and what has been done to rectify them?

**The Hon. Anne Levy:** I appreciate that the comment in the Auditor-General's Report referred to computer systems generally, but most of what the Auditor-General says does not apply to State Systems, which has been doing a great deal in those areas. With regard to the comment about inappropriate security measures regarding access to production system programs, master files and data files, State Systems does have access controls in place. In this regard, the organisation received a rating of 'Excellent' from the external consultant Arthur Andersen four years ago (in 1988), and the high standard achieved then has been maintained.

Any comment regarding inadequate testing and review of changes to systems programs is hardly applicable to State Systems, where testing and review of system changes is being formalised by implementation of the total Quality Improvement System, which I noted before. The organisation's Changed Management System also assists in ensuring that only tested and improved changes are implemented.

The comment about there being no management or audit trail of changes to systems and processing of data does not apply to State Systems, where security monitoring and reporting systems have been implemented for several years. Changes to the production environment, including system changes and processing of data, are logged and reported to the appropriate people. The Auditor-General's comment about failure to perform adequate and timely reconciliations over system processing and results has been addressed by State Systems.

There is reconciliation of system processing and results, which is normally the responsibility of the users of the system. Procedures exist at State Systems to ensure that processing is completed on schedule with no operational problems. Comment about ineffective physical security over computing facilities does not apply to State Systems, which is accommodated in a custom built building with appropriate physical security provisions, including guard services. The organisation has recently gone to the market to assess the latest physical security systems, as part of the continued assessment of existing procedures. Comment about inadequate systems documentation does not apply to State Systems. A system developed by State Systems cannot be signed off by the customer unless adequate systems documentation exists. Procedures are in existence to ensure that documentation is updated as appropriate, as any changes are made.

Comments about disaster recovery planning have been discussed already this evening. The major disaster program is on the way and, for many of the minor disasters that are much more likely to occur, State Systems has adequate controls and backups in place to ensure that it is not badly affected.

In summary, it seems to me that, while the comments made by the Auditor-General might be appropriate to some computer installations throughout Government, they do not apply to and cannot be taken to imply criticism of State Systems, which has looked at these matters in a thoroughly professional way for quite some time.

**Mr MATTHEW:** I refer to page 429 of the Program Estimates and the notation under 'Issues/Trends', which states, 'Downsizing of mainframe operations will result in reduced revenue contribution to operation of the business necessitating a high level of retraining and redeployment.' With that in mind, why has it been necessary to downsize the mainframe operations of State Systems?

**Mr Patriarca:** This relates to changing technology, but 'downsizing' is probably a misused term. The machines have basically the same processing power but they are in much smaller boxes so one needs much less of the physical, intensive environment to support them. As the power of computers goes down to the desktop, we need to re-skill our people to support a distributed environment. The re-skilling program is focused at retraining people in supporting distributed systems with

different operating systems that are now becoming available as technology changes.

**Mr MATTHEW:** Am I being assured that downsizing relates simply to a new computer, that it relates to a downsizing in processing capacity? Are you saying that the business currently generated through State Systems will remain consistent and that there will be no decline in business?

**Mr Patriarca:** In relation to the issue of the relocation or redistribution of resources, I cite as an example that, in today's environment, we are skilling up our people in relation to the support of the personal computing and LAN networks, which is very pervasive technology at the desktop. We are seeing a shift in the skills being deployed to those areas where we are capable of generating revenue in servicing our customer base. That re-skilling results in additional revenue. Some two years ago, our PC LAN services, for example, employed two people, but today about nine people support that environment.

In relation to the downsizing and the honourable member's suggestion that the revenue base is diminishing, I am pleased to report that in that environment we are expanding our revenue base. For example, earlier this year we combined STA's processing on our mainframe computers. While people are downsizing and moving to distributed environments, there is also scope for our customer base to employ the economies of scale that we have available to get better performance and better dollar value for the services from the larger environment that we support.

**Mr MATTHEW:** Because the STA is now using the mainframe at State Systems, that would have increased the revenue base. However, I am aware that State Systems is about to lose the E&WS. Has the STA counterbalanced that or has that had no influence on the size of the mainframe?

**Mr Patriarca:** In relation to the counterbalancing, the E&WS services that we provide are on the Cyber technology. A number of years ago, State Computing determined that that technology was being phased out and replaced by the IBM technology. The IBM technology that we support at the moment has been growing over the past five years and we expect it to grow according to market opportunities that we pursue. There has not been a loss of revenue.

It is also important to note that, in looking at the absolute revenue figures for State Systems, one does not see a growth in the real revenue dollars. That is attributed to the price reductions. We have been passing back substantial price reductions so that people are getting more service for less dollar outlay. That is consistent with our operating charter.

**Mr MATTHEW:** My next question relates to the State Clothing Corporation (page 168 of the Auditor-General's Report). I note that a surplus of \$111 000 was achieved on the warehousing and distribution of police clothing. What were the costs to the Police Department for this service? What were the costs to the police for uniforms and accessories purchased from State Clothing?

**The Hon. Anne Levy:** The Police Department paid State Clothing \$343 000 in the 1991-92 financial year for the service which State Clothing provided. It is not done on a mark-up per item basis. It is a contracted price

which the police agree to pay to State Clothing for the service that is provided in running the store. It is a measure of the efficiency with which State Clothing ran the store that the difference between the \$110 000 and the \$343 000 was its expenses. It has been able to reduce the overheads progressively so that more and more profit can be made by State Clothing.

The \$343 000 is an administrative charge. Total sales through the store to the Police Department amounted to over \$1.4 million. The Police Department recently completed a review of the operation of the store from its point of view and it included examining alternatives for providing the same service that it gets from State Clothing. The conclusion in its review was that the service level provided by State Clothing was more competitive than any other option which it could consider. As a result, it is about to enter a three-year agreement for State Clothing to manage its uniform store. That agreement is based on the cost-down approach and provides substantial benefits to both organisations. It is another case of a win/win situation.

**Mr MATTHEW:** I would like to clarify those figures. The Minister says that in 1991-92 the Police Department paid a fee of \$343 000 to administer the stores of their uniforms, and \$1.4 million worth of purchases were made. What stock turnover rate is looked at on the shelves? In other words, is a shelf of shirts turned over once in a year, twice in a year, three times?

**The Hon. Anne Levy:** We will have to get that information. I do not have those details available here.

**Mr MATTHEW:** I would very much appreciate that information. It is a fundamental process in analysing the turnover of any business. Those figures are staggering to me. I cannot believe the Police Department is paying that sort of money to administer a clothing store.

**Mr HOLLOWAY:** I note on page 432 of the Program Estimates under the specific targets for this current financial year, a table of performance indicators, and the results for last year rather interest me. There was a rate of return on assets of 15 per cent which is considerably higher than in past years and what is expected this year. Will the Minister explain the reason for that?

**The Hon. Anne Levy:** We think it is something to do with a reduced profit from State Supply but, if I can take that on notice, we will get more detail on it.

**Mr De LAINE:** I refer to State Print and the new *Hansard* reporting system. I picked up in the Minister's opening remarks that eight jobs would be lost because of the changeover to the new system with State Print. Will any worker be made redundant or will redeployment and/or retraining be offered to the workers being displaced?

**The Hon. Anne Levy:** There will be retraining and redeployment. Discussions are proceeding about having State Print employees used for desktop publishing procedures which are being established throughout Government, and the aim is, if possible, to have the people who are surplus in State Print redeployed to desktop publishing activities elsewhere in Government. As yet this has not been finalised, but discussions are proceeding along these lines. There will certainly be no redundancy. There will be retraining, redeployment and in some cases offers of voluntary separation packages,

but it is entirely up to the employee whether they accept the offer or not.

**Mr De LAINE:** With the difficulties that the nation is currently experiencing with youth employment and, in particular, highly skilled industries, will the Minister detail what action State Print has taken in relation to apprentices?

**The Hon. Anne Levy:** In the printing industry generally throughout Australia the number of apprentices has been falling and is currently at the lowest level for many years. However, State Print has always been committed to the apprenticeship scheme as the backbone for training in the printing trade industry. Currently, State Print has nine indentured apprentices, and it aims to take on another two apprentices in the coming year. Recently, it has given permanent employment to an apprentice who came out of his time. So State Print, unlike many sectors of the printing industry, is not neglecting its responsibilities to take on apprentices and train them.

**The CHAIRMAN:** Perhaps if I can, for the first time, use the Chairman's prerogative to ask a very quick question. Following the question of the member for Price in relation to the new printing of *Hansard* and the loss of eight jobs, about which the Minister assured the Committee the members will either be retrained or redeployed, can the Minister advise the Committee if further consideration is being given to changes in the *Hansard* procedures such as moving to on-line computer information rather than hard copy?

**The Hon. Anne Levy:** There are plans for producing electronic in addition to hard copy at State Print, but there is no suggestion that hard copy will be replaced by electronic production methods. This would be in addition to rather than a replacement. I am sure that we will all be able to continue curing our insomnia by reading printed *Hansard*.

**The CHAIRMAN:** As a supplementary question and in line with the guidelines that I have outlined, will any move down that track be as a result of directions from Parliament or within the Executive (and by 'Executive' I mean Cabinet)?

**The Hon. Anne Levy:** There have been discussions between State Print and Parliament in this regard, but it is an initiative of State Print that it is putting forward, under no direction from anybody.

**Mr S.G. EVANS:** I want to go back to State Fleet. How many State Fleet vehicles are presently fitted with private plates and how does this compare to the situation as at 30 June 1991 and 30 June 1990? I believe that as at 30 September 1991 there were 455 private-plated vehicles.

**The Hon. Anne Levy:** It depends on what one includes. If one includes statutory bodies and local government it is 488, but if they are not included it is 279. The big increase comes from the private-plated vehicles that were provided for the Judiciary.

**Mr S.G. EVANS:** As a supplementary question, I take it the Minister is suggesting for the Local Government Department?

**The Hon. Anne Levy:** No, for local government bodies. Local government is entitled to hire vehicles from State Fleet, and a number of local government bodies throughout the State hire from State Fleet rather than purchase their own vehicles.

**Mr S.G. EVANS:** I refer to State Print and to page 192 of the Estimates of Payments and Receipts. I note the cost of \$30 473 listed for the cost of overseas travel; what was the purpose of this travel and who were the people involved?

**Mr Secker:** The overseas travel expenditure relates to four employees of State Print. Two of those, John Buckby and Graham Braybrook travelled overseas to the United States in September and October 1991. Their purpose was to examine electronic advances in what we call the pre-press area—desktop publishing, laser printing, electronic publishing and those sorts of areas. The total cost of that, excluding their salaries which obviously were paid while they were away, was approximately \$10 000.

The second trip related to two other employees, Tony Fitzsimmons and Gary Mullighan who travelled to Britain in June 1992 to undertake training in a new computerised production control system which we had purchased on tender. I think they undertook about three weeks training in Britain at the home of the manufacturer of that equipment and are now back in State Print implementing that system. That made up the remainder of the amount.

**Mr S.G. EVANS:** Was a Mr Hobart involved as a consultant in any overseas travel and, if so, when was he contracted to State Print? Where did he previously work, and what was his position?

**The Hon. Anne Levy:** I will ask Mr Secker to reply to that.

**Mr Secker:** On the second of those trips that I referred to, that is, in June 1992 Michael Hobart went with Tony Fitzsimmons and Gary Mullighan for the same purpose. He was a consultant engaged by State Print about one year earlier from memory, so it was about mid-1991. His purpose was to oversee the selection, specification and tendering of the system which we eventually purchased. I am not too sure of his exact position, but I understand that prior to coming to State Print he worked for ICL in South Australia.

**Mr S.G. EVANS:** As a supplementary question, the Capital Works Program (page 58) states that computing hardware and software developed specifically for printing industries was to be purchased for \$600 000. I believe it is ICL package Pecos II. Who evaluated the tenders? I believe it was Mr Hobart; if that is so, did he not have a conflict of interest, seeing that he worked for ICL immediately before he was contracted as a consultant to the department?

**The Hon. Anne Levy:** Again, I ask Mr Secker to reply.

**Mr Secker:** There were four short-listed suppliers from the tender process. One of those was ICL, not as the owner of the product but as the local agent supply of the product, called Pecos II, which was a United Kingdom product. An assessment was carried out by a process where we had a core group of about 10 State Print employees and then on different aspects of the systems, up to five or 10 other employees on specific aspects. Each of the manufacturers or suppliers went through a four-day assessment in which they had to present their systems. There was a marking system of those employees, so it was very much a matter of having to be acceptable from the user's point of view. There was certainly also a factor in the choice as to the price, for

example, and the technical specifications, and Michael Hobart played a more significant role in those aspects. When the proposal went up, it was then vetted by the State Supply Board and eventually approved. As I understand it, Mr Hobart did not leave ICL under terribly happy circumstances, so I do not think that he had anything to gain by giving them any advantage.

**Mr De LAINE:** Will the Minister give details in relation to page 431 of the Program Estimates and the notation under significant achievements, to receive recommendation for full accreditation under quality assurance programs by the Lloyds Register Surveyor?

**The Hon. Anne Levy:** Since State Print decided about two years ago that an emphasis on quality was essential to its viability, it has taken a leading role in this area in the local printing industry. The combination of its efforts was a recommendation by independent accredited assessors last June that State Print be recommended for certification under recognised Australian and international quality standards.

I believe that State Print is the first printing organisation in South Australia and one of the very few Government printers in the world to achieve this feat. Even before this recommendation was made, the benefits to State Print of adopting a quality system had been apparent. For example, in the 1991-92 year, when the system had been put in place, the average number of monthly cases of spoilt work was halved compared with that which applied in the previous year, so the benefits of this system of quality standards are very apparent from an economic point of view and, as I say, it is a considerable achievement that State Print has received this certification on international quality standards.

**Mr De LAINE:** I refer to page 431 of the Program Estimates under 1991-92 specific targets and objectives, where the last point refers to continuing to compete for interstate work. What type of interstate printing work is being sought and how will State Print compete for more of this work?

**The Hon. Anne Levy:** The major customer for State Print is obviously the public sector within South Australia, but State Print seeks work from public sector bodies outside South Australia both to increase its profits and to maximise the use of any spare capacity that State Print may have from time to time. During the 1991-92 financial year State Print won interstate jobs worth over \$1 million from a variety of customers, including the Federal Civil Aviation Authority, New South Wales Board of Studies, the Australian Government Publishing Service, the New South Wales Department of Agriculture and the New South Wales Department of TAFE.

This \$1 million more than doubled the interstate work that had been won the previous year. State Print certainly intends to continue to try to get this interstate public sector work. As these jobs bring revenue into the State, it enhances the reputation of South Australia interstate and results in greater efficiency for State Print.

**Mr De LAINE:** A supplementary question is based on part of the answer that the Minister gave to a previous question: does State Print intend to seek overseas work?

**The Hon. Anne Levy:** No, there are no plans for that at the moment.

**Mr HOLLOWAY:** I note that one of the achievements of State Records in the past year was the

extensive use of printed and electronic media to promote the use of State Archives by the general public, and also note that, during the current year, it is proposed to achieve a 10 per cent increase in public archive usage. Will the Minister provide some information about the activities of State Records in that respect?

**The Hon. Anne Levy:** State Records is undertaking promotional activities to the community so that its services to the community and to the history of this State are more widely recognised. In particular, during the Adelaide Festival of Arts, State Records held an exhibition of treasures from the State's history from the period 1829 to 1986. This was sponsored by Myer Adelaide and held in the exhibition area of Myer.

It was the first ever public exhibition of some of these historic documents, and included items such as the letters patent establishing the Province of South Australia; the letters patent defining the boundary between South Australia and New South Wales; a comparative table of the languages of the Australian Aborigines, which was compiled by George Taplin, the first Superintendent of the Point McLeay Aboriginal Mission; the flag used by demonstrators, which later was one of the exhibits tendered to the royal commission on the Vietnam moratorium demonstration of 18 September 1970; and the original explorers diaries of John McDouall Stuart, John McKinlay, Alfred Giles and David Lindsay.

This exhibition attracted a very large attendance during the Adelaide Festival and was very much a credit to State Records. We hope that it made the public aware of some of the really great treasures of our history that are held, preserved and looked after by State Records.

**Mr HOLLOWAY:** The Minister mentioned those items of European history: will she say what is being done in relation to archives to make the public more aware of Aboriginal history?

**The Hon. Anne Levy:** State Records has an Aboriginal Project Officer who has been developing an Aboriginal resource kit, which has been designed to assist secondary school students and anyone else interested in research to make use of the five volume guide to records relating to Aboriginal people that has been produced over the past four years. The record relating to Aboriginal people is very extensive: it comprises many of the original documents from Aboriginal Affairs, many of which make fairly horrific reading these days, but they are obviously of great interest to anyone researching the area, particularly to the many Aboriginal people who wish to trace their history, their family and their antecedents.

So, this Aboriginal resource kit is of great value to anyone interested in research in this area, because State Records holds considerable documentation of what in many ways was a very black period in Australia's history.

**Mr MATTHEW:** I refer to page 433 of the Program Estimates and a comment under the 'Issues/Trends' heading which says, 'With the downturn in the economy, State Clothing will need careful management and monitoring to ensure that it does not become unprofitable.' State Clothing has almost always been unprofitable: in 1985-86, it made a loss of \$118 000; in 1986-87, it was \$68 000; in 1987-88, it was \$496 000; in 1988-89, it was \$591 000; in 1989-90, it was \$252 000; and in 1990-91, it was \$84 000. In view of its record, is

not this statement almost a cop-out for poor management of an organisation in which Government should not be involved? If it were not for the Police Department's virtual subsidy of that operation this year, it would have recorded another loss.

**The Hon. Anne Levy:** Quite the contrary applies and I am sorry that the honourable member does not realise the facts of the situation. State Clothing came into State Services only two years ago. There may well have been poor management prior to that but, since it came into State Services, there has been a complete turnaround. In the first year that it was with State Services, there continued to be a loss, but it was a very much smaller loss than applied previously. This year—only the second year that State Clothing has been part of State Services—it made a profit. The profit was not only in the police clothing store. The clothing factory at Whyalla also made an operating profit. It is not correct to say that State Clothing is badly managed. It is now managed superbly and it is making a profit in both areas of its operation.

**Mr MATTHEW:** It seems that, in the two years that State Clothing has been part of State Services, the Police Department has paid over its fees for the management of its store and has been locked into purchasing from State Clothing. If the Police Department were not paying for storage and did not purchase from State Clothing, would it not still be making massive losses?

**The Hon. Anne Levy:** I am not quite sure what the honourable member is trying to say. This year the clothing factory at Whyalla showed an operating profit. At Whyalla it produces the trousers but no other items for the police store. All the rest of the activities and production from Whyalla have nothing to do with the police store. I can only reiterate that, since State Clothing became part of State Services, it has had a complete turnaround and that both sections of State Clothing made an operating profit in the last year.

**Mr MATTHEW:** According to the quote I read from the Program Estimates, State Clothing will need careful management and monitoring to ensure that it does not become unprofitable. Within the next five months the effective rate of protection for clothing will drop significantly. The Minister would be aware that in 1991 it was effectively 158 per cent, that during the next five months it will reduce to 47 per cent and that it will reduce further to 25 per cent by the year 2000. Will that profitability be threatened by a reduction in protection or will State Clothing be immune from that in some way?

**The Hon. Anne Levy:** I suggest that it will be far more under threat from zero tariffs which have been promised by the alternative Federal Government. If we are talking about tariffs, we are talking about Federal Government policy, and the policies proposed by the Party to which the honourable member belongs have promised zero tariffs, which would obviously have a much greater effect than 25 per cent tariffs.

**The CHAIRMAN:** With the short time remaining, I suggest that the Committee spend the final eight minutes exhausting lines of questioning in line with the Appropriation Bill.

**Mr MATTHEW:** My next question relates to State Print, and I draw the Minister's attention to pages 160 and 168 of the Auditor-General's Report. I note from that

report that despite a \$26.2 million income State Print has made yet another operating loss in 1991-92, this time \$1.4 million—a significant increase on the previous financial year's unacceptable loss of \$500 000. What action has the Minister taken to reverse the continual losses being incurred by State Print but not necessarily printing companies operating in the private sector?

**The Hon. Anne Levy:** If the honourable member is implying that the recession is not affecting private printing companies, I think he ought to speak to some of them. There is a considerable downturn throughout the printing industry right around Australia. State Print is not immune from that, but it does seem to be weathering the storm better than many of its competitors.

*An honourable member interjecting:*

**The Hon. Anne Levy:** The honourable member interjects that it has a captive audience. I reject that entirely. No Government agency is mandated to use State Print. Government agencies can get their printing requirements anywhere they choose. If they go to State Print it is because they get better value for money. I reject the implication of that interjection completely. The parliamentary use of State Print is accounted for quite separately. That is a separate line in the budget papers to cover the uses by Parliament and the *Government Gazette* of State Print; that is regarded as a community service and is not part of the commercial operation.

**Mr MATTHEW:** Is the Minister trying to tell me that an enterprise with a \$26.2 million income is in an acceptable position if it continues to make a loss, and does the Minister consider that no action needs to be taken to avoid those further losses with that type of income? I put it to the Minister that if a private company ran in this manner it would be out of business.

**The Hon. Anne Levy:** I put it to the honourable member that many private companies in the printing industry are going out of business during the recession. That is happening to a considerable extent. State Print is obviously not complacent about the result and is undertaking a great deal of reform. It has reviewed its operation; it is updating its technology; and it is downsizing its staff. This is one of the contributing factors to the apparent loss in its operations in the past financial year.

There were two abnormal items, the biggest one which was for 22 people who accepted voluntary separation packages. Obviously the cost of that had a considerable effect on the final results for State Print. The second abnormal item was write-offs of past inventories, which is again a one-off item that was brought into the accounts. This was done following advice from a publishing industry consultant and is common practice in the publishing industry. If these factors are taken into account, the operating result for State Print was a very much smaller deficiency of \$157 000 only. State Print is continuing to review its operation and reduce its overheads, and it has numerous approaches in this regard that it is undertaking. It is reducing the space that it occupies, thereby reducing its rent overhead; it is implementing a new organisational structure; and it is keeping up to date with modern technology. It is certainly not complacent about the situation and is doing all it can to improve it.

**Mr MATTHEW:** My first question relates to the information utility and in particular to the Auditor-General's Report at page 168. I note from that report that elements of State Systems will be incorporated into an interim information utility organisational structure approved by the Minister of Industry, Trade and Technology. What elements of State Systems will be incorporated? When will this occur? What business case has been developed to support these moves? My final question relates to the laboratory equipment that was purchased by State Forensic Science that is mentioned on page 58 of the Capital Works document. What laboratory equipment is being purchased in 1992-93 for \$400 000?

**The Hon. Anne Levy:** I would be very happy to answer those questions now, but in view of the time I will take them on notice and undertake to get short, factual replies to the honourable member in the near future.

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

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Minister of State Services, Miscellaneous, \$1 500 000  
—Examination declared completed.

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**ADJOURNMENT**

At 10 p.m. the Committee adjourned until Tuesday 22 September at 11 a.m.