

HOUSE OF ASSEMBLY

Wednesday 22 September 1993

ESTIMATES COMMITTEE B

Chairman:

The Hon. J.C. Bannon

Members:

Mr H. Becker
 Mr M.R. De Laine
 The Hon. B.C. Eastick
 Mr V.S. Heron
 Mr G.A. Ingerson
 Mr C.D.T. McKee

The Committee met at 11 a.m.

The CHAIRMAN: I understand that some notional timetable has been agreed. It is really up to the Committee and the Minister, but that certainly helps in relation to notifying officers as to when they might be required. The procedure is of course relatively informal. If the Minister undertakes to supply information at a later date it must be in a form suitable for insertion in *Hansard* and two copies submitted no later than Friday 8 October to the Clerk of the House of Assembly. In terms of questioning, I will be alternating three questions per member; brief supplementaries may be included in that and I will try to be reasonably flexible as long as things keep moving and everyone gets a fair go.

The questions must be based on the lines of expenditure as revealed in the Estimates of Payments and Receipts. Reference may be made to other documents such as the Auditor-General's Report, Program Estimates, and so on, and I would request members to identify a page number in the financial papers from which their questions derive. Questions are to be directed to the Minister but the Minister may direct supplementary information to come from his advisers at any time.

Labour, \$38 134 000

Minister of Labour Relations and Occupational Health
and Safety—Other Payments, \$6 732 000**Departmental Advisers:**

Ms Kaye Schofield, Chief Executive Officer, Department of Labour and Administrative Services.

Ms Elizabeth Bluff, Program Manager, Occupational Health, Safety and Welfare Commission.

Ms Sue Vardon, Commissioner for Public Employment.

Mr R. Bishop, Deputy Commissioner for Public Employment.

The CHAIRMAN: I declare the proposed payments open for examination. I refer members to pages 130 to 135 and pages 147 and 148 of the Estimates of Payments and Receipts and to pages 349 to 369 of the Program Estimates. Does the Minister wish to make an opening statement?

The Hon. R.J. Gregory: The Department of Labour and Administrative Services was established on 3 September 1993 as part of the second phase of the Government's public sector reform process. In his presentation to the Estimates Committee on 14 September my colleague the Hon. Chris Sumner set out the reasons behind the reforms to the public sector and the results that the Government expects from them. The Department of Labour and Administrative Services is a confederation of operationally independent agencies, reporting to the Chief Executive Officer for strategic purposes and sharing of corporate services. Three agencies form the new department: first, the Department of Labour, excluding the functions of the Commissioner for Public Employment (for the purposes of this Estimates Committee matters related to the Commissioner for Public Employment are included); secondly, the Department of Housing and Construction, excluding security services (for the purposes of this Estimates Committee security services are included); and thirdly, the Department of State Services, excluding State Systems, on which my colleague the Hon. Mike Rann will take questions.

The Department of Labour and Administrative Services operates with two broad charters. The first could be described as a Government service charter concerned primarily for the effective delivery of a range of Government services and funded through budget appropriation. This includes activities to promote responsible industrial relations and to eliminate unsafe and unhealthy working conditions and thus reduce the severity of occupational caused injuries and diseases suffered by the work force and the public. The second charter is a provision of common services to Government which are commercially focused, market competitive and custom driven. This includes services which manage the Government's risk, its physical assets and supply needs.

I now turn to the first of my portfolio responsibilities under the Minister of Labour Relations and Occupational Health and Safety, which includes the Department of Labour, the South Australian Health and Safety Commission and the WorkCover Corporation. After combining the Departments of Labour and Personnel and Industrial Relations on 22 July 1991, 1992-93 was a year of consolidation for the Department of Labour. During that year the department continued the initiatives commenced with the Commonwealth during 1991-92 towards establishing a joint advisory service. Progress towards establishing a collocated State and Federal awards advisory service continues and moves for State and Federal offices to have dual appointment under industrial legislation of the two jurisdictions have commenced.

The initiatives will provide service to clients, who will no longer face the prospect of being redirected from one administration to another. Following the successful collocation of the Federal Industrial Commission, the State Industrial Court and Commission and the co-appointment of members to the two tribunals, opportunities for further rationalisation and improvement of services are being investigated. Currently, a feasibility study into the integration of the two industrial registries to form one single, integrated registry service is being undertaken.

In relation to nationally formulated occupational health and safety standards, South Australia, through the Occupational Health and Safety Commission, has always been at the forefront of encouraging and implementing a national approach to standards of legislation covering occupational health and safety matters. It is appropriate that in the centenary year of the 1894 Factory Act, South Australia's

first occupational health and safety legislation, two landmark legislative reforms of our current era will be implemented. These are the completion of the consolidated occupational health, safety and welfare regulations and the introduction of the first order priority national occupational health and safety standards.

Implementation of national uniform standards in South Australia is not simply a matter of adopting standards adopted at a national level. The South Australian Government has taken a leading role in promoting national uniformity. Officers of the Department of Labour and the Occupation Health and Safety Commission are actively involved in the development and implementation of national uniformity and dangerous substances and the occupational health and safety standards as initiated by the special Premier's conference in November 1991.

In the 1992-93 year the need to continue to reduce the overall level of employment in the Public Service required an extension of measures to assist managers with restructuring the work force. A major factor in assisting in the reduction of the Government's work force numbers in 1992-93 has been the application of the voluntary separation package scheme. In May 1993 the voluntary separation package scheme was replaced by the targeted separation package scheme. This scheme was coordinated by the Department of Labour and as at 10 September 1 185 persons had accepted the offer of a targeted separation package, at an aggregate cost of \$76 million, \$22 million being the employers' superannuation contribution.

Workers compensation lump sum liability payments were brought forward for workers taking voluntary and targeted separation packages. As a result, approximately \$2.2 million was expended in 1992-93 which normally would have been spread over future years in accordance with normal retirement patterns.

Other highlights for the department in 1992-93 include: approved amendments to the Government Management and Employment Act which provide improved flexibility in managing the public sector work force, in particular in the area of personnel management. The Department of Labor on behalf of the Government and the United Trades and Labour Council are continuing to negotiate a framework and principles for enterprise bargaining in the public sector. Subject to finalising the negotiations, the resultant framework document will form the basis of a signed agreement to be certified in the respective industrial commissions.

A youth recruitment program was established to provide employment and training opportunities for young people in the public sector. During 1992-93, 400 young people were engaged in the program, of whom it is estimated that nearly half have found ongoing employment in the public sector, and other successful participants are likely to secure private sector employment. A further 1 000 places will be offered to young people aged between 17 and 24 to undertake training and work experience in the public sector in 1993-94. They will be employed with Commonwealth assistance under the Jobskills and CareerStart programs.

The Department of Labour developed a number of Aboriginal training programs to enable Aboriginal officers to further enhance their skills in management style, service delivery, communication and confidence building.

The Department of Labor is working closely with the private sector and key agencies to implement a modern comprehensive computer system to improve the management

of human resources throughout the public sector. This process will operate under the name of the concept project.

The number of new claims recorded by the Government Workers Compensation Office in 1992-93 fell by 3.5 per cent from 1991-92. This was the third year that the number of claims had fallen, reflecting both a reduction in the work force covered and the greater attention being paid to injury throughout the public sector. It is the lowest level of claims recorded since 1987-88.

Operation truck stop was formulated and developed over a five month period and included a strategic partnership with the SA Police and the Department of Road Transport. The operation was an audit type assessment of vehicles carrying dangerous goods by road in South Australia. Officers of the department detected problems, raised industry awareness and collected valuable data.

More recently, on 13 September this year, operation road runner was conducted on oil tankers leaving the refinery at Lonsdale. A significant portion of the tankers were found to be faulty, including leaks and dents in bodies, and lack of a five yearly test as required by the Australian Dangerous Goods Code. More operations of this type are planned in the future.

Although in 1993 the Department of Labour and Administrative Services will undergo structural change and further budget savings, I am confident the department will be able to operate effectively within its budget allocation and that its service delivery in all areas will be maintained. Finally, I would mention the excellent performance of the WorkCover Corporation. In 1992-93 we have seen WorkCover achieve a funding ratio of 99.7 per cent, up from a low of 72.1 per cent in 1989-90. This near full funding ratio is achieved two years ahead of target and has been due largely to significant reductions in claim numbers, down from 56 500 in 1989-90 to 39 100 in 1992-93, with excellent investment returns on funds of the corporation also being a significant factor.

While the depressed state of the South Australian economy has been a contributing factor to the reduction of claim numbers, the corporation's focus on effective prevention programs and the effect of the bonus penalty scheme is seen as a major reason for this reduction. The corporation also has focused on efficient and effective claims handling techniques and a return to work strategies aimed at keeping the average cost of claims to a minimum.

The initiatives taken in recent years have allowed the corporation to reduce its levy rates on average at 1990 of 3.79 per cent of payroll to a targeted average for 1993-94 of 2.86 per cent.

Mr INGERSON: I have a list of omnibus questions which I have discussed with the Minister and which, unfortunately, we cannot table, but the Minister has agreed to provide answers to those questions. We will need to look at this issue later when reviewing the proceedings.

As to national inquiries into occupational health and safety, what work is being done nationally, what are the current inquiries and where does South Australia stand in those inquiries? I recently had a briefing from the CEO of the commission, who advised me that many studies were being done, some supported by the State and some not supported. What are those studies?

The Hon. R.J. Gregory: As members will know, the South Australian Government has taken a leading role in national uniformity of occupational health and safety standards. South Australia makes up about 9 per cent of the Australian population; we have a manufacturing industry

employing about 15 per cent of the Australian manufacturing industry and, if we are going to compete successfully nationally, we must have uniform standards so that our business people and workers can move from one State to another, applying the standards we apply in this State in other States without running into trouble.

It is sensible that a country of 17 million people has national uniformity in this area. At Minister of Labour conferences attempts have been made by one or two States to move away from national uniformity, but on each occasion the other States have brought those departing States back to the field. At the last meeting it was enunciated clearly that there will be uniformity and no moving away from it.

In South Australia we have a varying number of codes and the proposal is to bring those codes down to one code. We are seeing a national uniform code for occupational health and safety, which will reduce many Acts and regulations down to one document, and that is being done at a national level.

Hazardous substances have caused a considerable problem. Allegations have been made that this may not be cost effective, but I cannot understand how workers' health can be based on whether or not it is cost effective.

It is paramount, if we use new chemicals and new and old substances in the manufacturing industry which may endanger the health of workers, that employees be informed; their employers need to be informed and the people need to know about it. We also need to have proper regulations and codes of practice so that when people do work with these products they work with them safely. For example, electricity is a very dangerous commodity if you do not work with it safely, yet we have thousands of people working with it safely everyday because they conform to certain standards and we intend doing that with occupational health and safety.

With respect to hazardous substances we hope that by the end of this year there will be a national agreement. The South Australian Commission has conducted itself in such a way that it has followed the processes of the national body so that when we do reach a final arrangement on hazardous substances we will be able to do that here.

There is also a Dangerous Goods Code which is being dealt with nationally. I do not know how far that is down the track but people are working on it. The other issue is lifts, cranes and plant. Members would be aware that there are regulations covering installations of plant within buildings, that is, high pressure vessels and things like that. There is a national standard coming out on that and in all probability it will finish up being an obligation on the part of the employer to ensure that that plant is properly inspected and designed. Our inspectors will then ensure that those obligations are being carried out. If they have not the employer can expect severe penalties.

Cranes and lifting equipment are going through the same process. The wash-up of it will be that we will have an Occupational Health, Safety and Welfare Act in this State which will have uniform regulations. It will have regulations dealing with some of these other matters; it will be one series of documents under one Act and we will see removed from our statute book a number of Acts of Parliament, which in one case was enacted in the year I was born, for which I will be extremely sorry.

Mr INGERSON: I have a supplementary question to that. It has been said that whilst there is a general support for the concept of national uniformity South Australia has, in some instances, jumped the gun. What business in this State wants is an assurance that whilst we are heading to national

uniformity in essence we do not become the one State that has the national uniform regulations and the others have not made up their minds yet. That is an area of concern.

The Hon. R.J. Gregory: What the member for Bragg is referring to is the hazardous substance regulations. There have been comments made by representatives from the employing community in this State because some of the trade union people are of the view that now that the standards have been through the processes of discussion, consultation and what have you in South Australia that we ought to enact it now ahead of the national decision. I wonder sometimes how often these employer representatives listen when Government talks because we have made it quite plain in the past that we are in for national uniformity. Once the national standards are set we then want to apply them as quickly as we can in South Australia.

I can tell the Committee that the advice I have received from my officers is that we have done more in that area than any other State. It was our State that provided the framework for the work that is leading to this national uniformity. One of our officers was able to provide this framework which other States then accepted and our State plays a leading role in those matters and that is why Miss Powling is not here today.

I am disappointed the employers have adopted that attitude. I can understand the frustration of the unions because in the eastern States some people who ought to know better are doing what they damn well can to delay the introduction of this. What the employers are not understanding is that by not implementing this now and getting on with the job all they are doing is racking up costs.

Of course, they will have to do it later. If we delay implementing these standards now, we shall reduce productivity, without taking into account the number of people who may be hurt over a period of time and they will be faced with those costs. We have a responsibility to ensure that working men and women, and in some cases children, are protected to the best of our ability by delaying the introduction of these hazardous substances. However, some misguided people are causing others to be exposed to danger unnecessarily whereas, upon the implementation of this regulation, they would not be so exposed.

Mr INGERSON: There is no doubt that business supports the direction. However, it is concerned that if we are involved in national unity we are in it, but if that cannot be achieved let us do it by ourselves. People will really know then where they stand in relation to the whole exercise. That is the point that is being made.

The next question relates to our State Commission in terms of specific inquiries at State level with respect to what is happening in working conditions on farms or in the rural community. I think that a specific study is being carried out on that and I ask the Minister to comment on it.

The Hon. R.J. Gregory: The Occupational Health and Safety Commission has a responsibility for preparing regulations and codes of practice for matters that are referred to it, and it operates on a tripartite basis. The commission has had a paper prepared on child safety on farms. Originally it was a discussion paper that was distributed to the public for comment. There was a lot of comment on it. I recall last year attending a special session of the S.A. Farmers Federation. It was a fairly hostile meeting. Farmers said that they new best how to look after their kids, that there should be no interference and that, if we were to introduce this, it should

be by way of guidelines, not legislation, because they reckoned they would all get pinched.

Several conclusions can be drawn from that. One is that some people had been roaming around the State stirring up people, not telling the whole truth, and people were misled. I point out that about 75 per cent of kids killed in employment are on farms. The Committee knows that farm labour makes up about 5 per cent of the working population of Australia, so we have a disproportionate number of young people being hurt.

The fear of the farming community is that once this regulation and code of practice are enacted, a series of inspectors from the Department of Labour will be going around the farms, fining them and doing all sorts of things. That is an exaggeration. Farmers will be required to think about how they operate their farm and the safe working of it. I do not believe that any parent would want any of their offspring to be hurt. I believe that most people do not want to see others hurt. What happens is that, through ignorance, people do get hurt. The Occupational Health and Safety Commission's work is to ensure that the people who are ignorant in these matters are educated and have access to information and guidelines that they can use to ensure that working practices on farms become safe.

I had not been a Minister for very long when I got a piece of paper on my desk containing about five or six paragraphs. It was a report from a police officer who had attended the scene of the death of a three-year-old child at Virginia. He reported that he had attended the scene of the accident at a certain time and found a woman of ethnic origin in a distressed state on her knees holding the naked body of a child, whom he subsequently found to be her grandson, whose head had been cut open and his brains were on the ground.

The 17-year-old nephew who had been driving the tractor was distressed. If the appropriate safety precautions had taken place, that child would be attending one of our State schools today, the grandmother would not have been distressed and his uncle would not have been devastated as he was. That is what these regulations are about: to ensure that people understand dangerous situations and what they are required to do to overcome them. The other aspect is that the general sections of the Occupational Health, Safety and Welfare Act apply to farms as to any other place of employment, and farmers are required to provide a safe system for working.

Whether there are regulations and codes of practice there is immaterial. The regulations and codes of practice will provide a guideline and will assist people in providing a safe work place. If we can avoid one death of a young child, no matter what it costs, this State will benefit in the long run.

Mr INGERSON: As a supplementary question, when does the Minister expect that report to be further discussed?

Ms Bluff: The Occupational Health and Safety Commission has received some 1 100 submissions from the community of South Australia, in particular, the rural community. Those will now be evaluated through a couple of forums, one of which is a consultative group of the commission involving the employer, union and Government community and the Standards Standing Committee of the commission. More particularly, they will be evaluated by the Rural Industry Advisory Committee of the commission, which involves representatives of the Farmers Federation and the agricultural community.

There is a need to assess those public submissions and to review the directions of the proposals, both in terms of a

regulation (which would affect all industry, not only the rural community) in relation to young children and dangerous machinery, and also a code of practice that specifically focuses on the rural community and the identification of risks on farms. There is a need to review those public submissions that will occur over the next few months, and we would be looking to finalise the proposals in whatever form they may take (whether that be further explanatory advice or a regulatory instrument) some time towards the end of this year.

Mr INGERSON: My last question relates to the regulation review. Where does that stand and where does the Minister see the regulations being handled once they have been reviewed?

The Hon. R.J. Gregory: It is progressing very well. It is a very sensible process that the commission is going through. There are areas in South Australia at the moment to which regulations and codes of practice do not apply, and this will ensure that the hazards will become specified and not the industry. It seems stupid to me (and I suppose to anyone else who thinks about it) that we should have a regulation that requires residual current devices to be on construction sites, another regulation that requires residual current devices to be in commercial premises and another that requires residual current devices to be in commercial and industrial; there are the three of them. That then leaves other places not covered.

Anyone with an ounce of sense would know that, where people are required to use hand held electrical appliances that are not double insulated, there ought to be between them and the supply a residual current device in case of an accident, so that they are not electrocuted. It is estimated that half the deaths from electrocution in the Australian home would be eliminated if residual current devices were fitted at the scene of the accident. That is just one example.

I am not quite sure when this will be finalised, but it is moving along and will be of significance to the people of South Australia who work in industry and other places where they need access to this. They can go and purchase the consolidated documents and have in their hands all they need. At the moment, if they are not quite sure where they are working they have to go and get another set. It makes good sense to do this, and it is estimated that we will be able to issue them towards the end of this year, with national uniformity being taken into account.

Mr McKEE: Referring to page 361 of the Program Estimates, what are the benefits to South Australian employers of consolidating occupational health and safety regulations?

The Hon. R.J. Gregory: They are considerable: they will have one document to refer to instead of half a dozen. Another benefit is that there is no doubt that when the inspector comes round they do not need to start working out whether it is a construction site, an industrial site, a commercial site or whether or not it fits in with this; they just know if they are using an electrical appliance they need the residual current device.

You can tell anecdotal stories about people on a construction site who, when asked where their residual current device is, say, 'It's down on the heap.' When you say 'Go and get it', they ask 'Why?' When you explain to them they say, 'Oh, yes; one of my mates got a tingle the other day and then the power went off.' He found out he had had a residual current device on. If he had not had it, he would have been dead. But there is another wider benefit in this area. It is generally accepted that if someone ceases work and must be replaced, the cost to an employer can be between \$6 000 and \$18 000,

and if they are higher paid it can go up to \$39 000 just to change over.

That is a cost to productivity. If there are serious accidents there is a reduction in productivity and the general morale of the establishment goes downhill. If on the other hand there are no accidents or, if there are injuries, they are very slight, productivity is not disrupted and the morale of the establishment is high, and it can actually be measured in profit. When you look at the high cost of injury in Australia, any reduction is an enormous reduction in cost to industry, let alone the increase in the benefits to the wellbeing of people who work in Australia.

One of the problems we have in South Australia is that we have many small employers, who find it difficult to be aware of all the things they need to be aware of. The department is working at reducing the number of matters they need to be aware of, and consolidating all these codes of practice and regulations in the one document means that they just go to that document to get the advice and they do not need to work out where they are or whether or not it applies to them. They know that, if it is there, it applies and they need to do it. It takes away that degree of uncertainty. They know that if they comply with it they are right, and it makes it easier for everyone.

Mr INGERSON: The Industry Commission's draft report on workers compensation, which was released in late August, has recommended that in all States there should be just one authority; in other words, that there should be an amalgamation of Occupational Health and Safety Commissions with the WorkCover rehabilitation authority. It argued fairly strongly and, I would think, fairly lucidly as to the reasons why it should be done. What is the intention of the Government in terms of what seems to be on the surface a logical thing to do in bringing together the positive side of occupational health and safety and the unfortunate negative side that occurs when accidents happen in the work place?

The Hon. R.J. Gregory: I see the Occupational Health and Safety Bill being to the people of South Australia a bit like a wheel that has a number of spokes in it, and those spokes are WorkCover, the Department of Labour Inspectorate Service and the Occupational Health and Safety Commission. That enables the wheel to keep moving along steadily. If it had only one spoke the thing would collapse and would not work at all. That is how I see it and I will explain to the Committee why. In 1979 I had the good fortune to be part of a tripartite committee that visited Canada and discussed with people in British Columbia, Saskatchewan and Ontario, and of a federal nature in Ottawa, the application of workers compensation and occupational health and safety laws in those provinces and Canada nationally. They had two models. They had a workcover board, or corporation like we have; they had a Department of Labour that administered occupational health and safety laws like we do and in one of the provinces they had merged them all together.

When one went from province to province the arguments were fairly typical. There was one argument that if they were all merged together you would get the one lot of funds and you would have one inspectorate that does the whole thing. The other argument was that, if you have a workers compensation board operating independently, it can do a number of things, and if you have a Department of Labour operating independently it, too, does a number of things. The Government takes the view that we have seen in South Australia the WorkCover Corporation apply a number of measures to employers, which has meant that for the first time a number

of them have faced the reality of the costs of injury in the workplace and have then had to do something about it. They have been able to use the bonus and penalty scheme as a carrot and a stick. They have been able to use their preventions people to assist the employer in how that employer manages the workplace, and they have other people who, from time to time, can assist that employer.

On the other hand, we have the Occupational Health, Safety and Welfare Commission, which is an independent tripartite body consisting of representatives from the employers and the trade unions, as well as Government representatives, who examine, on a tripartite basis, the making of the codes of practice and the regulations, and they are involved in an extensive discussion process. Then we have the policing arm, if you like, of the Department of Labour, which does the prosecutions. When that tripartite committee reported to the then Minister of Industrial Affairs, the Hon. Dean Brown, it advised that there should be separate bodies. I do not think things have changed since then and the reason for that is that WorkCover is there, in rehabilitating people and getting them back to work. The enforcement part, if you like, comes from the Department of Labour. When there is wrong-doing or transgressions it comes around and does the prosecutions. It is very difficult for a person who is operating in a workers compensation area to also be the policeman. It then confuses the role.

WorkCover's primary role is to ensure that injuries are reduced and that the cost of those injuries is kept to a very low premium. It is the department's role to ensure that occupational health and safety standards are enforced, that ILO conventions are progressed, that we are able to lift ourselves with those standards. I am of the view that you cannot mix the two. If the inspectorate service and the regulation processes were to move in with WorkCover, it would be subsumed into the total goal of WorkCover, which is just to reduce injuries and the cost of injury, not to look at the enforcement role.

A good example of that is the 'Operation Bandit' that was conducted at Port Stanvac the other day, where officers of the Department of Labour were very effective in ensuring that a faulty tanker from New South Wales did not travel from Port Stanvac to Sydney leaving a trail of light spirit on the road. When you look at that activity, that has nothing to do with work injury. I believe that the bloke driving the truck was a contractor. However, it ensured that the general safety of our community was maintained. I think there is a specific role for the three bodies. They need to be kept separate. They function exceptionally well. In this State we have been able to use WorkCover to collect employer registration fees. It is one less form the employer has to fill out. We are now looking at using the accident reporting of WorkCover so that employers do not have to report to the Department of Labour. Since we have had access to the WorkCover information we have found that over half of the injuries are not reported to us, anyway. But we need to have that group of people out there doing that work; for example, advising the safety reps and the employers on what are safe working processes, and, what is more, pinch them when they get up to mischief.

Mr INGERSON: I am a bit disappointed with that reply, because I think the reality in other States where it has been tried, and particularly in New South Wales, is that one of the most important advantages to the scheme is that the people who are doing the enforcing also have the opportunity to pass their experience along in terms of improving safety within the workplace. I think there is strong evidence in New South

Wales to suggest that it has been a very important moral boost to those who are involved in this whole area of occupational health and safety.

The Hon. R.J. Gregory: I understand that in New South Wales they are not very happy with it and there is now talk about them walking away from it, because it is not working too well.

Mr INGERSON: My next question relates to the hazardous substance regulations. Many people in the retail industry in particular are concerned about these regulations and they are asking that they be given ample time not only to recognise their responsibilities, which they accept, but also to understand the important changes that will have to be made in the way that they handle these goods. What is the time frame for developing these regulations and what consultation is occurring with the retail industry, in particular, as it relates to the sale of hazardous substances?

The Hon. R.J. Gregory: I would think that with the retail industry there will be enormous discussion, as there is with every group of people concerned with this. The success of the Occupational Health, Safety and Welfare Commission in South Australia is based on its consultative processes. As the Committee knows, when new regulations are brought into force in South Australia, to have significant effect and change, there is a period during which that change-over takes place when employers are able to bring their establishments up to standard. When I first became the Minister we had new regulations for dangerous substances, and a number of employers contacted the department and sought exemption from the complying period because of the large amount of work they had to undertake. The timetable was discussed and negotiated with those employers and, to their credit, they came in on time. It meant that they were able to comply, but not immediately; an enormous amount of work had to be done.

The same would apply with the retail industry. However, one has to clearly understand that with dangerous substances we need to have proper regulations. One of the things that our officers have found, where they have been stopping trucks on the road and inspecting for dangerous substances, is a very careless approach as to how goods are stored in the backs of those vans. They have found dangerous substances in close proximity to food. Those substances should not have been anywhere near the food, and the inspectors have also seen dangerous substances actually loose within containers, in precarious positions. The awful part about all this is that truck drivers were not even aware of what was in their truck. All they did was hook themselves up and drive off. The people who load these vehicles ought to ensure that the manifests are there. I would have no support for retailers who took that sort of careless approach in their industry. I have a belief that most of our retailers in South Australia are responsible people. I am sure that they will respond positively and apply the provision when it becomes a regulation and a code. I am quite confident that there will be that phase-in period, as there has been with all the others, during which they will have time to comply with standards. It is only those who are pigheaded and stupid and who do not comply who will find themselves being prosecuted, and so they should be.

Ms Bluff: You have asked particularly about the transitional time that might be involved with these regulations. As you know, they have not yet been introduced. In fact, there is ongoing discussion at the national level and indeed today the CEO of the Occupational Health and Safety Commission is participating in discussions that relate to that transitional

period to ensure that it is an appropriate period of time at a national level, so in all jurisdictions. The period of time that is being debated is two years from the commencement of regulations until compliance, and that view is being supported by the South Australian representative when some other jurisdictions are looking at shortening that period.

It is also important that in the various processes over a period of years on the hazardous substances regulations some special considerations have been made to the retail sector, recognising the particular position they are in, in handling goods that are not necessarily in an open state and therefore there is not necessarily exposure to the hazardous substances as such. So, there are various measures included in these regulations which take account of their special circumstances, in particular with regard to ensuring that they are not unnecessarily onerous in a situation where people are unlikely to be exposed to hazardous substances.

Mr INGERSON: My final question relates to education and training. What process is now occurring in the education and training of small businesses that wish to use the commission, and what sort of support is the commission getting in that area for its training programs?

Ms Bluff: The Occupational Health and Safety Commission has currently one person who is undertaking training programs, and that sort of assistance has been provided in particular in relation to the area of manual handling, which represents a significant source of occupational injuries and costs. That training program will be expanded to a second person, with the two positions focusing particularly on providing training in relation to both the consolidated regulations and in particular the hazardous substances proposals that have been talked about. The nature of the training that will be provided emphasises a very practical approach which is accessible to small business as well as other sections of the employer community—a practical approach to identifying hazards in the workplace and how those problems can be controlled.

Additional Departmental Advisers:

Mr P. Ochota, Director, Regional and Technical Services.

Ms S. Macintosh, Director, Corporate and Planning Services.

Mr T. O'Rourke, Manager, Corporate Services.

Mr McKEE: I refer to the Government workers' safety, health, workers compensation and rehabilitation program. Can the Minister elaborate on the development of fraud prevention activities within the Government Workers Rehabilitation and Compensation Office?

The Hon. R.J. Gregory: We have recognised that within the workers compensation area there are one or two people who might think they can get away with a fraudulent claim. We have taken on a fraud prevention officer. He investigates the matters that are referred to him, and about nine matters have been referred from the police for investigation of fraud. There has been a successful prosecution and there is another matter pending. However, the role of the fraud prevention officer is not only to catch people but also to ensure that our systems in the workplace and in dealing with workers compensation are such that people are not given an opportunity to commit fraud, and I think that is a proper role. It is an unwise shopkeeper who leaves the till open so that everybody can take a dip in it and who then complains if they take money out of it. The shopkeeper goes in for certain precautions; we are doing that. There is and will be liaison with the fraud people in the WorkCover Corporation itself

and with the State Government Insurance Commission and the Police Department fraud unit so that our person can keep abreast of that matter.

We think that there will be a reduction in the number of people wanting to make claims and, on one occasion in our experience in the fraud prevention area of WorkCover, people were able to manipulate the program which showed that a certain type of injury was being treated and claimed by a group of people who lived in the same street and in very close proximity; they all went to different doctors and worked for different employers. WorkCover asked them to go to another doctor for reassessment and they all went back to work. People could say that a bit of fraud was going on there, but the ultimate aim was to get people back to work and they succeeded in doing that. I hope that our fraud prevention officer, in being able to deal with experiences we get from WorkCover, SGIC, will be able to use that experience and knowledge to assist him in developing strategies that will stop that sort of nonsense and mischief. Where people are deliberately engaged in fraud they are caught out, investigated and, if the courts so determine, prosecuted and convicted.

Mr McKEE: As a supplementary question, can that apply to both sides of the fence in terms of employee and employer?

The Hon. R.J. Gregory: With the State Government we are the employer.

Mr McKEE: What about other businesses that might come under the Department of Labour?

The Hon. R.J. Gregory: The State Government Workers Compensation Act. We can deal with that matter when Mr Owens is here, because that raises another complex problem, and we will be talking there about an employer not wanting to pay the appropriate benefits, penalties and levies to WorkCover. We do not have that problem in Government; they pay. In the Department of Labour we also have the advantage of knowing exactly how many people work there, what is their payroll, and all those other things; we have access to that information, as it is not denied to us.

Mr McKEE: My second question is again on the same area of Government workers safety, health, workers compensation and rehabilitation. What is the Government doing to promote sound occupational health and safety management techniques and practices in the public sector?

Mr INGERSON: Particularly in the light of its record.

The Hon. R.J. Gregory: The member for Bragg refers to the Government's record, but with whose record would he like me to compare it? The members for Bragg and Gilles know that one can get a zero rating at WorkCover as an exempt employer and have no injuries. The member for Bragg knows that. He knows, as we all know, that there was an assessment by WorkCover of the exempt employer status of the South Australia Government and a number of the departments received a zero rating because they were not in the prevention area. There was an assessment that they had not been doing adequate training.

Since then we have trained more than 3 000 people as safety representatives and there is an ongoing program of doing that. Every department head has been instructed that that has to be done and that program is under way. It will be ongoing and continuous. Our injury rates in comparison with the private sector are down.

Mr McKEE: I refer to page 367 of the Program Estimates and the program 'Public Sector Industrial and Employee Relations'. Has agreement been reached with public sector

unions on enterprise bargaining in the South Australian public sector and, if so, in what form?

The Hon. R.J. Gregory: Of all the unions we have been negotiating with through the United Trades and Labour Council, three are yet to endorse or agree to the enterprise bargaining framework proposals that have been agreed in discussions between the Government and the United Trades and Labour Council. They are the Australian Nursing Federation, the South Australian Institute of Teachers and the Automotive, Metals and Manufacturing Union. We will be holding discussions with the Australian Nursing Federation tomorrow; there will be further discussions with teachers; and, now that the Government has reached substantial agreement with the other unions, we propose to move ahead with enterprise bargaining.

We are confident that as we move through that process we will be able to achieve the reform of Government and also be able to ensure that working practices change, that workers receive fair remuneration and that the Government receives a dividend out of it. We have also been successful in the area of negotiating agreement where there is no up front payment, so that payments or increases will come later.

Mr INGERSON: On page 351 of the Program Estimates reference is made to the proposed increase in recurrent expenditure of \$12.5 million. On page 354 of the same document it talks about \$12 million being spent on recruitment in the public sector. Is that where the two figures relate, because there is a huge increase in expenditure over the previous year from \$49.5 million to \$61.9 million. What is the \$12 million of extra expenditure in recruitment all about, because there is a potential reduction of 3 000 people in the public sector?

The Hon. R.J. Gregory: Briefly, it relates to the program we are introducing providing an opportunity for young people. It relates to the engagement of 1 000 young people aged between 17 and 24 for training and work experience in the South Australian public sector. We have approved that for the current financial year. The program will not only benefit the State's social and economic development but it will also provide resources to further balance the relevant skill base of the public sector and its age profile.

The extension of the current strategy will be targeted specifically to areas of emerging employment need. It is consistent with the Government's commitment to the State's development and we will have a training and employment strategy to continue to assist these young people into the workforce. As the member for Bragg knows, it is a Commonwealth scheme. When there are vacancies within the Government these people can apply for the position and, at the end of that period, if they are unsuccessful, the training they receive will assist them in getting work in private industry.

Mr INGERSON: As to the training scheme, what is the length of time that young people will serve in obtaining their training? Is it a couple of months, six months or what period?

The Hon. R.J. Gregory: One scheme operates for six months and another for 12 months.

Mr INGERSON: Also on page 351 of the Program Estimates we see that \$19.7 million is projected for receipts on behalf of the Department of Labour. This is up \$4 million. From where are these extra receipts coming?

The Hon. R.J. Gregory: My advice is that it is a Commonwealth specific purpose recurrent grant youth training and employment strategy, JobSkills and Career Start, and it goes from \$2.4 million in the previous year to \$6.5 million in this financial year.

Mr INGERSON: From where does that money actually come?

The Hon. R.J. Gregory: From the Federal Government.

Mr INGERSON: I refer to page 356 of the Program Estimates and the need for extra support staff for the Minister's office at a cost of \$47 000 for a .6 full time equivalent. Why is there the need for an extra .6 of a person in the Minister's office? What conditions of employment apply to this appointment?

The Hon. R.J. Gregory: Staffing in the Minister of Labour's office is one of the lowest in the ministerial grouping in South Australia. Mr Wright indicated that he was leaving the employ of the Government to seek work as a consultant and I undertook with him to use his considerable skills on a consultancy basis. In the receipts and expenditure a payment is made per annum for that. We were able to manage for a period with Mr Wright providing that consultancy on demand, but it was found that with complex industrial relations problems arising as they are there was a need to get an additional person and I was able to secure the services of a highly skilled and a competent person on a .6 basis.

Mr Ingerson: Who is that person?

The Hon. R.J. Gregory: It is Leena Sudano.

Mr De LAINE: I refer to page 361 of the Program Estimates. How many prosecutions of breaches of the Occupational Health, Safety and Welfare Act and its regulations occurred during 1992-93?

The Hon. R.J. Gregory: There were 87 matters proceeded with during 1992-93, with 40 complaints carried forward from 1991-92. Convictions were recorded in respect of 38 complaints of which 34 carried over from 1993 to 1994. There were a number of cases, where to avoid duplicity or to pursue more serious complaints (high maximum penalties), elements were withdrawn by agreement between legal counsel and the industrial magistrate. There were 15 such complaints withdrawn.

The notable penalties recorded during the year include: Apcel Pty Ltd, a fine of \$11 000; Universal Industries, a fine of \$10 000; Boral Hollostone Masonry Pty Ltd, a fine of \$11 000; Seas Sapfor Limited, a fine of \$12 000; Mobil Oil Australia Limited, a fine of \$30 000; and Kimberley Clark, a fine of \$38 000. The total amount of fines imposed under the Occupational Health, Safety and Welfare Act for the year was \$171 980.

Mr De LAINE: How many employees suffered work related fatal accidents at work places during 1992-93?

The Hon. R.J. Gregory: Seven work related fatalities (notifiable within regulation 257) were reported to the department. The details in brief are as follows: a male driver of heavy road making plant died when it rolled over; a female doctor was stabbed by a patient; a male apprentice electrician was electrocuted when a live cable was cut; an ETSA male employee was electrocuted when a stardropper came in proximity with high voltage equipment; an underground male worker was fatally injured when explosives prematurely detonated; a male factory hand died, and the autopsy determined the cause to be fluid in the tissue of the lungs possibly from thinner vapour inhalation; and an interstate male truck driver died in a semi-trailer turnover.

The department was made aware of a further 10 fatalities not covered by regulations. Four self-employed persons suffered fatal injuries while working. Two were the result of persons suffering heart attacks at work; one involved a club member struck by a broken glider launch winch wire; a

recreational diver was found submerged in 7.5 metres of water; and one involved a farmer's son who died while asleep in a utility during vegetation burn-off.

In all of those cases some level of investigation was carried out. This was done to establish applicability or otherwise of the legislation and also to determine whether or not anything could be learnt from the matter. Any advice or publicity should result in help to others. If appropriate, a copy of any findings was sent to the Coroner.

Mr De LAINE: I refer to page 362 of the Program Estimates, under the program 'Regulation and Handling of Dangerous Goods and Substances' under the 1992-93 Specific Targets/Objectives. What actions did the department take to administer the transport of dangerous substances?

The Hon. R.J. Gregory: The department has been involved in inspecting and ensuring that dangerous substances are transported safely. We have two roles in that area: policy and enforcement. The Advisory Committee of the Transport of Dangerous Goods oversees the development of the Australian Dangerous Goods Code and is supported by the Competent Authorities Subcommittee and the Drafting Subcommittee. The Department of Labour represents South Australia on these committees and our delegate chairs the Competent Authority Subcommittee.

A recent development is the involvement of the National Road Transport Commission. As part of its task to develop national uniformity for road transport the National Road Transport Commission is drafting 'template legislation' to ensure that each State has an opportunity to work within a common legislative framework. The department is involved in this process and co-ordinates comment from the Attorney-General's Department and the Department of Road Transport.

In terms of enforcement, the department adopted a proactive role and developed a 'truck stop' action plan in conjunction with the police and the Department of Road Transport in this State, and coordinated activities with Victoria and New South Wales for what we call a tri-State approach.

Four separate 'truck stop' operations have been undertaken which involved the inspection of some 1 400 vehicles. The rate of non-compliance has fallen since these operations commenced and a total of eight prohibition notices, 47 improvement notices and 30 verbal directions were issued. This action plan has enhanced the safety of the transport of dangerous substances, and other operations are planned as part of a strategic partnership with the South Australian police and the Department of Transport.

As an aside, it is with some pride that I found out that following a recent meeting and debriefing on the latest of these tri-State road stoppages, or 'truck stops', if you like, our Police Department, our inspectors and our Department of Road Transport people acted as a team and had comprehensive reports. Although the other two States were not too keen, at the end of the meeting all agreed to adopt our action plan and to use the style of questionnaires and plans our people use to formulate what they will do. The other States were convinced that our procedures are better. It takes the Victorians and New South Wales people an enormous amount of courage to admit that someone else might know something better than they do.

The other aspect is that at this meeting held in Victoria the one South Australian inspector discovered that he had five Victorian counterparts. When he inquired as to why there were five inspectors in Victoria he was told that they were all doing different things. There was one inspector from South

Australia and five from Victoria. They were a bit shamed when he explained to them that he was competent, had the knowledge, the skill and the authority to do all the inspections that these people could only do singularly.

It demonstrates that our people are well organised, well trained, have good commitment and apply themselves well and successfully. The other aspect of this 'truck stop' business is that every trucks which is not mechanically safe and for which the Department of Road Transport issues notices is a dangerous vehicle and a potential accident put off the road. Every vehicles which does not have the appropriate safety equipment for dangerous substances or for which the driver has not received the appropriate training and which is detected by our inspectors is another potential dangerous accident put off the road.

The other risk is with respect to the loading of these vehicles. I would hate to be an emergency service worker who turns up to one of these truck accidents and finds that there is no manifest clearly stating the dangerous substance. He assists people and then finds out he has been exposed. I have a view that any trucking company careless enough to allow their drivers to move off without the appropriate documentation and that in the event of an accident, as unlikely as it might be, places emergency workers' health at risk, ought to be severely dealt with. The advice I have received from our officers is that those trucking companies, particularly in this State, have responded extremely well to these 'truck stops'. Our officers are visiting them, raising with their management and their supervisors the role they need to adopt and attending union meetings, to give talks and reports on what they are doing so that people are aware of it. I think that the four 'truck stops' which have been held in South Australia have been successful, have raised the safety awareness and may go some way to reducing the road toll.

The Hon. B.C. EASTICK: I refer to page 352, the second program under 'Industrial Conciliation and Arbitration'. It is noted that the Workers Compensation Review Panel has an allocation of \$1.265 million and a staffing involvement of 15.6 persons. Is the Minister able to indicate whether this will be a cost recovery from WorkCover accounts or whether it will be a Government involvement to the benefit of WorkCover?

The Hon. R.J. Gregory: With respect to the first question, the answer is 'Yes'.

The Hon. B.C. EASTICK: We will wait and see what the answers are.

The Hon. R.J. Gregory: It is cost recovery.

The Hon. B.C. EASTICK: The inference was not in that direction.

The Hon. R.J. Gregory: The transfer across of that facility to the Department of Labour will be on total cost recovery.

The Hon. B.C. EASTICK: As a supplementary, with regard to the operations of the Industrial Relations Court and Commission, there is an indication of a reduction of three staff. At what level has this reduction been; is it at the magistrates or tribunal level?

The Hon. R.J. Gregory: I will explain what has been happening and you can see where there has been a reduction in staff. You will know that the South Australian commission and the Federal commission moved into joint premises in the Riverside building. The courts and commission rooms are all on one level and the administration is in one half of another level. I am not sure whether it is above or below, but it is in one half. For the first time in the history of Australia, a

person who wants to be involved in an industrial relations matter goes to one office in one building to deal with it.

We have reached the position where the Industrial Registrar of the South Australian commission has taken a targeted separation package. Mr Heggarty, who was the Industrial Registrar for the Industrial Relations Commission in South Australia, is not acting for us at this stage, but it is the intention, when the Industrial Relations Act has been amended, for that to happen. There is a reduction in staff because we have been able to merge the activities together.

It also means that if an employer has groups of workers who are under State and Federal awards in one establishment and there is a problem, because of the dual appointments there is one hearing. The Commissioner wears two hats at once and deals with the matter. That overcomes the stupid thing that used to happen where two hearings would be going on and people would be going backwards and forwards like bookmakers' touts working out what was going on to make sure that they came up with the same decision. We have overcome all that nonsense by having dual appointment and concurrent hearings. As a result, there has been a reduction in staff and a saving to this State. The numbers of magistrates and commissioners are being maintained. There has been a slight reduction in the deputy presidential staff, as you know. They are dual appointments with the District and Criminal Court and some of those people have been quite happy to move back to that jurisdiction.

The Hon. B.C. EASTICK: That is worthwhile progress.

The Hon. R.J. Gregory: I think it is.

The Hon. B.C. EASTICK: My next question relates to page 355. We notice there is an increase of almost \$1 million in Government workers compensation. What is the reason for this? Is it that injury management and prevention strategies are failing or that there is already some major difficulty which will require that extra funding? The total program last year was \$17 801 000 actual and the amount allotted for this year is \$18 755 000. There is a variation of almost \$1 million. The staffing is the same.

The Hon. R.J. Gregory: My advice is that the 1992-93 program is committed to a four-year expenditure which was not actioned until 1993-94. The 1993-94 budget returned to base level. The WorkCover exempt employer levy increased, due mainly to adjustments for higher 1991-92 actual and recurrent, plus an increased superannuation component as calculated by Treasury.

The Hon. B.C. EASTICK: Finally, I move to page 357 where there is an indication of payments of a recurrent nature without a great deal of explanation either here or elsewhere in the documentation. Can the Minister provide (if not now, on notice) a fuller indication of how that \$61 million will be expended? There are changes in reserves of almost \$5 million from a negative to a positive. Why is that? Also, receipts retained by the agency have been increased from \$9.7 million to \$15.216 million.

The Hon. R.J. Gregory: My advice is that the recurrent payments in the program are about \$5 million. That is represented by the following expenditure funded separately from the normal departmental programs: debt servicing costs, SACON, \$633 000; deposit working account, \$507 000; special acts, judges and magistrates, \$876 000; construction industry long service leave fund, \$3.8 million; Government workers rehabilitation and compensation fund, negative, \$970 000; WorkCover levy, \$179 000; a total of \$5.054 million. Is that adequate?

The Hon. B.C. EASTICK: Yes. The receipts retained by the agency was the item that was of particular interest.

The Hon. R.J. Gregory: My advice is that the principal difference is the funding from the Commonwealth to the youth employment program.

The Hon. B.C. EASTICK: As a supplementary, I take it that the Commonwealth funds are divided between various of the headings which are presented here?

The Hon. R.J. Gregory: My advice is that they are receipts retained by the agency.

Mr HERON: I refer to page 364 of the Program Estimates. Can the Minister explain why South Australia has constantly recorded the lowest number of working days lost per thousand employees?

The Hon. R.J. Gregory: We have had a very good record, except when there was a Tonkin Liberal Government, and it was awful then. The real reason why we have a low number of disputes in this State is that the Labor Government has been able to ensure that our industrial relations system is responsive, that it is able to deal quickly with matters that are referred to it, that our community is small enough and that the employers and unions have the trust of the people in the commission. The system of dual appointments means that South Australia is able to respond to any request almost immediately, and that has meant that the disputes settling procedures that we have in place are able to work effectively and quickly.

Mr HERON: I now refer to the program 'Industry/occupational licensing and/or regulation', page 358 of the Program Estimates, in relation to shop trading hours. There has been ongoing media speculation on the subject of Sunday trading or possible total deregulation of trading hours. What is the Government's intention in this regard?

The Hon. R.J. Gregory: We have indicated publicly that there will be no change in the Shop Trading Hours Act during the life of this Government. I am of the view that the current Act provides ample flexibility for those shops or shopping centres that wish to extend trading hours for special promotions or for some form of celebration or another. If the shops involved in food retailing are able to reach agreements that are general, we may then consider changing the hours, but I do not see that happening at the moment.

Mr HERON: In relation to the program 'Government workers safety, health, workers compensation and rehabilitation', what is the Government doing to improve the performance of public sector agencies in managing sick leave and workers compensation claims and their costs?

The Hon. R.J. Gregory: Nearly two years ago we were able to introduce a reporting system whereby the departments were required to report to me, initially, on accidents in respect of WorkCover and on the taking of sick leave by their employees. It was a constant monitoring process, and I subsequently would report to Cabinet on that matter. That constant reporting has meant that there has been a steady decline in the use of sick leave within Government departments and has also enabled me as Minister and the CEO of the Department of Labour to have discussions with CEOs of departments where we are of the view that the injury rate or the need for workers compensation is unacceptable.

That pressure on CEOs has meant that those organisations have been able to change what has been happening within the department, and the constant providing of quarterly reports focuses attention in that area. By using common definitions we have been able to focus on particular matters. As I said, I have been involved in this at a personal level and believe

that it is very important that the Minister should see the CEOs where he thinks that they are performing poorly and need to lift their game. They have done that, and I am of the view that, the more we go through this process and people come to accept that there is a responsibility on an employer to be exemplary, the better we will be.

We are extending that to the statutory authorities that are exempt employers, and they will be providing information to me on that. I should imagine that we will be reviewing their progress and doing the same thing as we are doing with Government departments. It is a considerable initiative, when you consider that in discussions I have had with Ministers in other States they are astounded that we even bother to do it; but I think it is important. I think the CEOs appreciate the contact they have, and those who perform very well are told of it.

Mr INGERSON: I would like to go back to this enterprise bargaining package that has been heralded by the Government as the future. I noted in a reply in another Committee relating to the Attorney-General a comment that future wage increases are to be related to the achievement of clear targets that are to be set. What is the wages outcome expected as part of the arrangement of this three year contract?

The Hon. R.J. Gregory: What does the honourable member mean by 'wages outcome'?

Mr INGERSON: In any agreement entered into there is an expected growth factor or negative factor, one or the other, and there would be an expected outcome from that agreement to give some clear target of what the Government is aiming for. Having read the agreement, I perceive it as very open ended with no targets at all, yet in another Committee the Attorney-General said that clear targets will be set. What is the expected outcome? Is it 1 per cent, minus 2 per cent, plus 5 per cent?

The Hon. R.J. Gregory: One of the problems we had in negotiating the enterprise agreement with the unions was the confusion between public sector reform and enterprise bargaining, and the member for Bragg is, I think, also doing that. Whilst I was not present when the Attorney-General (who is also the Minister of Public Sector Reform) was responding to these matters, I should imagine that what he would have been talking about is the outcomes the Government expects from public sector reform. We expect to have a service. Our employees look upon the delivery of that service as a primary function.

We are already seeing that in some of the Government departments. We want to lift the level of availability to the public to public service in key areas, and those changes that are necessary will come about. They are not pie in the sky; they have been clearly set down. They have been clearly enunciated in documents, and when it comes to enterprise bargaining this public sector reform will be going on at the same time and a high degree of skill will be needed to ensure that there is not an overlap between that and enterprise bargaining.

As to the outcomes, it is quite clearly stated that wage increases will be dependent upon the changes in productivity. As the member for Bragg knows, when I have been asked questions from time to time I have made it quite clear in the House of Assembly that enterprise bargaining is not something you decide to do when you wake up in the morning and think, what I will I do today, I will go and do some enterprise bargaining, and at the end of the day you sign a document. Those of us who have been involved know that it can

sometimes take months and months to get an agreement that suits everyone, and the larger the organisation the more complex it is and the longer it takes.

The other point is that, within the public sector, we have not had any of that for a long time. Where we have had it, it has usually been on a very limited basis. So, a very steep learning curve is going on with the unions and the Government, and it has taken us a long time just to get the enterprise bargaining framework agreed. The next area will be the difficult and complex discussions that will take place over enterprise bargaining, in which people expect to get wage increases and outcomes, and that will mean a change in the department; it will mean savings, an increase in productivity and a whole number of things.

When those savings can be measured, the increases will apply. It is not open ended: it is quite detailed. If the honourable member read the document I think he read, it is not open ended but very closed; it is very specific about just how increases can apply.

Mr INGERSON: As a supplementary question, do I understand that, if there are no productivity increases, there are no salary or wage increases over the three year period?

The Hon. R.J. Gregory: You might have a good understanding.

Mr INGERSON: My next question relates to productivity. Can the Minister say what issues are being looked at in terms of productivity improvements, how they are going to be measured and how are they going to be paid for?

The Hon. R.J. Gregory: I thought I had already sorted out the 'How can they be paid for' stunt. The only increases will be where the productivity increases are there. It is a no cost situation to Government. It means that savings have got to be made within the department or the agency where the negotiations are taking place. As for the procedures, the framework has been negotiated. If the member for Bragg has a copy, it is in there. Real negotiations are yet to commence in the departments. There may have been some preliminary discussions between each of the departments and certain officers of the unions. That may have occurred, but the real discussions cannot take place until the framework has been agreed to, and we have just about reached finality on that. We will be working in that area as we move on.

I want to make it quite clear that none of this stuff can be done overnight. If anybody thinks it can be, they are very inexperienced and foolish. I will go into some detail about what it will do. It will achieve demonstrable improvements in productivity efficiency and flexibility in the enterprise. These measures should be based on the broad reform agenda aimed at achieving best practice and not designed to undermine existing standards of service and employment conditions. They may include, but not be restricted to, changes in the work organisation and job design and working pattern and arrangements, new training and development skills programs, people management issues and occupational health and safety, optimum utilisation of capital equipment and new technology, and quality assurance and continuous improvement programs.

In association with these measures agreement may also be reached on a more flexible application of employment conditions on the basis that, considered as a whole, there is no disadvantage to employees in relation to their terms and conditions of employment, improved provisions and standards of service to clients. As I said earlier, this will take a long time. I, like the Chairman, have been involved in the past. We have done this sort of thing and you have to get the

endorsement of the people concerned. You go through long periods of discussion. Sometimes it takes months, even years. In the metal industry we have seen that, where they are more advanced than any other group of employers in Australia in respect of enterprise bargaining, because they have been doing that constantly. In New South Wales we have seen that many employers do not want to bother with it because they see it as being too hard.

Mr INGERSON: My next question relates to the roles of CEOs. Can the Minister explain what sort of role he sees chief executive officers playing, and what role he sees the Department of Labour or the Office of Public Sector Reform, whichever it happens to be, taking in the actual negotiation of these enterprise agreements?

The Hon. R.J. Gregory: The CEO would have the primary responsibility for the negotiation of the unit that the CEO is responsible for. The Industrial Relations Section of the Office of Government Management would have primary responsibility in ensuring that the industrial relations guidelines that have been agreed to between the Government and the United Trades and Labor Council, and the policies as outlined by the Government, are adhered to.

Mr McKEE: I am referring to page 363 of the Program Estimates. Will the Minister advise as to South Australia's performance in relation to the ratification of ILO conventions in response to the Federal ILO task force?

The Hon. R.J. Gregory: I will give it to you in great detail in a moment, but the very short answer is, 'Yes, we are very good.' In May of 1991 the Federal Cabinet agreed that a high priority would be accorded to the ratification by Australia of unratified conventions which had been adopted by the International Labour Organisation. In order to facilitate this process, it was decided to establish a Federal task force for the purpose of examining 75 conventions which are considered to be possible targets for ratification by Australia. The task force was required to report periodically to the Federal Minister of Industrial Relations on progress.

Three reports have been presented by the task force. A fourth and final report has been completed but not yet considered by the Minister. The task force assessed 32 conventions as suitable for ratification and 37 as not, with six conventions subject to further consideration. Of the 32 conventions regarded as suitable for ratification, South Australia has agreed to 20, with eight outstanding and four being agreed as Commonwealth only. Impediments to compliance of eight outstanding conventions will be overcome early in 1994, and regulations under the Occupational Health, Safety and Welfare Act will be consolidated. In comparison nationally, South Australia has agreed to the ratification of more conventions than any other State or Territory.

I might add that when I went to the first ministerial meeting there was a list of conventions which the States had either ratified or not ratified and I found that South Australia was the only State that had not ratified a convention in respect of a maritime matter. It was, would you believe, in the year of my birth when it was determined at the ILO. When I returned I found that the Act that happened to be amended was the Marine Act, which also was enacted in the year of my birth. I was able to convince Cabinet to agree to amend the Marine Act to provide that we could comply with that ILO convention. When they were drafting up the amendments to the Act, a parliamentary draftsman found that all we had to do was change one word in the regulations and we could have complied; and we did, and I was very pleased about that. It

illustrates that if nobody drives these matters, then nothing is done. We could have complied with this regulation since 1936, and the regulations had hardly changed since then. It just shows what can happen with a bit of effort, like what is happening in the Federal area. In South Australia it means we are up with the rest of Australia in this matter. It is something that all South Australians ought to be proud of.

Mr McKEE: I refer to page 360 of the Program Estimates. What was the state of the Construction Industry Fund and the Electrical and Metal Trades Fund as at 30 June this year?

The Hon. R.J. Gregory: I will give the honourable member a more detailed response when it is found, but the reality of it is that the fund is in good health. It has been able to reduce the levy. The Electrical and Metal Trades Fund will, I think, be able to come down to the same level as the general levy on the Construction Industry Fund by 1 January 1994. Again, it is a significant performance on the part of the fund in being able to generate the income to be able to do that. In a very short period of time that fund will be on an equal footing with other construction funds. The fund itself has engaged an actuary to advise it annually on the state of the fund. The fund is very healthy and can afford the reduction from 1.5 down to 1.25 per cent of payroll.

Mr McKEE: I refer to page 358 of the Program Estimates. What action has been taken to enforce and promote awareness of the provisions of the Shop Trading Hours Act and other related legislation?

The Hon. R.J. Gregory: We have a number of inspectors who inspect shops that might open when they should not. It is also done on complaint, and there is also contact with departmental officers by shopkeepers who might want to open on the weekend. In a number of these cases the inspectors will inspect the establishment and give considerable advice to the occupier of those premises as to whether or not they can open and, if they do want to open, what they need to do in the premises so that they can. Our officers do that from time to time. Where they become aware of a shopkeeper who is transgressing, they take this up with the shopkeeper, and there has been a total of seven prosecutions in which fines of \$2 750 were imposed. There were 354 visits and consultations during the past financial year. That was a 50 per cent increase over the previous financial year of 234, and that total comprised 78 complaints alleging breaches of the Shop Trading Hours Act. In the course of resolving those complaints, the investigating officers conducted an additional 276 general inspections both during and outside normal business hours. One of the cases arose out of complaints received from a discount retailer alleging that his opposition's stores were illegally trading, and similar complaints were received from a specialist fabric retailer. On investigation those allegations proved to be groundless.

Mr INGERSON: What is the approximate percentage breakdown of Federal versus State coverage in the public sector in South Australia? The question relates to this whole enterprise agreement area.

The Hon. R.J. Gregory: You mean between public sector employees whose awards are under the State inspection system and those under the Commonwealth?

Mr INGERSON: Yes, approximately.

The Hon. R.J. Gregory: We cannot give you the exact figures. The advice is that the majority would be under the State. We will endeavour to provide the exact number by the deadline.

Mr INGERSON: Is the agreement that the Government is likely to enter into likely to cover all statutory authorities, and will it override any existing award agreements or enterprise agreements that currently exist?

The Hon. R.J. Gregory: I will try to interpret what you are saying.

Mr INGERSON: If it is registered with the commission, will it cover all the statutory authorities—every one that we have, including the public sector—and will it override any existing agreements? For example, I understand that there is an agreement between the Electricity Trust and its workers which runs through to a fixed date—I think to the end of July next year, but I am not sure.

The Hon. R.J. Gregory: The statutory authorities that will not be affected by this are the State Bank, SGIC and SAMCOR. The enterprise bargaining that took place with the Electricity Trust of South Australia would have been conducted on a very similar basis to the proposed enterprise framework. After the Electricity Trust and Engineering and Water Supply merge there will be negotiations, first of all to bring about the merger and then to bring about the restructuring and the change, and the enterprise bargaining framework will be the basis on which that is conducted.

Mr INGERSON: I noticed today on the front page of the *Advertiser* a reference to some secret files. Are there any dossiers or files, past or present, kept on employees relating to their working attitudes, habits or conditions? I noticed that there was a reference to that in the Education Department. Is there any general collection of that sort of information?

The Hon. R.J. Gregory: I would not know, because I have not pursued any personal files of any employee. Under the Freedom of Information Act employees do have the right to view their personal files. I have an understanding from reading the newspaper, as did the member for Bragg, that there was reference to certain matters that were restricted. The member for Bragg would know that within Government departments personal files are kept for reasons that Acts of Parliament require. In a very sensitive area such as caring for young children, I am quite sure the member for Bragg would not want known paedophiles let loose on the basis that we would not keep this information available.

Mr INGERSON: No, just a straightforward award situation.

The Hon. R.J. Gregory: I am very pleased about that, because what you are referring to is exactly that matter. That is why they are in the Education Department, and I as a parent would want to make it very clearly understood that certain people are not appropriate to be teachers if they are paedophiles and are into molesting children.

Mr INGERSON: It has nothing to do with that; I was asking if there were any secret files relating to personnel. If the answer is 'No', just say it.

The Hon. R.J. Gregory: I have just told you and, if the employees are of the view that there is, they ought to ask to see their file; and it is made available to them.

Mr De LAINE: I refer to page 367 of the Program Estimates. The Industrial Relations Advisory Service provides a comprehensive service to the general public, employer and employee organisations. What sort of demand is there for the continuation of this service?

The Hon. R.J. Gregory: The department has an advisory service, and people can and do ring the department. We think that over all about 145 000 people have contacted the department. Of those, about 75 per cent are not members of any association, that is, employer or employee association.

The inquiries are usually in respect of wages—the employer seeking advice about the wages he or she ought to pay, the worker with respect to whether they are receiving the appropriate award wages and coverage. It is thought that, arising out of that, about 2 500 personal inquiries are regarding award and long service leave matters, and people are advised about them.

In my opening address I referred to an approach with the Department of Industrial Relations for a joint inquiry service involving Commonwealth and State people so that when people want to know they ring the one telephone number and get the one answer, instead of ringing up and, after they have explained in great detail what is their problem, being told, 'I am sorry, you had better ring up the ring up the Federal people, because you are under a Federal award,' and *vice versa*. There will be none of this business of falling between two stools; they will be dealing with people who are competent to answer their question. Again, when we get this up and running we will be the first State to have done it.

Mr De LAINE: I refer to page 361 of the Program Estimates, under the program 'Safety and occupational health in and near the workplace and other areas'. What results have been achieved to increase compliance with regulations relating to asbestos?

The Hon. R.J. Gregory: With the asbestos regulations being in place for just over 12 months, there was a general view amongst trade union people that there had not been general compliance with that regulation. In discussions with the members of the mineral fibres branch a strategy was developed in which every inspector of the department, when visiting an establishment for whatever reason, would, at the conclusion of the business there, produce a *pro forma* and ask the employer a series of questions, and that was in relation to asbestos.

About 3 000 of those inquires have been made, and they have gone into the records of the department and, in a lot of instances, they have been able to clarify that there is no asbestos in those premises. In a number of other premises where there has been an identification of asbestos, the employers have then sought the appropriate information regarding what they are required to do.

Those sorts of inquires within the employment community have raised the general awareness of their responsibility under the asbestos regulations. It has also meant that there has been increased activity in the labelling of workplaces where there are dangerous substances such as asbestos, and that is proceeding apace. What it means is that the register and signs are now going into places and we are getting better compliance with that Act. I am very pleased with it, because again it demonstrates that our inspectors, whether their primary responsibility is wages inspection or whether it involves a board inspector, an occupational health and safety inspector or a lifts and cranes inspector, when they are there, will ask these questions. It is part of the work they do, and again we are ensuring that we are leading in South Australia.

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

Additional Departmental Adviser:

Mr L. Owens, General Manager, WorkCover.

Mr De LAINE: What has the Government been doing about employee stress and how will the cost of stress claims be reduced?

The Hon. R.J. Gregory: One of the most significant ways of reducing the number and cost of stress workers compensation claims is by improving the way in which people are managed. Many studies carried out across the Public Service indicate that poor management practices are perceived by employees as a significant contributor to stress. The following activities designed to improve people management are occurring:

- development of a performance management training and information kit, so that performance is more actively managed and there is a focus on the outcomes that need to be achieved
- development of information on management competencies, as a basis for management training
- coordination of a seminar series for senior officers on the following topics:
 - public sector reform
 - stress management
 - best practice in occupational health and safety
 - managing change
 - managing the media
 - training on the role of managers in preventing stress amongst their employees
 - delivery of change management training programs
 - development of a comprehensive people management framework to guide and integrate good people management practice

Mr INGERSON: Some weeks ago a member of the WorkCover board was purported to have leaked documents to the public about BHP. I understood there was to be an investigation by the Minister into that matter. What is the position of Mr Purse as it relates to his future membership of the WorkCover board?

The Hon. R.J. Gregory: As I outlined in reply to questions in the House of Assembly, this matter is being investigated and when it has been and the rules of natural justice have been applied, an announcement will be made about what we intend to do. That is still in process; it is drawing to finality but as yet has not been finalised.

Mr INGERSON: As to a replacement for Mr Noack, who I understand has resigned from the board, are there any rules about an employee or a person who is not presently in employment but who is away on leave being appointed to that position?

The Hon. R.J. Gregory: I do not have with me a copy of the Act spelling out the qualifications for board membership, nor do I have before me the Act, which indicates who is not eligible. The member for Bragg is referring to the United Trades and Labour Council's nomination of Ms Jan McMahon to replace Mr Noack, who resigned. There has been speculation that Ms McMahon ought to be ineligible for appointment to the board because at one time she worked for the board as an employee and is currently on leave without pay. To my knowledge no disqualification applies in that area at all and I would be surprised if anyone wanted to raise such a cause of disqualification if a group of unions believe that Ms McMahon is qualified to fill that position on the board.

Ms McMahon is Secretary of a large union in this State and works to her best ability to advance the best interests of the members of her association. Whether or not she has worked on that board, she would be eminently qualified to be a board member because she has the confidence of the UTLC in that matter. The fact that she worked for the board at one time is immaterial. So what? What is wrong with a former employee being a member of the board? I do not see what the problem is. In the Department of Labour and the executive we had two employees nominated who sat on the executive and who determined management practices in the department.

It is a good idea. It is called employee participation, and the board will benefit from Ms McMahon's appointment to it. I will be ensuring that the appointment is made as quickly as possible so that Ms McMahon can attend the next meeting. If an employer or anyone is scurrilous enough to run around denigrating Ms McMahon and her appointment because she has been an employee of the board, it is just mischief making and ought to be treated as such.

Mr INGERSON: What is the position of the board concerning the payment for thermography and algometry as treatment methods as part of the WorkCover claims payment system? I understand that the Federal AMA has been asked to support an application for listing as part of the Commonwealth Medical Benefits Scheme for these areas of treatment. I understand that the request was made by a member of the WorkCover board who has an interest in these treatment methods.

The Hon. R.J. Gregory: I will ask Mr Owens to answer the technical part of that question.

Mr Owens: The corporation's policy on thermography now, as it has been for about the past two years, has been not to pay for thermography services. Before that we did pay, but on the basis of an evaluation of the usefulness of that technique we told the medical profession that we would no longer pay for such services, and that is still our position. If the AMA is convinced of its worth so as to include it on the AMA fee schedule, it will be a matter that will come up in our negotiations with the AMA on the fees to apply for services delivered by AMA members and we will reconsider our position at that time. However, on the basis of all of the information before us at present we would be most unwilling to change our stance, because all the medical evidence we have seen indicates that it is not a useful technique for identifying the location or severity of injuries.

Mr HERON: The Minister indicated that WorkCover's investment performance again exceeded most other instrument bodies. How has WorkCover managed its investments to achieve that result?

The Hon. R.J. Gregory: Very well. I will ask Mr Owens to answer that.

Mr Owens: We are certainly proud of the investment performance of the corporation and in the past financial year, 1992-93, the investment fund, which now sits at around \$655 million, achieved a rate of return of 16 per cent or about 14.1 per cent above inflation. That is the highest rate of return of any investment fund of a similar nature to ours around Australia. Over the past five years the fund has achieved about a 13.2 per cent average annual rate of return. How we have achieved that—and I wish I was able to take credit for this but, unfortunately, it was before my time—is by adhering to an investment strategy that is regularly reviewed by the board with the assistance of an external investment adviser, Frank Russell and Associates.

It is based on the diversification of risk, so that the corporation's assets are divided into a number of portfolios, such as cash, fixed interest, index link securities, property, equities Australian, equities overseas hedged, equities overseas unhedged. The proportion of our assets allocated into each of those funds is based on minimising the risk and maximising the return of the fund. We have a fixed allocation to each of those asset classes and we hand the management of each of those asset classes to an external fund manager selected by reference from Frank Russell as to their capabilities in specialising the management of each of those asset classes.

We have two people in the corporation who daily monitor the performance of each asset manager relative to a set of rules about what they can and cannot do, and what they can and cannot invest in each of those asset classes. If the asset managers go outside those rules we rap them over the knuckles, review their performance each 12 months and reserve the right to suspend them if they are not performing.

We believe that that strategy leaves us in a position where we are not open to pressures to invest in certain activities or ventures that do not comply with that strategy. For instance, we were under some pressure about a year and a half ago from a number of people to buy the building in which we operate. It was a very simple matter for us to say, 'No, that does not fit into the investment strategy related to our property portfolio. It would make it too lumpy; it would require us to over-invest in property relative to the investment strategy. We will not do it.' Hence, our investments in property are 100 per cent in the retail supermarket market and we have no investments in our property portfolio in the commercial office end. That is why our property portfolio continues to provide exceptional rates of return.

The reason behind the success is the development of the strategy six years ago; the strict adherence to that strategy; and the constant monitoring of performance of each of the fund managers relative to that strategy which is reviewed by the board each 12 months and revised. We seek placing our investments in each of these asset classes to match the time frame of our liabilities with the time frame of the asset classes and, given that about 60 per cent of our expenditure is on income maintenance, which has a long tail, it is important that our assets have a similar tail and that they are linked to inflation.

What we are seeking to achieve in our investment fund is a rate of return that is 5 per cent above inflation. As I said, we have achieved a rate of return of about 10 per cent or 11 per cent above inflation for the past six years.

Mr HERON: Numbers have fallen again in 1992-93 in relation to WorkCover. Can you indicate how significant this reduction is to the scheme and the impact of increasing numbers of claims?

The Hon. R.J. Gregory: You will appreciate that in 1989-90 claims peaked at 56 000. For 1992-93 we estimate it will drop to 39 000. It was also quite low in the previous financial year at 40 000. That is an equivalent reduction of about 30 per cent since 1989-90 and it is not a result that has been achieved by other States. They have been unable to achieve that reduction as we have despite the recession throughout the whole of Australia. I put this down to a number of matters. You may recall that I referred earlier to the spokes that keep the wheel of occupational health and safety rolling in this State, and WorkCover is part of that. Its bonus and penalty scheme is a significant portion—it is the carrot on the stick. Preventative initiatives are undertaken with employers who need that assistance; inspectors with the Department of Labour play a role; and there is the excellent work the Occupational Health and Safety Commission has undertaken in preparing these regulations and putting them out for consultation with the employer groups.

All that has meant that employers have become aware of occupational health and safety and are undertaking a course of action to reduce injuries in the work place. There has been a levelling off of the fall and it is estimated that as we move out of the recession and employment grows, as it has been in the past couple of months, we will see a levelling off of that reduction. WorkCover as an organisation is aware of that and

is now applying special efforts in the preventions area to communicate with those employers who are taking on new labour to ensure that injuries are kept low.

One can recall the stories about the REMM centre and workers compensation claims. Following that the WorkCover Corporation introduced a series of initiatives for any major building site where work was undertaken. A briefing of employees is held before work commences to inform them what they are expected to do, how they are expected to do it and how they are expected to conduct themselves. This has seen a significant reduction in claims reported from building sites in South Australia.

The accolade for that needs to be paid to the WorkCover Corporation but at the same time we need to be thankful that the other spokes in this wheel of occupational health and safety in South Australia have also been very good. We have seen this general reduction and whilst it saves the State a lot of money it also means that as far as human suffering is concerned there is also a reduction and I think that is very good.

Mr HERON: You reported that the average levy rate for 1992-93 is the lowest since the scheme commenced. How has the rate changed over the past three years and how does it compare with the rate prior to WorkCover?

The Hon. R.J. Gregory: Off-the-cuff, it is a lot cheaper than it was before WorkCover.

Mr Owens: The levy rate for WorkCover peaked at about 3.79 per cent average in 1991. In 1991-92 it was reduced to about 3.72 per cent; and in the year just finished, 1992-93, the average levy rate was about 3.2 per cent. The rate struck for the current year, 1993-94, at 2.86 per cent is the lowest rate that has existed since the commencement of WorkCover and is equivalent to an annual levy from employees of about \$220 million. It is very hard to compare numbers with rates that applied prior to WorkCover because of the way the statistics were collected at that time from private insurers.

However, the Australian Bureau of Statistics collects work force and labour cost statistics each year. A series of statistics has now been collected dating back to 1986-87, which was the year prior to WorkCover's commencement in October 1987. The Australian Bureau of Statistics report indicated that the average rate for workers compensation in South Australia for private employers in 1986-87 was 3.7 per cent of wages. That contrasts with our target levy rate collection this year of 2.86 per cent. We believe that the reduction in the cost in the current year from the year prior to WorkCover is about \$60 million or \$70 million, and that would be backed up by all the other indicators. Within that it is important to recognise that some have gained and others have lost.

Parliament has set a limit of 7.5 per cent as the maximum levy rate that can be charged to any industry. There are still about 20 industries whose natural rate, based on their claims experience, should be above 7.5 per cent, and they are cross-subsidised by other employers. The impact of the reduction in claim numbers, to which the Minister referred, and the improvement in the management of claims has meant that we are currently collecting from employers about \$70 million less than they were paying prior to WorkCover. However, I would be misleading you if I did not point out that in 1990-91 and 1991-92 the levy collection from WorkCover was up at the same level as applied prior to it. We are moving in the right direction. The scheme is now virtually fully funded, and we will know whether we are fully funded in two weeks when the annual accounts are finally endorsed by the auditors.

We have the lowest levy rate since the start of WorkCover and we have been moving downwards for the past three years. The signs are there for a continuing improvement in the cost to employers. It is predominantly linked to the improvement in safety in the workplace by a reduced number of claims. If we can continue to move in that direction and reduce the amount of workplace injury, we shall be able to pull levy rates down to levels at or below those which apply in other States. Our average rate is still the second highest in Australia. The only comfort is that we have reduced our rates much more than any other scheme in the past two years, and we hope that we can continue that with this continued improvement with safety in the workplace.

Mr HERON: As a supplementary, you mentioned 20 industries that should be over 7 per cent. Could you provide a list of those 20 industries?

Mr Owens: Yes, I can certainly provide that.

Mr INGERSON: Recently the Parliament passed some legislation transferring the operations of review staff to the Department of Labour. This morning we talked about a cost of \$1.2 million which WorkCover picks up. Has there been any significant increase in salary costs involved in that transfer?

The Hon. R.J. Gregory: The review officers, before coming across to work in the Department of Labour, were employed under terms and conditions which were negotiated between the WorkCover Corporation and the review officers. A number of factors in their salary package are not appropriate in Government employment and there has been a realignment of their salary package which roughly equates with what they were receiving before. It has something to do with the way that superannuation was accounted for.

Mr INGERSON: I understand that in the transfer staff went into the Silverton building which is within walking distance of WorkCover. Is that their permanent residence or is a residence being sought for them in Government buildings in some other place and, if they transferred to other buildings, will any increased costs be involved?

The Hon. R.J. Gregory: I do not know whether there will be an increase in costs as a result of providing permanent accommodation for the review people. Until that has been finalised, it is crystal ball stuff, but appropriate premises will be provided for the review officers so that they can perform their functions speedily.

Mr INGERSON: As a supplementary, is the \$1.2 million in the Program Estimates the same cost overall as would have been paid by WorkCover in delivering the same service?

The Hon. R.J. Gregory: It may be more or it may be less. I should imagine some costs would be involved in coming across, but that is not the point at issue. The point at issue, when Parliament decided to separate the review officers from WorkCover, was to provide an appearance as well as a factual independence of decision making. The member for Bragg will appreciate that, even before the transfer, there was an independence of decision making, but it was not apparent. This move makes it apparent. Part of the decision of Parliament was that the costs of the move would be met by WorkCover, and negotiations are now going on to acquire appropriate premises for the review officers. Until that is finalised, one does not speculate whether the costs will be greater or less.

Mr INGERSON: Will commercial or Government rates be the guideline in terms of relocation?

The Hon. R.J. Gregory: The Government usually gets it more cheaply than commercial, so we will go for the cheapest.

Mr INGERSON: My next question relates to the levy that has been collected as a fixed sum in relation to occupational health and safety. What future formula will be used in the allocation of that money which has been charged as part of the WorkCover levy and how will that sum be transferred? The Minister will be aware that under the previous system it was done as a percentage of the levy.

The Hon. R.J. Gregory: We will need to deal with the levy in terms of the rationalisation that the Department of Labour undertook in reducing the forms and so on that employers had to complete. One of those forms was an employer's registration form. If my memory serves me correctly, there was a flat fee of \$27 at the time. The registration fee per employer was about \$4.50. You divide \$4.50 into \$27 and once you get over that amount it becomes a \$4.50 add on. That meant that every month employers had to complete these forms as their 12-month registration became due and pay it in advance. The department received two lots of forms from employers: one was workplace registration and the other was when someone was injured. The then (and now) Deputy Leader of the Opposition and I undertook to eliminate this form and get WorkCover to collect the workplace registration fee.

A bit of an argument went on within employing circles because it was decided to do it based on a percentage of the levy paid to WorkCover. That meant that some industries that were a bit more dangerous than others would pay more for the work place registration fee than they may have in the past, whereas another class of employers who had a very low instance of injury within their work place would pay less. Once we overcame that, we struck a figure, then the actual costs of WorkCover came down and so did the levy rate. As this was a fee that was being collected for the Department of Labour, some people thought the fee paid to the Department of Labour should come down, and I find the member for Bragg nodding in agreement.

However, when you look at the logical extension of what the honourable member was postulating earlier today (that we ought to put the inspectorate service and everything else into WorkCover), they would be paying more because the Government contributes towards the inspectorate services anyway. One would not see the emerging of WorkCover responsibility and expect any reduction in the inspectors actually doing policing work, because that would be seen as letting employers off the hook. I predict that, if the levy rate continues to fall, you will see that percentage paid by WorkCover to the Department of Labour change; it will represent a similar monetary amount.

If we are unfortunate enough to see the levy rate go up, you will see that percentage again reduce, but the amount paid would be the same. It has the same end result for the employer as it did when we had a registration fee. But there are several advantages under the current system. Most employers pay monthly in arrears, whereas they used to pay yearly in advance. If employers stop their grizzling on this and look at the reality, they are better off paying monthly in arrears than paying yearly in advance. When you look at the amount of money they would be paying in this area, it is not that great.

What we have been able to do is reduce one more form that people who say they speak on behalf of small business complain about small business completing. I am all for

making things simple and this is a way of doing it. It is just that the nitpickers want to get in there and have a go at it.

Mr INGERSON: As a supplementary, what is the formula? How will you calculate from the lump sum that you are collecting what will be billed to each person by WorkCover?

The Hon. R.J. Gregory: It will change from time to time so that we can get the exact amount of money we need.

Mr INGERSON: How will you do it?

The Hon. R.J. Gregory: WorkCover does it.

Mr INGERSON: How does WorkCover do it?

The Hon. R.J. Gregory: It has done it on a percentage basis of the amount of levy that people pay, and the percentage will change.

Mr INGERSON: Nonsense!

The Hon. R.J. Gregory: It is not nonsense. It is the amount that is paid equivalent to the work place registration fee. We know what it is: everyone knows what it is. It is discussed at the Occupational Health, Safety and Welfare Commission, so you cannot say that employers do not know about it; they do. That is how it is done. It is a perfectly equitable way of doing it.

Mr McKEE: It has been noted that the bonus penalty scheme has changed in 1992-93 to assist small and large employers. Will the Minister outline those main changes and their impact?

The Hon. R.J. Gregory: One of the problems we have had with the bonus and penalty scheme is that, with the smaller employers who paid relatively small levies, one injury of some significance could mean that they go from being in bonus into penalty dramatically, and the change in the bonus and penalty scheme was designed to iron out those dramatic swings and moods. It was something identified by the select committee that looked into this matter. I am pleased that the WorkCover board saw fit to do that, and I will ask Mr Owens to explain in greater detail how it works.

Mr Owens: A number of changes took place in the bonus penalty scheme this year, as the Minister said, as a result of a number of matters raised before the select committee of Parliament from employers, in terms of how that scheme was affecting them. One was that small employers were finding that their levy rate would fluctuate from a 30 per cent bonus to a 50 per cent penalty, in other words, more than a doubling of their levy payments, for what amounted to a very small claim cost. In other words, the scheme was exceptionally sensitive to claimed costs at the lower end of the scale.

At the upper end of the scale, larger employers were complaining that it was too insensitive; that if they had a dramatic improvement in their claims experience the bonus penalty scheme, because it worked on a two year window of claims and the costs associated with that, took three years for the improvement in their performance to be reflected in the change to their bonus or penalty. So, we had a conflict of views between small employers wanting the scheme to be desensitised and large employers wanting it to be sensitised.

That aspect of our scheme came about because, when the board first brought the bonus penalty scheme into operation in mid-1990, it decided that it would offer the bonus penalty arrangement to as many employers as possible and, therefore, allowed firms who paid us a levy down to as little as \$200 a year to be eligible for the scheme, which meant basically that our scheme covers very small employers right through to the very large. In New South Wales, for example, an employer has to pay more than \$2 000 a year levy before being entitled

to come into the bonus penalty or experience rating scheme in that State.

So, employers in New South Wales paying below \$2 000 get no bonus or penalty; they just pay the flat industry rate without any experience rating. We take account of even our very small employers' claims costs in deciding whether they will be rewarded or penalised. We introduced two new factors, outlined in the booklet we produced called 'The guide to the 1993-94 bonus penalty scheme'. The first was a participation factor that operates at the lowest end of the scale to protect the small employers.

Instead of having them open to the full range of bonuses and penalties, from 30 per cent bonus to 50 percent penalty, we said that the maximum they could swing was from 20 per cent bonus to 30 per cent penalty. So, they could not have that wide swing that they had: we buffered the range within which they could operate. The second factor was to accommodate the situation at the upper end, where we introduced a rating factor to adjust the large employers' experience by a factor that took account of their size.

There is a statistical explanation for that, which I am not sure members want to know, but it basically relates to the fact that a two year window for a small employer is not a statistically reliable picture of claims experience, because a small employer would be expected to have a claim only every 20 years, and a two year window will not pick that up. For a large employer with many injuries each year, a two year window is a statistically reliable indicator of long-term performance, and this rating factor adjusts for that anomaly of the window. We introduced both of those, which meant that more large employers became eligible for a bonus than had been the situation prior to the changes and, at the lower end, small employers were not subjected to the impact of the 50 per cent penalty; the maximum penalty they could receive was 30 per cent.

Those two changes caused some hassles when they were introduced in July this year, because it meant that some small employers lost their 30 per cent bonus and went to a 20 per cent bonus, but they were introduced at a time when we brought down levy rates by about 10 to 15 per cent on average so, for many, it was relatively cost neutral. The scheme is now much more flexible and we can fine tune it in years to come. Those were the major changes. They preserved the basic intention of the scheme, which is, to reward as many employers as possible for having a good record, and to make those incurring costs and injuries pay via penalties, and that should expand across as many employers as possible, rather than just being restricted to large employers. We want to be able to reward the small as well as the large.

Mr McKEE: It has been reported that the Workcover scheme is nearly fully funded. Can the Minister outline the current position and how this has changed in recent years?

The Hon. R.J. Gregory: From the knowledge we have, it would be fair to say that the fund is about 99.7 per cent fully funded. There are a number of reasons why. There has been some legislative change and, whilst that has played an important part in the ability of the fund to become fully funded, one needs to accept that if workers compensation funds such as the WorkCover rehabilitation and compensation scheme in this State hovers between 95 and 105, you could say the thing is about fully funded. We will be getting new figures later on that will clarify the situation but at the moment for all intents and purposes you can say the fund is fully funded. The other reason for that is that there have been enormous changes within the WorkCover organisation itself.

One has to appreciate that this scheme has been operating for only about six and a half years and that it started from scratch. It started amidst the hostility of the insurance industry. It had its claims management conducted by SGIC. It was what you would call an extremely steep learning curve.

After it had been operating for several years, the board itself took the very wise decision to have parts of the operations examined by consultants who would make recommendations to improve the operations of those parts of the activities of the board. In that time we have seen significant changes take place. We have seen case managers go from having 900 cases to manage to 100. We have seen the case managers take on a more direct and involved role in dealing with people who are injured. We have seen the number of review officers increased. We have seen other activities undertaken by the authority to improve the operations of it. Coupled with all those things that are happening, a select committee has met and considered submissions from employers, unions and the board itself on a number of matters.

There has been the introduction of the bonus and penalty scheme. In the life of that committee, which was nearly three years, we saw a significant change in the efficiency of the operations of WorkCover. Together with that, and all the other work that went on with the Occupational Health, Safety and Welfare Commission and the Department of Labour, we have seen a reduction in the number of injuries. So it all becomes a package which is one. I do not think you could say any one of them was the sole reason; they all helped. It is like a football team: if you whiz a couple of key players out of it, whilst you can still play you do not play too well—and we found that out last Sunday.

Mr McKEE: The prevention of accidents is obviously the best approach for both employers and workers. What is WorkCover doing to promote prevention activities and how much does it spend on that prevention?

Mr Owens: As comments from both sides of the Committee have indicated, the improved performance of WorkCover is heavily dependent on the reduced number of claims, and we hope that that is a result of improved prevention activities in the workplace. If we can stop injuries from happening then we do not have to pay for their compensation and that means not only that workers are not injured and incurring personal and family costs but also that employers do not have to pay for the cost of rehabilitating those people back to work.

Investment in prevention, if it works, is clearly the way to go. I think that is apparent at a very simple level in looking at the broad costs for WorkCover. Two years ago, when we had 57 000 claims, the annual cost of funding WorkCover was about \$280 million. In the past year, when claim numbers were down to 39 000, the cost of operating the scheme was about \$220 million. That reduction in the cost of workers compensation is directly related to the number of injuries that are occurring in the workplace. In the 1993-94 budget for WorkCover Corporation we have increased our expenditure in the prevention area by approximately \$360 000. Approximately \$1.65 million will be spent directly in the prevention area. That consists of 21 staff—prevention consultants we call them—whose role is to be out with the employers delivering a number of programs to improve the safety systems that those employers have in place.

We do that through about four major programs. The first one is something we call the Targeted Employer Program (TEP), where we have approximately 550 companies with whom we are working. They have been identified as com-

panies with particularly poor safety records, tending to be at the larger end of the scale. Our consultants are working with them to provide practical assistance in improving their safety. We have a group called the Priority Employer Programs (or the PEPs), who are automatically selected through the bonus and penalty scheme as people on the maximum penalty, and they are also given a further 50 per cent penalty, so that they incur a 100 per cent penalty on the industry rate. The money generated from that is used by the consultants to work with these firms in getting their record of safety in the workplace dramatically improved.

The third and most significant area in the current year is the Safety Achiever Bonus Scheme (or the SABS program), which is targeted at the largest 420 firms in South Australia. Every firm that would pay us, at the industry rate, a levy of \$100 000 or more a year is eligible to participate in the Safety Achiever Bonus Scheme, where they are audited against a set of standards for claims management rehabilitation and prevention. If they achieve between a 65 and 80 per cent compliance with those standards, they are eligible for up to a 10 per cent rebate on their levy. If they achieve greater than an 80 per cent compliance they are eligible for up to a 20 per cent rebate. We will be announcing the successful companies in that scheme at a major safety function in the Convention Centre on 8 October. There will be 100 South Australian employers who will receive sums of money which will total up to about \$2.5 million on that night in recognition of their changes and improvements that they have put in place in safety in the past 12 months. We see that as a very positive way of encouraging and rewarding them to improve their safety. They receive the second half of their cheque, the other \$2.5 million, if they reduce their claim costs by 15 per cent in the next 12 months, relative to the previous 12 months. So, there is both a systems and an outcome measure that they are required to meet, and in the meantime they receive the assistance from our prevention consultants to get those systems in place.

The fourth area on which we are working are the industry sector programs. I indicated before that there were 20 industries whose natural levy rate is greater than 7.5 per cent. We are working with the highest risk industry as a group to improve their performance as an industry, and they include: nursing homes, the transport industry, nurses and hospitals and the motor vehicle industries. A number of industries have been singled out for special programs which are funded by WorkCover to encourage employers in those industries to share ideas for safety and to get their industry's performance together.

There is then a range of miscellaneous activities where we are targeting high risk occupations, and one of those programs coming up will be a targeting of new or inexperienced workers. We know that about 80 per cent of injuries occur for people who are new to a job or in the job for less than 12 months, and especially as we come out of the recession and people who have been unemployed for long periods of time come back to the workplace we know we have to get to those people or their supervisors to ensure that they are aware of safety practices that they should be adopting. So, we are working on a program at the present time to target those people and ensure that we do not have the blow-out in claim numbers that we had when the economy took off in 1989.

Mr BECKER: Whilst we have been talking about workers compensation, I want to refer to the Government Workers Rehabilitation and Compensation Fund. On page 157 of his report, the Auditor-General, in relation to the past

financial year ended 30 June, under the heading 'Audit findings and comments: use of management information' states:

My previous report contained comment on an audit review, conducted during 1990-91, of the utilisation of workers compensation claims information to minimise workers compensation costs. The findings revealed that although certain statistical data was maintained that data was not utilised to enable identification and prevention of possible fraudulent claims. The department acknowledged that the audit review highlighted areas where operations could be improved and in August 1993 provided details of the following fraud prevention strategies implemented during 1992-93:

That included the appointment of a fraud prevention officer and many other things. In the Program Estimates and information 1993-94, on page 368, the following comment is made:

Following appointment of a fraud prevention officer comprehensive policies for the prevention and management of fraudulent claims have been developed.

What policies have been implemented in the past 12 months, what results were achieved, how many cases of fraud were detected and what was their value?

The Hon. R.J. Gregory: It is a detailed question and perhaps I was not clear enough when I made some reference to this earlier in the examination by the Committee. The position was established on a permanent basis in February this year, and the charter of the section is in its name, 'fraud prevention', which includes analysis and investigation of suspected fraudulent activities. To assist with that prevention program, a number of strategies have been identified and implemented: acquisition of computer software to enable analysis of the workers compensation claims management information system, to identify trends, patterns and relationships in claims information and prevention of possible fraudulent claims; information sessions with claims administrators and rehabilitation coordinators of the Government Workers Rehabilitation and Compensation Office and its client agencies concerning fraud prevention techniques for early identification of possible fraudulent claims, over-servicing by external providers, etc.; and the development of fraud prevention policies and formal techniques for fraud reporting; a brochure on fraud prevention has been prepared for general distribution in the public sector; establishment of links with the fraud prevention areas of WorkCover, SGIC, South Australia Police and the Fraud Task Force; the establishment of a working party from the Crown exempt employers group to examine a coordinated approach to fraud prevention; and the participation in the first national conference of State and Territory representatives in workers compensation fraud.

During 1992-93 an average of nine files a month were referred to the fraud prevention officer, five of which were forwarded to Crown Solicitor's office for further action. One has resulted in the successful decision at a WorkCover review upholding a determination to reject a claim on the basis of the claim's credibility. A further case involving the submission of false travel claims is scheduled for hearing in September, and three other matters dealt with defrauding the income maintenance system.

One of the important projects for the 1993-94 financial year will be to develop a manual guide of fraud indicators for use by claims administrators. It is envisaged that the guide will provide a means by which a suspected fraud may be identified and ensure that appropriate follow-up action is initiated.

Mr BECKER: Do you have any idea of the value of those claims?

The Hon. R.J. Gregory: Not within the Government at this stage. The whole concept of it is first of all to make sure that public servants are aware that there is a group of people who will investigate this style of fraud. One suspects that once that information becomes widely known anybody who is likely to put in a casual small fraudulent claim will be persuaded not to do it. Those people who persist with a large scale fraud of claiming income maintenance when they are fit to return to work and convince the doctor that they are still crook and cannot come to work, because of these strategies we have, risk being investigated and, when they have been investigated, find themselves in great difficulty. I cannot mention the cases that come to mind, because they are still being dealt with by the Crown Solicitor, but it is my intention that when these matters are finalised information will be issued around the noticeboards of the Public Service that this has happened so that public servants are aware that if people are up to fraudulent activity they will be caught and prosecuted. If they are, they will be dealt with as far as criminal proceedings are concerned and, if they are convicted, they will then be dealt with under the GME Act for conduct unbecoming.

Mr BECKER: I would rather see it prevented rather than have people prosecuted.

The Hon. R.J. Gregory: The whole idea of it is to ensure that it does not happen. But every now and again when there are blatant cases and people decide to persist, they need to be dealt with properly.

Mr BECKER: Still on the same subject, page 158 of the Auditor-General's report refers to operations and claims payments. There is a table there of a comparison between 1990 and 1993. In 1990 the total of claims was \$36.5 million, compared with \$50 million in 1993, which is an increase of about 37 per cent. The major departments are listed. The Education Department, for argument's sake, in 1992-93 had compensation claims involving \$18 294 000, compared with \$14 305 000 in 1991-92. That is an increase of almost \$4 million and, over the 1990-93 period, a 76 per cent increase from \$10.3 million. Correctional Services claims in 1993 are just over \$6 million, compared to the 1992 figure of \$5 756 000, an increase of \$253 000, or, since 1990, an increase of \$2 355 000 from \$3.6 million or 64 per cent.

The Engineering and Water Supply Department figure from 1991-92 to 1992-93 increased by about \$400 000 to \$4.8 million; Road Transport Department claims went from 1991-92 from \$2.6 million to \$3.5 million; and then we saw a slight decrease in the Police Department from \$3.4 million to \$2.9 in the same period; Primary Industries from \$2.7 million in 1991-92 down to \$2.3 million; Housing and Construction, \$2.8 million to \$2.6 million; Employment and Technical and Further Education, unfortunately, in 1991-92 was \$1.8 million and went up to \$2.1 million in 1992-93. There is an overall increase from \$36.5 million to \$50 million, or 37 per cent from that 1989-90 period to 1992-93.

As stated on page 368 of the program budget document, the two year strategy for injury prevention and effective management of workers rehabilitation and compensation and occupational health and safety has been successfully implemented in all larger departments except Education. Comprehensive reviews of claims rehabilitation practice and procedures within departments were undertaken by the GWRCO, which is Government workers rehabilitation

compensation fund, with a view to reviewing performance to WorkCover exempt employers standards. What further action will be taken to try to contain these compensation costs?

The Hon. R.J. Gregory: I thank the honourable member for his lengthy explanation. As to the figures provided by the Auditor-General, the 1990 figure increased in 1991-92, but a number of them decreased in the 1993-94 year. A number if them have come down. The Education Department has been a disappointment, but there is another factor that one must take into account when a department goes through a downsizing, as the E&WS Department and other departments have done. One matter that must be finalised before a VSP or TSP can be taken by any worker is their worker's compensation claims, and that brought forward \$2.2 million of expenditure which otherwise would be spread over a period of time as it would occur only at the time of the retirement of that worker.

That sum is brought forward, but is not expenditure that we incur in the future. We have seen a 3 per cent increase in the Education Department. That has been in the area of stress, and we find the same thing has happened in the Correctional Services Department. For some people being a correctional services officer can be most stressful. In some cases the only way to find that out is when a person becomes a correctional services officer. The department, as I know from personal experience, goes to great lengths to select people whom it thinks will be appropriate. Those people are put through an extensive training program, and I am confident that that will assist. The department has also undertaken a change in operational structure. It is still in the process of doing that and, until it has all been implemented, we will not see the stress that is inherent in that department removed.

In the Education Department the number of claims increased by 30 per cent, whereas the combined other departments showed a reduction of 8 per cent and, as the honourable member rightly said, the cost went up by \$4 million. We have looked at the situation and are concerned about it. I have reached agreement with the Minister of Education and we will be putting to Cabinet shortly a proposal that the occupational safety and welfare officer responsible for occupational health and safety and management of workers compensation claims in the Department of Education, Employment and Training will be jointly responsible to the Minister of Education and me as Minister of Labour Relations and Occupational Health and Safety.

It is a large department with a significant work force that is widely dispersed throughout the State and it deals with some quite stressful situations. We will be re-establishing the Education Department's risk management committee on which both Treasury and the Department of Labour are represented. We will be reviewing the handling of its claims and the operations against WorkCover's exempt standards to highlight the areas that we need to attend to in the department.

There will be a continuous review of long-term claims by officers of the Government Workers Rehabilitation and Compensation office to look at where we need to take further and appropriate action.

Since February about 1 000 managers and supervisors in the department have been trained in occupational health and safety responsibilities. That process is ongoing because, as members can appreciate, the Government's aim is to have every supervisor in the department go through the training a course. Once they start their training course, the appropriate training is ongoing.

In the area of stress we have found that some of the training we have given to supervisors has not equipped them to handle it, so stress is a component that is now going into occupational health and safety training.

We have commenced a project in an area showing a high incidence of stress and it involves the appointment of a principal in behavioural science to examine systematic work related problems in locations of high incidence of stress. We have two major preventive programs in the Education Department: one is manual handling and the other is hazardous substances. An interagency working party has been established to manage the redeployment of teachers who are unable to return to teaching following injury. That is a particular problem because it is difficult to put teachers into other positions and we have to work out how we can do that.

Six rehabilitation coordinators will be freed up to undertake intervention in early stress cases. We have a long-term plan to ensure that workers compensation matters in a large and diverse department are brought under control.

Mr BECKER: I thank the Minister for that information. You touched on the stress angle. At page 159 of his report the Auditor-General includes a list of claims, numbers and causes, and for the year ended 1993 there were 601 stress claims compared with 548 in 1992. The Minister's strategy as outlined at page 368 of the Program Estimates states:

The stress prevention project made significant progress and further development of these initiatives will continue in 1993-94.

Unfortunately, we had an extra 53 claims—a 10 per cent increase—in the number of stress claims. The Minister referred to the significant number of claims in the Education and Correctional Services Departments. Can the Minister detail the number of claims for stress in the major Government departments that have been listed in the Auditor-General's Report? Is it correct to assume that last year stress claims cost about \$18 600 per claim? Why were these figures not included this year?

The Hon. R.J. Gregory: The Auditor-General prepares that report, and I suggest that the honourable member write to him and ask that question.

Mr BECKER: No. You—

The Hon. R.J. Gregory: If you have queries, you write and ask him. I can give the details. I undertake to table a copy of this information, as to do otherwise would make it hard for those reporting these proceedings. This is quite detailed, and I will provide the details. There have been increases and significant decreases.

Mr De LAINE: I refer to page 368 of the Program Estimates. Earlier today the Minister referred to WorkCover's support of research into workplace injuries. What projects are being funded in 1993-94 and at what cost?

The Hon. R.J. Gregory: I will ask Mr Owens to comment.

Mr Owens: WorkCover has two research funds that are used to support research and education into occupational health and safety. The research and education fund is supported by the board to the tune of \$550 000 each year. It has been in existence for the past three years, and in 1992-93 we supported the following projects. I should point out that we only fund projects that have bipartite support. Whilst there may be a particular sponsor from an employer or union association, we require that they are both involved in the project so that we have the total support of people before going into it and a commitment to implement its findings.

Projects supported last year, as examples of the type of project we support, were, first, manual handling in nursing. We have particular problems with nurses' backs from lifting. We supported the full-time appointment of a rural officer to work with farm safety support groups around the State to educate farmers about safety on the farm. There is to be a Nursing Homes Health and Safety Resource Manual because the nursing home industry is one of the worst industries for its health and safety record, which has been deteriorating continually for the past four years. We are working with that industry and the relevant unions to prepare a resource manual for the use of people in that industry.

The worst industry in the State, in terms of its costs and cross-subsidies, is the meat processing industry and we have a project of occupational health and safety in that industry. The meat processing industry's natural levy rate is about 17 per cent, so it is heavily cross-subsidised by other industries around South Australia. We have health and safety training for small business in the motor trades—garages and the vehicle repair shop industry. There is the Vehicle Industry Safety First Project. In relation to musculo-skeletal injury amongst non-english speaking women workers, work was carried out by the Working Women's Centre. We are supporting the Schools, Education and the World of Work Project with the UTLC and a number of employer associations in the Government. There is a project for occupational health and safety best practice in the cleaning services industry. Other projects involve the Wool Harvest Industry (which in my language is shearing); effective rehabilitation and return to work in the metal manufacturing industries; and, finally, occupational health and safety in the baking industry.

As you can see from that list we are targeting specific industries or occupations where occupational health and safety is notoriously bad and we are putting money into those industries both with the unions and the employers to effect that improvement. Finally, we have recently agreed to allocate \$150 000 to the Occupational Health and Safety Commission to publish and educate employers on the consolidated regulations, which will hopefully be introduced early next year. A major education program is envisaged to help all employers understand this new consolidation of all regulations related to health and safety. There will be an expenditure of over \$500 000 from that fund and there is a similar range of projects supported through the mining and quarrying industry.

Mr De LAINE: Page 368 of the Program Estimates under '1992-93 Specific Targets/Objectives' states:

The two year strategy for injury prevention and effective management of workers rehabilitation and compensation and occupational health and safety has been successfully implemented in all larger departments except education.

Can the Minister provide details of the strategy and explain why the Education Department has not implemented the strategy?

The Hon. R.J. Gregory: The number of new claims recorded by the Department of Education increased by 3 per cent, entirely as a result of stress claims. The result for all other departments combined was a reduction of 6 per cent. Stress claims in the Education Department increased by 30 per cent whilst all other departments showed a combined reduction of 8 per cent. Claims expenditure for the department increased by \$4 million. In the Education Department the most significant increase is in the number of stress related claims over the past four years from 264 to 329. The most often reported reasons for these claims relate to the manage-

ment of behaviour, relationships, work overload, conflict/harassment, placement and transfer, conflict with parents and traumatic incidents.

There is an increase of verbal and physical violence towards teachers. The incidence of stress in some areas is twice that of the State average. The level of physical injuries in the department tended to remain stable over the past four years. It is a problem that we recognise. The department has nearly 30 000 employees spread over roughly 700 work sites in varying numbers from two or three up to and over 100 in some work places. We have re-established the department's Risk Management Committee on which both Treasury and the Department of Labour are represented. A review was carried out by the Government Workers Rehabilitation and Compensation Office of the department's claims handling and rehabilitation operations against the WorkCover exempt employers standards to highlight areas for attention. There has been a continuous review of the department's long term claims by officers of the Government Workers Rehabilitation and Compensation Office to identify further appropriate action.

Since February of this year 1 000 managers and supervisors in the department have been trained in occupational health and safety responsibilities. It is an ongoing program. It is intended that every person who has any form of supervision of other teachers within the Education Department will go through that program. The program is ongoing and will be continuous. A project has commenced in those areas showing a high incidence of stress. This involves the appointment of a principal and behavioural scientist to examine systemic and work related problems in locations with a high incidence of stress cases. There has been commitment to two additional major preventative programs by the department in the areas of manual handling and hazardous substances. An inter-agency working group was formed to manage the redeployment of teachers who are unable to return to teaching following injury. There has also been the appointment of six rehabilitation coordinators who will free up counsellors to undertake early intervention in stress cases.

Further, the Minister of Education and I have agreed that we put a submission to Cabinet which will seek to have the person appointed to that position in the area of workers compensation and occupational health and safety report both to the Minister of Education and to the Minister of Labour Relations and Occupational Health and Safety so that it is a direct responsibility from the department in this area. We think that this will be a method of bringing this under control and applying constant pressure to ensure that the standards are maintained.

Mr De LAINE: I refer to page 368 of the Program Estimates and the appointment of a fraud prevention officer and the comprehensive policies for the prevention and management of fraudulent claims that have been developed. Can the Minister provide details of these policies?

The Hon. R.J. Gregory: The department has ensured that in the area of workers compensation the Government Workers Compensation Office should have a fraud prevention area. There have been discussions with members of the WorkCover organisations fraud prevention people. There is liaison between that organisation, SGIC, and the South Australian Police Department's fraud prevention section. As well as improving the techniques of detecting fraud it will also be using the experience gained from these organisations to put mechanisms in place to prevent fraud from

happening in the first place. There will be a brochure developed and distributed to all public servants.

Since the fraud section has been in operation about nine cases have been referred to the Attorney-General for evaluation. I think five of those cases have subsequently been prosecuted. One person has been successfully prosecuted and there is another one awaiting a decision. It is important that where there is fraud of a systematic nature the person perpetrating it ought to be dealt with. Government employees run a high risk in this area because if they are found to be engaging in behaviour that is not appropriate for a public servant they can be dismissed under the terms of the Government Management Employment Act and dismissal under that Act is more severe than dismissal in private employment.

As I said, we will introduce these brochures and do all these things. We will distribute the programs, booklets and information to people who deal with claims in the work place so that they can have in front of them a manual of what to look for if somebody is submitting a claim. If we have training and information available to people, when the claims come across their desk initially they can look at them and possibly say, 'There is something funny about this,' and then go through the procedures. If somebody is having a try-on in those circumstances and the claims officer wakes up to it, they can ask for the claim to be resubmitted. If it is then different but fulfils the requirements and we have prevented somebody from trying to commit a fraud, I think we will have done well. We need to strengthen our procedures so that people are dissuaded from trying to commit fraud.

It also means getting a decent information system for our computer so that when you manipulate the information that you have you can throw up all the abnormalities, such as over-servicing, certain injuries at certain work places, and certain doctors, and you can look at them. The classic WorkCover case was when the program found that a number of people, living in close proximity to each other in the same street, were all on workers compensation for the same injury, although they worked for different employers. Under the old scheme nobody would have found out. This program found them out, they were sent to another doctor for re-examination and they all went back to work. Certainly something was going on, but the people returned to work so the aim was achieved.

We think that the information technology system that is now available will make the management of the system easier. It means that in the long run people's ability to pursue fraudulent claims will be reduced. I should like to see this mechanism in place extensively so that the opportunities for fraud are rare, but, if somebody is persistent and intent on committing fraud, they will be caught and dealt with.

Mr INGERSON: Recently there was a very interesting Industry Commission draft report which made four specific recommendations that are worth looking at. It suggested that the change in benefits should be looked at, that there should be a structure of certain benefits for the serious and long-term disabled, a different structure for the partially permanently disabled and a further different structure for the short-term disabled. The percentages are irrelevant, but the principles are important. It also strongly recommended the removal of all journey accidents and free-time accidents, in particular, any accidents that occurred during lunch breaks.

It also talked about the need for a less prescriptive occupational health and safety regime. It said that the prescriptive side had not necessarily resolved the problem. Finally, there was the point about which we spoke this

morning, which was to bring together occupational health and safety and workers compensation. What is the Government's general reaction to that report? I understand that there is to be a presentation here on Monday of next week at which those who have made representations previously will have an opportunity to make further representations. What is the general view of the report and, in particular, those four issues?

The Hon. R.J. Gregory: A submission is going to Cabinet on Monday, so it would be inappropriate for me to advise the Committee about the Government's attitude to it until it has made a decision. However, I will comment on a number of these matters, anyway. My advice is that the Industries Assistance Commission (or, as some manufacturers in this State used to call it, the Industries Annihilation Commission) has examined WorkCover and put out a discussion paper. After wandering around Australia seeking information from employers, unions, Governments and people involved in workers compensation, it has put together a paper on which it wants further comments. It does not necessarily mean that it will endorse those comments, but it may.

Journey accidents involve a political question as they have attracted workers compensation payments in this State for a long time. The argument is that if you were not going to work you would not engage in the journey and therefore you would not get hurt; if you got hurt at lunchtime in the employer's factory, if you were not at work you would not be there and therefore you would not get hurt.

The Hon. B.C. Eastick interjecting:

The Hon. R.J. Gregory: If you are playing squash when you are not at work, that is an entirely different matter. However, if they have a squash court at work and encourage you to use it, I think that is a work-related injury. This is the sort of philosophical argument in which the member for Bragg and I would engage in long hours of discussion and reach no agreement, unless he agreed with me.

The merging of the various organisations into one was not so much merging as close cooperation. There is very close cooperation in South Australia between the principal arms of workers compensation enforcement of the occupational health, safety and welfare legislation and the organisation that drafts the codes of practice and regulations. The other point to which the honourable member referred was how the current regulations are prescriptive and do not seem to work. I agree with him entirely. If you look at what is happening in South Australia in this area you will find that we have been moving away from the prescriptive to a guide. When the code of practice and regulations are gazetted as a law in this State by the Governor, we will find that the regulation part, which is fairly short, provides for penalties and so on and that the code of practice is quite long and detailed. Also, the code of practice can be used as evidence if there is a breach of the code or of the regulations.

It really encourages the formation of safety committees at the work place. It encourages the employer and the workers to use the code of practice as a guide to get to the outcomes. It is inappropriate, in this age of rapidly changing technology, to have prescriptive codes for so much of this, that or the other when the real outcome is the reduction of injuries. If an employer uses the code of practice as a means of improving safe working practices in his organisation and he is reducing injuries in that way, he will comply. It means that there is a guideline within which people are asked to operate and achieve the outcomes.

I think that we are doing that very well in this State. The effect, as seen from the accidents reported to WorkCover, is that, despite the downturn in the economy, we have had a more significant reduction than elsewhere in Australia. I think it can be said that South Australia is a very good model. My advice is that, with the exception of journey accidents, the Industries Assistance Commission report mirrored what was happening in South Australia. There has been very close cooperation. We have never talked about merging, but there has been and there is close cooperation. We see it as close cooperation and you will find that that close cooperation is working very effectively.

Mr INGERSON: In May this year the Minister undertook as part of the legislative change to ensure that an independent system of arbitration was established, particularly in relation to disputes as they arise in the setting of fees. What has happened in setting up this independent arbitration and what consultation, if any, has occurred between the Minister and the professionals affected?

The Hon. R.J. Gregory: When we were having discussions in the early part of this year regarding amendments to the Workers Rehabilitation and Compensation Act there was some discussion with the Australian Medical Association, South Australian branch, about how disputes as to what should be paid for medical procedures could be settled. At that time a group of medical practitioners was using the review process to settle disputes it had with the WorkCover organisation regarding how WorkCover arrived at paying for the services the group provided to people undergoing treatment it provided.

At that meeting I made it quite clear that it was inappropriate for the review process to be used for that purpose, because it was set up to settle disputes between injured workers and the WorkCover Corporation or their exempt employer as to whether they were eligible for workers compensation and whether the treatment being received was appropriate. But that was between them and the employer, and it was not the appropriate place for medical professions to be arguing whether or not they were getting the appropriate fee.

I made it quite clear to the President of the AMA that it was a matter it ought to deal with through negotiation with the WorkCover organisation, and the attitude of those people was that, largely, they reached equitable agreement. I then made the point that, if they were unable to reach agreement, I would insist that they try private arbitration. I left it up to the medical association and the WorkCover Corporation to work out a procedure. I am not aware of any disputes to date, and I have not been approached by any of the medical associations in respect of this matter. I will ask Mr Owens to supplement my comments indicating what progress has taken place so far.

Mr Owens: The Minister instructed us in June to initiate discussions with the AMA to agree upon an arbitration procedure. As has been indicated, it is not part of the legislation, although I believe that it is recorded in *Hansard*, but it was conveyed to WorkCover by the Minister as an instruction that we should agree on arbitration proceedings in the event that we could not reach agreement on the fees. I should point out in passing that it has been WorkCover's practice over the past two years since Parliament gave us the power to set fees to accept the AMA fee schedule and to pay expenses up to that schedule.

It would be difficult to imagine, if we continued that practice into the future, why the AMA should be in dispute with us if we were simply paying to the schedule it set of its

own accord in Canberra. However, we are using the AMA as the basis of discussions to put in place arbitration proceedings, and it was intended that when we reached agreement with the AMA on this we should then talk to all the other professional associations about applying a similar approach to them. I wrote to the President of the AMA (Dr Jill Maxwell) back in July with a proposed approach to that fee setting arbitration process.

Dr Maxwell has taken that proposal from me and has been consulting with her peers in the AMA. It has taken a rather long time for her, but this week the AMA has approached Arthur Andersen, the accounting consultants who have been engaged in such an exercise in Western Australia, to make a presentation to the AMA and WorkCover on how it would provide arbitration services if that approach were to be adopted. That is the first response from the AMA in nearly three months.

We have been having telephone conversations with the AMA to the effect that it has received it, it is in its court, we are prepared to respond to any response from it when it comes back to us, but at this stage it seems to have been a rather lengthy consultation process within the AMA. At this stage it is apparently proposing the use of an external consultancy firm whereas we were proposing the selection of an independent arbitrator reached by agreement or, failing that, nominated by the Institute of Chartered Accountants or a similar body.

However, I do not believe we have any ideological differences. It is a matter that, when the AMA comes to us with a proposition, we will consider it and, hopefully, agree. Traditionally, it releases a new fee schedule on 1 November each year, and we are rapidly running out of time if we wish to break from our traditional practice and not simply accept the AMA schedule but go for something different, dispute that, go to arbitration and come out with a new schedule by 1 November. I should point out that WorkCover stands almost on its own in simply accepting the AMA schedule.

A number of other States, including Queensland and Victoria, pay a percentage above the Medicare fee. They traditionally pay 127 per cent of the Medicare fee, whereas we are paying the AMA schedule, and that is a few per cent higher. We are having discussions with all the other workers compensation schemes around Australia to see whether we can get some agreement around the country on an approach to the fees payable to the different professions, and a meeting in Brisbane in the next month or so may lead to a decision by the workers compensation schemes to move towards an arrangement of a fixed percentage over and above Medicare rather than simply adopting the AMA schedule. If that is the case, we may be into an arbitration, and the outcome of the arbitration would be dependent on the process that is yet to be agreed with it and the other bodies.

The Hon. B.C. EASTICK: In relation to this work that is taking place with arbitration, trying to find a fee, has the Government or WorkCover laid down any strong view on the basis that it is not equitable that WorkCover should be forced to pay a larger fee than would be the norm?

The Hon. R.J. Gregory: I do not know whether WorkCover feels as though it is being forced to pay a fee larger than the norm. It is because there was a dispute with the physiotherapists. WorkCover gazetted a fee, which was less than the physiotherapists thought ought to be charged. When you consider that, with some of the injuries that are treated by physiotherapists in respect of WorkCover, there is constant and very regular treatment over a period of time, the

total income from it would be quite a significant sum of money. When some smart lawyer thought of the idea of going to the review process to settle it, there were 2000 claims in from physiotherapists.

It was not just for one treatment: it might be one claim but might involve 60 or 100 treatments and each one was going to be examined. The review process was designed to determine whether the employer was disputing a claim and WorkCover was disputing the eligibility of a worker to compensation, or whether there was an argument about the extent of the injury.

There was a dispute. It was meant to settle those sorts of disputes, not whether somebody in a professional capacity was getting paid what they thought was the appropriate amount. We undertook a course of action that legislatively prohibited that from happening. The AMA had the gumption to come and see me and to lobby around the place to keep what it saw as a safeguard there. My view was that—and it was acceptable—if there was a dispute it ought to go to private arbitration. I did not want it to go to arbitration where somebody paid. Private arbitration means that both parties pay equally for it. There is no incentive there for somebody to go on a great frolic because they know somebody else is paying. When you are paying there is a tendency to want to get to the kernel of the issue and deal with that and get it over and done with, and not to have a great frolic because you know it is not going to cost you anything and because the advocate is trying to impress the client.

The interesting discussion I had with the AMA—and Mr Owens was there—was that up until that date the AMA and WorkCover had reached agreement in every instance, but they were just wanting to hedge their bets. They did not have a problem with the private arbitration, and it is obvious that they did not have a problem otherwise they would have wanted this thing fixed up pretty quickly. As the AMA is really the leader in this area when we look at the rehabilitation provision of medical services to people, we took, I think, the appropriate action of dealing with the premier body. I should imagine all the other professional associations would feel slighted at that, but let us face it, we will deal with the most prominent one first and if we can get something that works I have no reason to think it would not work with others.

I made it quite clear that I was prepared to direct WorkCover to do it because that then indicates a commitment from the Government as well. I believe, if we are going to have a dispute in this area, then we can get it to work properly and I think that, as to the solution that Mr Owens has outlined, whilst progress has been slow, it indicates that the medical profession has considered its position very carefully and has been searching around for a solution. I will be very interested when they have that meeting with Arthur Andersen & Co.

The Hon. B.C. EASTICK: In relation to the work which is being undertaken to determine what might be called rorting—and the Minister on a couple of occasions gave the example of all the people in the street going back to work after investigation—members from time to time have been aware of the ease with which some members of the medical profession have signed documents. Has any medical practitioner been cautioned or taken to court in relation to fraudulent activity and, extending that slightly, in recent times has any legal practitioner been taken to court by WorkCover or by the Government in relation to fraudulent activity associated with spurious claims and spurious court activity, which

activity runs into tens of thousands of dollars? Certainly, before WorkCover was as much to the fore as it is today, a prominent member of the legal profession was debarred from further activities as a result of some such activity.

The Hon. R.J. Gregory: In respect of the last part of the honourable member's question, I am well aware of the person he is talking about. That person was tripped up by a fellow member of the Law Society who reported his actions and they conducted an investigation. As a result of that investigation that person had his right to appear before the bar in South Australia withdrawn. Recently, that person applied for readmittance and was told he would not be readmitted. I think about 22 doctors have been referred to the AMA's disciplinary appeal board, or whatever they have got now, and WorkCover has referred matters to them.

I must say that the AMA's appeal board moves with great slowness; tortoises would look like racehorses in comparison with the speed with which they deal with these matters. However, WorkCover has also developed a peer review group. It has sought out in the various specialities and callings of the medical profession pre-eminent people within that profession and they have agreed to act as a peer review, and when WorkCover has the view that perhaps a doctor or medical practitioner is over-prescribing or over-servicing or doing something that peer group then meets with that doctor and discusses that doctor's practices with him. My advice is that this overcomes a lot of misunderstanding. It is done on a professional level. I am quite confident that, if eminent medical officers were explaining to a fellow medical officer that they thought his procedures were inappropriate, the discussion would take place at a professional level and any changes that would take place in the practice of that doctor in relation to prescriptions or servicing would be more in the line of an appropriate way of overcoming what is happening. I think that is an excellent initiative on their part. I also think it is also an excellent initiative on the part of the medical profession to participate in it because it means that those matters can be dealt with quickly and sensitively.

To correct something that I said earlier, I have been advised that it is not the AMA's medical review board; it is the Government's medical board which disciplines doctors. It is far better if this stuff is dealt with early and WorkCover does have a section that looks at all this, and all those doctors in the high area of servicing are counselled. We have to be careful about that because there are some doctors in this State who specialise in workers compensation injuries. Naturally, if they specialise in that area or they run an injury clinic to which a whole number of employers will send workers, they will figure highly in the signatures on certificates, so there has to be some sensitivity in that. Again, I think that the peer review group counselling by the medical profession overcomes misunderstandings. Also, it is one of those measures that you undertake to stop fraud from happening. I think it is far better to stop it and to have the mechanisms in place that stop it than run around with this medical board, which, as I say, when dealing with some of these matters, would make a tortoise look like a racehorse.

Mr McKEE: It seems that the questions on fraud have related either to the employee or the medical profession. In the case of the employer, if, for example, a worker has an accident and the employer says, 'Look, you go home, we will pay for your wages while you are off, we will pay your medical costs etc., we will keep it in-house, you do not have to put up a claim to WorkCover,' and so on, does that come under the grounds of fraud? It would probably be difficult to

detect but, if it was detected, would that be fraud in terms of trying to keep WorkCover levies down to a false level?

Mr Owens: It is not fraud for an employer to pay the costs of the workers compensation claim. That is quite within their rights as long as the claim is reported under the Workers Compensation Act. If a worker submits a claim for compensation, the employer is obliged, at law and with penalties and fines if he does not comply, to submit that to the corporation within five days of receipt. Having submitted it, that is the end of the employer's obligation with respect to sending accounts to WorkCover.

They are quite free to pay the expenses themselves, to continue to pay the worker and not to submit costs to us, as often people would do with their motor vehicle insurance or household insurance prior to incurring the excess. A number of employers are certainly doing that as a means of avoiding incurring a penalty for what they would see as a very small expenditure on a claim. It is not fraud. There are fraudulent activities, and part of the duties of our fraud prevention department, which comprises 18 people and which costs us nearly \$600 000 a year to run, is to look at employer fraud. We have prosecuted a number of employers for conspiring with workers to submit claims falsely, and we have had a number of successful prosecutions there. We also have a number of other cases at the present time of employers deliberately avoiding paying the levy.

We have staked out a number of restaurants around town and have filmed workers in those premises who we were subsequently able to prove had been paid cash and were not on the employers' books and the employer is avoiding paying the levy on them. We are in the process of looking at prosecuting those employers for fraudulent activities. It is a very difficult area, because you have to prove that there was intent on the employer's part and that they were not going to put them on the books at the end of the month. The fact that they were not on the books in the two weeks when we were there filming is not necessarily evidence at law.

The situation that the honourable member has raised is not fraud, but certainly we concentrate on areas where employers do attempt to defraud the scheme, and that is mainly in conspiracy with workers and in the avoidance of their duties in paying levies.

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

Housing and Construction, \$29 402 000.

Additional Departmental Advisers:

Mr G.J. Inns, Chief Executive, SACON.
 Mr D. Mitchell, Director, Corporate Services.
 Mr B. Miller, Financial Controller.
 Mr P. Hawkinson, Director, Maintenance and Construction.
 Mr R. Frinsdorf, Director, Office Accommodation.
 Ms M. Marsland, Acting Director, Client Services.

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

The Hon. R.J. Gregory: Yes. Last year it was reported that when SACON embarked on its commercial development program two years ago structural reforms of the organisation were planned so that it would be operating as a profitable

Government business enterprise as from 1994-95. In this program, 1992-93 was the first year that SACON operated under full commercial accrual accounting procedures and practices. It means that for the first time the performance of SACON can be measured accurately from a commercial point of view. SACON was budgeted to achieve a loss of \$3.7 million for the year 1992-93, but achieved a much better result, with a loss of only \$2.48 million. SACON will be budgeting for a loss of only \$0.7 million by the end of the 1993-94 financial year, and this will be achieved by continuing restructuring of its business units to be price competitive and profitable.

During the first year that SACON has produced its financial statements on a commercial basis, difficulties have been encountered arising from the fact that its accounting systems are primarily designed for cash accounting. As a result, both SACON and the Auditor-General have made qualifications to SACON's financial statement. It should also be noted that these qualifications are not material in nature. The Auditor-General has acknowledged that in moving from cash to accrual accounting many agencies will encounter problems in financial reporting and as a consequence will more than likely have some qualifications made of their accounts. It is essential that the move to accrual accounting is made to improve the financial reporting within Government. SACON will continue to devote considerable resources into the development of appropriate accounting systems so that it will be in a better position to present unqualified accounts for the year 1993-94.

Within the climate of change, SACON has achieved considerable restructuring and downsizing during 1992-93 with very little industrial unrest. This is due to good consultative mechanisms between management, employee representatives and employees, with downsizing being undertaken in the context of the Government's non-retrenchment policy and utilising voluntary separation schemes and redeployment.

The cooperative framework can be demonstrated by the fact that SACON received the 1992 Prime Minister's Employer of the Year award for its role as an employer of people with disabilities. During 1992-93, SACON was also presented with a number of awards for its design of major facilities, including the velodrome. In 1993-94, SACON will be addressing many of the activities mentioned above in the context of the Department of Labour and Administrative Services.

Mr OLSEN: I seek guidance about the omnibus questions asked by the Opposition about each line being examined today. Is it agreed by the Minister that he will supply answers to those questions?

The Hon. R.J. Gregory: I undertook to provide that information.

Mr OLSEN: In the Minister's opening remarks he referred to the downsizing of the department. At page 377 of the Program Estimates, under 'Program services—Design and documentation', I note an increase in the full-time equivalents from 168.8 to 233.7, with a change in cost from \$16.5 to \$13.4 million. Also, the full-time equivalents for administration increased from 40 to 62, with a corresponding increase in outlays. When the department is downsizing, why have those two areas seen a significant increase in the number of personnel involved?

The Hon. R.J. Gregory: My advice is that this is a change from where people have been located to where they are located now, and this has meant a change in the number

of people in that department. I will ask Mr Inns to explain that in greater detail.

Mr Inns: It is simply that personnel previously engaged in one division of the department, namely, area officers, were transferred from that division—previously maintenance and construction—into the program services division, so it is not an increase in staff *per se* but simply a transference of a group of people from one locality of divisional activity of the department into another.

Mr OLSEN: Do the people who have been transferred into program services in design and documentation have the qualifications for allocation to that area?

The Hon. R.J. Gregory: They do. Essentially, it is about procurement of services, and they have just gone from one area where they do that work to another.

Mr OLSEN: As to the Centre for Plant Sciences, I understand that a formal budget was presented to Cabinet in September 1992 for approval to commit for construction of that project. What was the budget approved in September 1992 for that centre?

The Hon. R.J. Gregory: My advice is that the cost of the project has increased by \$148 000 since the last report because tenders for fire services and cool rooms exceeded the budget allocation. The current project cost of \$28 million is \$378 000 less than the approved funds of \$28.46 million, assuming that the lowest tender for the greenhouse package will be accepted. The costs exclude the \$430 000 additional documentation costs resulting from the termination and engagement of Oldbury Pty Ltd. Indications are that it will be extremely difficult to complete the project for the approved funds of \$28.468 million because of the following factors: the risk of overrun on budget allowance, remaining trade packages and delays to construction program due to terminating Oldbury's engagement and finalising the greenhouse package. Current costing allows for extending the construction management facilities to the end of June 1994 and the risk of further overrun on construction contingency. It is anticipated that the funds originally allocated for off-site seed barn facilities will be required as the facility is being incorporated into the design.

Mr OLSEN: What is the revised completion date?

The Hon. R.J. Gregory: I undertake to provide that information in supplementary documentation.

Mr OLSEN: What is the likely cost of contractor claims as a result of the disruption of their works and the changes instituted by the new consultant team?

The Hon. R.J. Gregory: Some matters raised by the honourable member involve crystal ball gazing and we will have to wait until finalisation of the project to find out what claims contractors are submitting.

Mr OLSEN: I understand that Oldbury, the original consultants for the project, had completed 95 per cent of the documentation and had undertaken a considerable amount of the construction and administration work with several trade packages and site works having been well established and that SACON terminated the consultants' involvement at a critical stage in the project for the reasons of unsuitability. Why was Oldbury Pty Ltd considered unsuitable after it had completed about 95 per cent of the planning work?

The Hon. R.J. Gregory: At the moment Oldbury Pty Ltd has served a summons in the Supreme Court and a statement of claim against the State of South Australia and other individuals. I am also advised that the Crown Solicitor has applied to the Supreme Court for an order striking out the statement of claim and this has been opposed by the plaintiff.

The court has listed the application for hearing. In those circumstances it is not appropriate for me to engage in any speculation as the matter is now in dispute before the court.

Mr McKEE: Under program 7—maintenance and construction services—can the Minister inform me if this is the area in which CFC recovery is being undertaken and what work is being undertaken in converting existing equipment to accept non-ozone depleting gases?

The Hon. R.J. Gregory: The Commonwealth Ozone Protection Act 1989 and South Australia's Clean Air Protection Act 1989 restrict the use of and access to ozone depleting substances and prohibits their release into the atmosphere. To this end SACON has developed a range of recovery systems for its own use and commercial production sales. Over the past two years SACON has deliberately sought experience in CFC recovery techniques and the conversion and retrofitting of refrigeration systems to use ozone-friendly refrigerants. To date the engineering workshop has converted a number of refrigeration systems (including automotive air conditioners), using a variety of new generation refrigerants to determine their individual peculiarities and efficiencies.

In general it appears the more ozone friendly the refrigerant the more complex the task of using it. SACON is currently auditing refrigeration equipment in customers' assets and this information will be used in ascertaining the extent and associated costs of this problem. This audit will also enable SACON to present a package to its customers offering a program of retrofitting equipment in a manner which will cause minimal disruption to their activities.

Mr McKEE: Under 'Capital Payments, Restoration of Prestigious Buildings', can the Minister say what work SACON has carried out?

The Hon. R.J. Gregory: You will see that Government House is surrounded on some sides by scaffolding and SACON is undertaking that work. It is fairly significant work to protect the heritage of this State. It is anticipated that that scaffolding and surrounding equipment will be in place until the end of this calendar year. SACON has just ceased work on the Jervois wing of the State Library. One can certainly appreciate the work SACON is undertaking. SACON has also received a Grand Award from the Pacific Asia Travel Association in 1992 in recognition of the projects it has undertaken which significantly add to South Australia's attraction as a cultural tourism centre. This award has certainly added to Adelaide's profile.

The Institute Building won a Royal Institute of Architects Award for the restoration work undertaken there. In previous years, awards for outstanding work have been presented for work undertaken in this program which included the Mortlock Library, the Goodwood Orphanage, Struan House, and lighting of Parliament House and Holland House. The work SACON undertakes is very important to preserve our heritage. Those of us who sit in the House of Assembly appreciate the work done there, because indeed that Assembly Chamber was a product of restoration work some years ago.

Mr McKEE: I certainly agree about the work done at the Mortlock Library. Mr Chairman, you and I attended the opening of that building some time ago and the work is magnificent. It is a credit to the department. In relation to maintenance and construction services, can the Minister inform the Committee what initiatives have been taken by SACON in regard to reform in the building and construction industry?

The Hon. R.J. Gregory: Since the signing of the Memorandum of Understanding on Restructuring and Workplace Reform Agreement between the Construction Services Branch of SACON and relevant unions on 24 June 1992 there have been significant achievements. Workplace reform initiatives were piloted on key major works projects including the \$10 million Cavan Juvenile Detention Centre. Through improved consultation processes between unions, management and employees the Cavan project was completed on budget and two months ahead of schedule. In addition, there was no lost time on the project due to injuries or industrial disruption.

Successful workplace reform practices have been rolled over to other projects resulting in improved productivity and efficiency. A training and promotional video titled 'A Better Way' has been produced to illustrate to employees, clients and various Government and building agencies the considerable benefits that can be attained through the workplace reform process. In July 1993, through the consultation of management, unions and employees an Enterprise Training and Skills Formation Agreement was signed. This agreement established the framework for the ongoing skill development of employees within the Construction Services Branch. The branch is actively involved in providing information to the national body which is developing competency standards.

Mr OLSEN: What is the value of the claim by Oldbury Pty Ltd against the department?

The Hon. R.J. Gregory: The claim is for \$1.6 million.

Mr OLSEN: Given that Cabinet, in September 1992, approved a budget for the project has the department and the Minister submitted to Cabinet a revised budget estimate or sought additional funds for the completion of the project and what is the budget estimate cost of completion?

The Hon. R.J. Gregory: I advised the Committee previously of the project costs. I also said that the approved funds are \$28.6 million, assuming that the lowest tender for the greenhouse package will be accepted. Nothing has been put to Cabinet at this stage. It was indicated, in response to an earlier question, that it was a bit difficult to work out what the projected costs would be and indeed whether any of the contractors had put in claims for over-runs.

Mr OLSEN: I make the point that you were able to estimate the costs for the initial project in putting a Cabinet submission forward. I fail to see how you are now not able to give a budget estimate for completion of the project. In other words, you seem to be tackling the project on 'how long is a piece of string'. You keep adding to it as is required.

The Hon. R.J. Gregory: It would be a lot simpler if we did not have an action in the courts. As the member for Kavel knows, when matters are before the courts they are in the hands of the judiciary. Barristers acting on behalf of clients do not work to deadlines. Once they have sorted themselves out in this area we will know exactly what it is, or as near as we possibly can at that time. Until that has been settled it will be extremely difficult.

Mr OLSEN: I take it that the \$28.6 million is excluding consultancy fees?

The Hon. R.J. Gregory: I will go back to what I read out earlier. The current project cost is \$28.089 million. That is \$378 000 less than the approved funds of \$28.468 million, assuming that the lowest tender for the greenhouse package would be accepted. I have gone through all of that. What is the problem? The consultancy fees are included in that.

The CHAIRMAN: Are these supplementary questions?

Mr OLSEN: Yes, they are.

The CHAIRMAN: There is a limit. It is cross-examination, as it were. If you could bundle up a few of these things it might make it easier.

Mr OLSEN: I can put a series of questions into one, if that would suit you. I do not know whether the answers would come in the same order; that is what concerns me. What is the value of the new SACON consultant team's contribution to the review and completion of the project?

The Hon. R.J. Gregory: If there is a further line of questioning in respect of this matter it might be better for the Committee if the member for Kavel gives us a list and we will then respond in writing. Some of the questions being asked are a bit difficult to provide at this stage. The last question is part of the claim before the courts and is ongoing. I do not want to prejudice SACON's defence of this matter and I do not think the member for Kavel would want to do that, either. It might be more expeditious if some of these matters were put in writing and we could respond to those without jeopardising our legal position.

Mr OLSEN: I certainly do not want to jeopardise anybody's legal position; I am simply seeking information in relation to a project about which there is some concern. I will pose a series of questions. I understand there have been numerous changes to the architectural concept, particularly around the central core greenhouse atrium and superstructures to save on costs.

What have been the net cost savings as a result of those changes; what is the cost benefit of the savings given the considerable loss in, as someone put it to me, architectural amenity, although I acknowledge that sometimes that is in the eye of the beholder, as a result of those changes; and have the changes to the superstructures reduced the quantity of light transmitted to the growth environments within an increased shadowing of specimens, which I understand is a crucial component of it, that is, reducing the light transmittance to the plants which is the prime functional purpose of the facility?

The Hon. R.J. Gregory: One of the officers, Ms Marsden, can respond to some of this, but this matter is before the courts. It is interesting to note that the member for Kavel said that these matters were put to him by Mr Sumner.

Mr OLSEN: No, I did not. The Minister is presupposing wrongly. If that was a bait on a hook for me to respond, it is in the negative.

The Hon. R.J. Gregory: I am very pleased about that, but you did mention Mr Sumner's name when you were explaining your question.

Mr OLSEN: I have never mentioned Mr Sumner's name in any discussions before this Committee. I mentioned the company Oldbury Pty Ltd., but nobody else. That is the matter before the courts.

Ms Marsden: All I can comment on is the fact that the design team within SACON has been involved in some extensive redesign at the request of the client because of what is perceived as an unsatisfactory resolution by the principal consultant at the time in terms of the documents that have been submitted. I cannot answer in detail about the amount of light and those sorts of aspects, but we have been responding to the direction of the client. When any consultant takes over the work of another, inevitably there is a certain amount of reworking and some inefficiencies built into it. That, again, is part of the claim that is proceeding through the Crown Solicitor's office.

Mr De LAINE: My first question relates to page 139 of the Estimates of Payments and Receipts, program 7, mainte-

nance and construction services. Is SACON involved in refurbishing industrial pumps and machinery with the private sector?

The Hon. R.J. Gregory: The short answer is, 'Yes', but I will give a longer one. SACON's engineering workshop over the past two years has been developing a ceramic coating system which will prolong the operating life of clients' mechanical plant and equipment. Quite a number of products are available in this area. SACON is using an Australian-made one called Epigen which is marketed by the sole South Australian agent, Hypag Marketing. The department has ceramic coated items of plant for several agencies, including Engineering and Water Supply, the Police, the Education Department and the New South Wales Water Board. Through Hypag Marketing several potential customers from the private sector have requested ceramic coating services and our response has varied from providing advice to undertaking the work. The work undertaken is as a subcontractor to Hypag Marketing with no direct marketing being done by SACON.

Mr De LAINE: I have read in the newspapers that Government agencies as a whole are not managing occupational health issues particularly well. Will the Minister tell the Committee what SACON is doing to address occupational health issues within its business framework?

The Hon. R.J. Gregory: As a Crown exempt employer, SACON manages its own health and safety risk. Contrary to the impression from the press, at the 1992 WorkCover audit, SACON received a level 2 rating, which was equal to the highest of any Government department, and was granted a levy remission of 5 per cent for 1992-93 and 1993-94. Effective planning is an integral component of SACON's health and safety strategy. SACON has developed on a consultative basis a corporate health and safety plan which comprises approximately 50 action-oriented initiatives. Each business unit is required to have its own health and safety action plan, and OHS objectives must also be included in its business plan. These plans are dynamic documents. They are monitored closely and continuously improved by the respective health and safety committees.

Consultation is a key. SACON's commitment to health and safety begins with the Corporate Health and Safety Committee, which is chaired by the Director, Corporate Services. It monitors overall safety performance, develops policies and the corporate health and safety plan. Every branch of the department has its own safety committee, which adopts a proactive approach to improving the branch's health and safety performance. They closely monitor performance and practices, initiate training programs and receive regular reports on all projects and their performance, making recommendations where necessary. SACON has a clear vision for health and safety and a positive, proactive plan to achieve the vision. It has a clearly stated positive commitment to health and safety at all levels of the organisation.

Mr De LAINE: I refer now to program 6 under the heading 'Government employee housing'. Water usage is an increasing issue, particularly for South Australia. Householders are now charged on a user based system to encourage conservation of our scarce resource. Is it still true that Government employee houses are allocated a higher allowance than all other South Australian householders?

The Hon. R.J. Gregory: The 500kl water allowance for State employees occupying Government housing was introduced in 1983, at a time when the average allowance for all consumers was in excess of 300kl per year. The additional

allowance has been provided to ensure that tenants were able to maintain gardens in line with community standards and for the benefit of future tenants. It was common practice for private landlords to accept a portion of excess water costs in their rental housing in exchange for the tenants maintaining the garden. As allowances have reduced, this practice has changed.

Last year Cabinet approved a recommendation that the water allowance for Government employees residing in Government employee housing should be reduced progressively from 500kl to 136kl over a three-year period. This program of reductions has been implemented. As new tenancy agreements are established, revised allowances are included. Tenants who signed agreements prior to May 1992 will retain the agreed limit until a new agreement is established. This reduction will bring Government employees living in Government housing into line with the general community with regard to water consumption charges and will encourage tenants to be more conservative with the use of water.

A garden improvement program is being introduced in connection with this reduction to allow tenants to convert water-demanding gardens to low-cost dry gardens. By reducing water consumption, Government employee housing tenants will have an opportunity to reduce their water costs. The business with the gardens is to ensure low maintenance, low water cost gardens to provide a good environment around the tenants' homes and at the same time reduce the consumption of water.

Mr OLSEN: I should like to clarify the project about which I have already asked a number of questions. Will any additional costs associated with that project be extended to the client body, or would they be absorbed by SACON?

The Hon. R.J. Gregory: SACON is acting as an agent for the client. Consequently, changes and variations that the client wants the client will pay for. That is where the cost overruns will be and the client will be paying for them.

Mr OLSEN: Do I take it that the client has sought the changes in the consultants?

The Hon. R.J. Gregory: Yes.

Mr OLSEN: Further to Government buildings and by way of a brief preamble to the question, in January 1987 the Government purchased two adjacent properties, numbers 203 and 207 North Terrace, for \$2 million. The properties, which are heritage listed, stand alongside John Martins and opposite the State Library.

To date the buildings remain unoccupied and deserted and, as I understand it, windows are boarded up, the cedar floor boards on the ground floor are littered with debris, and the cedar panelled ceilings are covered with years of dirt. Papers that have been made available to the Opposition indicate that the Department for the Arts and Cultural Heritage proposed a scheme involving the sale of the properties to a private investor who would renovate them to accommodate a gallery and open space and then lease them back to the department on a long-term basis. For this purpose, the papers also reveal, a number of specific developers had been invited by the department to undertake that work, the Oberdan group being one.

In January 1989 the former Director of the Art Gallery (Mr Thomas) forecast that, subject to ministerial and Cabinet approval, the site would be operating as a gallery by the end of 1990. Also, correspondence dated that year from Mr Womersley, Manager, State Heritage Branch design architect in SACON, revealed confidence that an acceptable design

solution for the heritage buildings could be to use them for the purpose of extensions to the Art Gallery. What is the current status of those proposals?

The Hon. R.J. Gregory: SACON acts on behalf of its clients, and the Department for the Arts and Cultural Heritage is a client of SACON. In this matter SACON would undertake what the Department for the Arts and Cultural Heritage wants it to do in respect of these buildings. I am further advised that Mr Womersley is not an employee of SACON, but of State Heritage, Environment and Planning. However, in the interests of assisting the member for Kavel I will refer this matter to the Minister for the Arts and Cultural Heritage so that she can advise the member what the Department for the Arts and Cultural Heritage intends to do with these two buildings.

The CHAIRMAN: I point out that the honourable member should have asked questions on this matter in the Estimates Committee under the Minister for the Arts and Cultural Heritage.

Mr OLSEN: That Estimates Committee was told that SACON was the owner of the properties and the Department for the Arts and Cultural Heritage could not answer the questions put to it before the Committee, and that the appropriate body to answer them was SACON, before the Committee now, hence the questions. And it is referred to clearly in the Program Estimates book.

The Hon. R.J. Gregory: The property is vested in the Minister of Public Infrastructure. However, it is under the control of the Department for the Arts and Cultural Heritage. The Department for the Arts and Cultural Heritage will determine what it wants to do with it, not the Minister of Public Infrastructure. That is the client department in this. The member for Kavel knows that a whole number of public buildings are, for the arrangements of Government, owned by the Minister of Public Infrastructure for that purpose but, for all other intents and purposes, the client department that uses that building determines what is done to it.

Mr OLSEN: Perhaps the Minister would like to advise his ministerial colleague of the position so a more accurate answer could be given to respective Estimates Committees. Who pays the holding costs for that property?

The Hon. R.J. Gregory: My advice is that the Department for the Arts and Cultural Heritage pays the holding costs.

Mr OLSEN: What the Estimates Committee is getting is classic 'Yes, Minister' stuff. If you ask one Minister and department, he passes the responsibility and the buck to the other, then in a subsequent hearing before the Estimates Committee you ask the Minister to whom the matter has been referred and that Minister passes the buck back to the other Minister. In the meantime, the Estimates Committees of the Parliament get no answer at all. We have two properties at 203 and 207 North Terrace, Adelaide, valuable properties, sitting collecting dust, not serving any valuable purpose for the people of South Australia.

Either they will be sold or they will be renovated, and renovated to undertake the task of expansion of the Art Gallery and the development of the North Terrace precinct which, I would have thought, given the correspondence to which I have referred from Daniel Thomas and the suggestion that there would be Cabinet discussions in relation to the future use of those properties, was a commendable objective, but nothing has happened to those buildings and no-one is prepared before the Estimates Committee of the Parliament

to accept any responsibility or give any advice to the Committee as to what is likely to happen to those buildings.

Here we are some five years down the track and there are no answers. Will we be another five years down the track before we get any answers as to what will happen to those properties? I conclude by saying that it is about time that someone—and a Minister—accepted some responsibility in relation to those properties, rather than simply passing the buck.

The CHAIRMAN: I take it that is a preamble to a question on another matter.

Mr OLSEN: It is. Does the department have an office entitled International Marketing Construction Services?

The Hon. R.J. Gregory: My advice is, no.

Mr OLSEN: Is a Mr Steven Wright employed by the department?

The Hon. R.J. Gregory: My advice is, no.

Mr HERON: I refer to the program 'Government employee housing', page 386 of the Program Estimates book. Employee housing is a major cost to the employing authority. What action is the Government taking to ensure that housing for Government employees is kept at a reasonable cost to the taxpayer?

The Hon. R.J. Gregory: The Government is always conscious of the cost of providing housing for its employees in country areas. Last year a review of the cost of the employee housing program produced a range of recommendations that the Government adopted. These include the pooling of all housing resources rather than each agency's having a specifically allocated stock of housing. This was initiated in September last year and produced a 25 per cent drop in vacancy rates and a substantial reduction in the number of houses required to meet requirements.

In 1992-93, 174 houses were sold, realising approximately \$8.4 million. All housing allocations are handled by the Office of Government Employee Housing. Vacant homes are being allocated to the next eligible employee, regardless of the employing department. Further reductions of housing stock of up to 100 houses and a continued improvement in vacancy rates are expected to be achieved during the current financial year as a result of this initiative. There will be a reduction in the excess water allowance for country employees from 500 to 136 kilolitres over a three year period. When fully implemented, this charge will produce savings in excess of \$500 000 per annum.

In relation to the sale of all metropolitan housing stock that is on a separate title, all except one house in this category have now been sold. Seventeen properties were sold in 1992-93, realising approximately \$1.2 million. The quality of maintenance program forecasting will be improved by introducing a comprehensive database of housing information and by adopting the most effective method of maintenance service delivery. There will be ongoing examination of all overhead costs with a view to achieving rates comparable to private sector real estate operators.

Mr HERON: My next question relates to page 139 of the Estimates of Payments and Receipts, program 8, 'Program services', under 'Contract payments', which I understand relate to project work. There have been reports in the press that a project managed by SACON, namely the Cavan Secure Centre, was completed at a much higher cost than intended. Is this correct and, if so, why was this so?

The Hon. R.J. Gregory: The information in the press is wrong and there have been continuing allegations that the project was not completed in time and there were cost

overruns on the project. All these allegations are incorrect. The centre was completed and handed over to the clients, the Department of Family and Community Services, earlier this month within the cost approved by Cabinet of \$10.85 million. The clients were particularly pleased with the project as it provided them with a facility that met their requirements. The department is at a loss to understand why allegations on cost overrun are being made. It could only have been that SACON and the client over a period of time explored various opportunities relating to the facility and its location. There were obviously different costs associated with each of the options due to the different locations or requirements of each. However, the decision was finally made to locate the centre at Cavan at the cost as mentioned above of \$10.85 million.

Mr HERON: I note from the budget papers that funding for capital works is no longer appropriated to SACON. In fact, funding has now been appropriated to individual agencies. How can the Government ensure that all assets are properly maintained by the agencies, and on a broader level, that they are making correct decisions about asset management?

The Hon. R.J. Gregory: The transfer of funds is consistent with the requirement that agencies assume responsibility for all expenditures associated with delivery of programs, including that relating to asset management. It was consistent with the principle that individual agencies should make decisions about asset holdings and management in an overall context of how they provide service to their clients. The position was announced in the Premier's speech in last year's budget, and has been further reinforced in the Government's economic statements this year. Since last financial year, SACON has been working with the client agencies and Treasury to ensure that there is a smooth transition. Interim operational arrangements may include the trialing of arrangements with four pilot agencies, including DETAFE and Correctional Services, with clients being required to use SACON's services until agreed procedures and recording arrangements are in place. This includes: identifying safeguards and instructions to ensure that the Government is not exposed to unnecessary risk; direct funding for SACON to maintain the database; and plans are currently being used to provide the basis of an effective asset management system forecasting capability.

SACON has also enhanced the advisory service to assist clients in decision making by setting up a client services division with an expanded asset management role. SACON will continue to participate in the national Public Works Council in research and developing strategies related to asset management and will monitor national trends in this regard. It has also been agreed with a number of major clients that maintenance plans and lifecycling costing would be an integral part of the commissioning of any new assets. SACON is also represented on the Government Asset Strategy and Budget Committee which has been set up to advise the Treasurer on Government-wide strategies to secure the efficient provision and maintenance of the State's infrastructure.

Mr OLSEN: I refer to the Auditor-General's Report and the statement of financial position as of 30 June in relation to the Government's commercial properties. I note that the Auditor-General draws the attention of the Parliament to the fact that there has been a substantial reduction in the asset values of the properties held for which the department has a responsibility. Can the Minister advise the Committee why there has been such a substantial re-evaluation downwards on

the properties, and where in particular that re-evaluation downwards has taken place?

The Hon. R.J. Gregory: The evaluation of properties is based on the values apportioned to those properties by the Valuer-General.

Mr OLSEN: So without further explanation on buildings, we write off about \$20 million, and on our land and buildings some \$10 million, and on our non-current assets some \$30 million.

The Hon. R.J. Gregory: I would have thought that the member for Kavel would know that the property market generally has been in a massive decline since 1987. Consequently, in the area of commercial properties there have been considerable write-downs. The Valuer-General has indicated that this is the value of these properties, using the methods the Valuer-General uses for valuations.

Mr OLSEN: I take it that the department accepted the values put on by the Valuer-General and did not take issue with those values.

The Hon. R.J. Gregory: We are not in the habit of doing that.

Mr OLSEN: Why did the leasing commitments, rental expenses on operating leases, increase substantially during the same period?

The Hon. R.J. Gregory: In that time two major properties came on stream as far as rentals are concerned: the Australis and Flinders Central.

Mr OLSEN: At the time we have re-valuation downwards of properties and when our asset value shrinks substantially and when there is a glut of office accommodation and a corresponding reduction in leasing costs, the Government, through its agencies, has a substantial increase in its operating costs for lease. It seems to me to be a somewhat double-edged sword in terms of the way the Government is handling its assets and its leases.

The Hon. R.J. Gregory: There is a little bit of grandstanding in this in relation to what we have seen with the property on North Terrace, and the refusal of the member to understand the difficulties that the Government goes through over who owns what and who makes the decision. Let us get something clear about this. The people of South Australia own the Australis building at this stage. It would be irresponsible for the Government not to be renting accommodation in that, and that is precisely what it is doing. The Flinders Central building was bought very cheaply by the Government and refurbished for the Police Department so it could relocate a lot of its departments and sections that were scattered throughout inferior buildings within the metropolitan area, and particularly in the Adelaide central business district. This allows a more efficient operation of the Police Department. Sure, that does come on stream within the department. That is where the increases are. I do not see a major departure from that. I think it is an appropriate way for the State to ensure that we are using accommodation that is owned by the State.

Mr OLSEN: I point out to the Minister that if we really wanted to do some grandstanding in the Committee he would well understand that it was grandstanding. There has not been any to date, Minister. At 30 June, why were the current cash assets held by the department some \$13.8 million, compared to \$1.4 million in the previous year?

Mr Inns: Essentially, it relates to a transfer of funds caused by delay in work to the State Administration Centre.

Mr HERON: On page 391 of the Program Estimates under 'Issues and trends' it states:

SACON is being restructured as a commercial operation in competition with the private sector. Under the Premier's reform agenda, SACON has 12 months to become profitable and price competitive with the private sector if it is to continue with its current activities.

Can the Minister provide an update on this matter?

The Hon. R.J. Gregory: SACON commenced its commercial development program two years ago, with the release of a corporate plan which aimed to have the department perform as a Government business enterprise by 30 June 1994. These directions were reinforced by the Government's economic statement of May 1993. An important step was the transfer from 1 July 1992 of all capital funds for projects to client agencies. This changed the relationship of SACON with clients. Client agencies with direct responsibility for capital expenditure are more keenly seeking value for money and this places SACON in a position where it must strive to provide clients with price and value and competitive services in order to maintain valued business.

Some specific targets achieved during 1992-93 were as follows. All operating arms of the department have been structured as business units, each operating as a commercial entity. Each business unit has produced business and marketing plans which outline the strategies for achieving profitability and price competitiveness. With the exception of the maintenance and construction branch, all business units in 1992-93 returned a result which was in accordance with budget or an improvement thereon. Commercial accrual accounting has been implemented across the department and, as the presentation of accounts is refined, it will enable each business unit to ensure its commercial performance. A more customer focused approach has been adopted and continues to be a high priority. Asset management services have been identified as a core business for SACON, and progress has been made in structural operations to provide focus of this service. Significant progress has been made in reducing corporate overheads; and changes of managerial work and work practices have received attention, with the construction branch in particular taking an industry lead in workplace reforms.

The Hon. B.C. EASTICK: I refer to page 139 of the Estimates of Payments and in particular to programs 7 and 8. Program 7 indicates that contract payments will amount to \$15 789 000 and that the contract payments under program services will amount to \$32 558 000, which is a total of \$48 347 000, without any explanation at all. What is the nature of that \$48 million of expenditure?

The Hon. R.J. Gregory: I refer to operating expenses, minor equipment/sundries. The administration costs were greater than expected, due to the inclusion of workshop rationalisation costs of \$1.14 million.

The Hon. B.C. EASTICK: I was referring to programs 7 and 8, both of which indicate contract payments.

The Hon. R.J. Gregory: This is only a little of it; there is \$48 million. I can provide the whole lot to you in written form.

The Hon. B.C. EASTICK: That would be appreciated, as long as we know some detail.

The Hon. R.J. Gregory: There is a long, lengthy, detailed list here.

The Hon. B.C. EASTICK: We would appreciate its being made available.

Mr BECKER: I wish to go back to the questions asked by the member for Kavel relating to leases. I refer to page 137 of the Auditor-General's Report, item 13, relating to

leasing commitments and operating lease commitments payable; and then it goes from one year to five years. The total is \$226.7 million for the year ending 30 June 1993, compared to approximately \$112 million for 1992. What do those leasing commitments cover?

The Hon. R.J. Gregory: I will ask Barry Miller to respond to that question.

Mr Miller: Under the reporting requirements of the Australian accounting standards, we are required to show lease commitments for a period of time, and that is from two to five years. What this shows is actually the amount of money that we are committed to pay for leases over the next period of up to five years in office accommodation.

Mr BECKER: As a supplementary question, what supports those commitments in the way of security and what is the value of that security? They must back up something, or something must be covered by them—bricks and mortar or leases on other properties. There is a \$115 million increase in the commitment of leasing arrangements, and I want to know what those leasing arrangements cover. Are they motor cars, bricks and mortar or leases on privately owned properties? How is that figure made up?

Mr Miller: It is a commitment on office accommodation—on existing leases that we would have for Government office accommodation.

Mr BECKER: From the private sector?

Mr Miller: From the private sector.

Mr BECKER: If the department has undertaken on behalf of the Government leasing commitments of an additional \$115 million in the past 12 months, what is the reason for such a substantial increase? It is over a 100 per cent increase. What additional properties have been leased?

The CHAIRMAN: Those questions have been answered in relation to Australis and the—

Mr BECKER: Not satisfactorily; it cannot be worth \$115 million. That is a substantial increase; it is well over a 110 per cent increase.

The Hon. R.J. Gregory: That question will be responded to subsequent to this meeting and details will be provided.

Mr BECKER: Thank you. Are all Government buildings under the care and control of the department fully let and, if not, what ratio is vacant, what is the estimated loss incurred by vacancy rents for the financial year ending 30 June 1993, and how does this figure compare with that for 1992?

The Hon. R.J. Gregory: The total uncommitted vacancy as a percentage of square metres is 2.5 per cent, which works out at 8 415 square metres; in dollars or rental terms it works out at 1.74 per cent. The Government owned and leased accommodation under the management of SACON currently involves an average vacancy rate of 2.5 per cent. The BOMA vacancy rate for Adelaide CBD is 19 per cent.

The restructuring of the Public Service has necessarily resulted in some Government accommodation being left temporarily unoccupied. However, priority is given to filling these vacancies where possible and practicable. Refurbishment programs are being carried out to ensure the maximum utilisation of Government owned properties, with a good case in point being the refurbishment of the State Administration Centre. Vacant space in leased accommodation is minimised through back filling with new tenants, or by direct negotiation with the landlord.

The coordinated and centralised approach to the provision of Government accommodation has ensured, and will continue to ensure, that the level of vacancies among

Government properties remains well below that of the private sector.

Mr BECKER: What was the figure given?

The Hon. R.J. Gregory: I referred to 8 415 square metres.

Mr BECKER: I appreciate receiving the percentages, but what was the value of that vacancy rent this financial year compared with the previous year?

The Hon. R.J. Gregory: It is \$1.039 million and it represents 1.74 per cent of the rental.

Mr BECKER: How does it compare with the previous year?

The Hon. R.J. Gregory: We will have to take that question on notice.

Mr OLSEN: In his April economic statement the Premier indicated that refurbishment and fit-out of the State Administration Centre would be deferred in order to cut costs, but I note the Minister's remarks and that the budget papers indicate an allocation of \$18.5 million for that work, including a fit-out of areas occupied by the Premier, Cabinet and Treasury. Do I take it that the Premier's April statement that the refurbishment and fit-out would be deferred was not accurate?

The Hon. R.J. Gregory: A question was asked by the member for Mount Gambier on 14 September about the State Administration Centre and the refurbishment and fit-out project. The response runs to several pages. I refer to a comment relating to the Premier's economic statement in respect of the State Administration Centre, as follows:

The Premier in his economic statement advised that the Government was reviewing its priorities for the refurbishment and fit out of the State Administration Centre. This review proposed to achieve a deferral in targeted expenditure in 1993-94 of approximately \$5 million. Cabinet approved initially the refurbishment of the State Administration Centre at an estimated cost of \$18.5 million and, at a later stage, the fit-out of the building for Government agencies at an estimated cost of \$9.393 million, making a total cost of \$27.893 million.

Subsequent to the economic statement it was considered more cost effective to not defer the expenditure as proposed due to existing contractual obligations with refurbishment contractors. This provided an opportunity to re-examine the project and identify a few areas of refinement in accordance with subsequent initiatives taken by the Office of Public Sector Reform. In particular, this enabled reconsideration of the building's final occupants by appropriate central agencies. A revised program budget was approved at a total expenditure level of \$28.679 million, which was a marginal increase in the light of the need to consider at that point in time restructuring programs within the Public Service.

If that particular fundamental issue had not been recognised at that time but ignored the increase in cost it would have been far greater.

There has been support for continuation of that project. I now refer to the response to the question asked in the Estimates Committee by the Hon. H. Allison on 14 September, as follows:

The State Administration Centre is currently being refurbished and having an integrated fit-out to accommodate various central agencies.

The refurbishment and fit-out is being carried out to rectify major deficiencies in the building, including installation of fire sprinklers, structural strengthening to meet building codes and total air-conditioning replacement to meet current occupational health and safety regulations.

The project was approved by Government following an independent audit by Jennings Interspace and financial analysis. The total cost is \$28.679 million, with completion in September 1994 subject to final prices on tenders. The Public Service Association and the Building Owners and Managers Association have applauded and are very supportive of the project, which is supplying work to private contractors and meeting staff needs.

Final Occupants

- Premier and Cabinet—Floors 12 to 16, including the Premier's office, Office of Public Sector Reform and Commissioner of Public Employment.
- Auditor-General's Department—Floors 10 to 11
- Treasury and SAFA—Floors 4 to 9. . .
- State Taxation Office—. . . floors 1 to 3.

The remainder of the document covers basically what I have said.

Mr OLSEN: Is the full reply contained in the Estimates Committee report? Is it in *Hansard*?

The Hon. R.J. Gregory: If it is not exactly in that form, it will be in a detailed response to the question asked by the Hon. H. Allison.

Mr OLSEN: I note that having put out a public statement demonstrating to the electorate at large that the Government would be curtailing refurbishment of its own facilities, having obtained public acknowledgment of that, the Government has cut its cloth to suit itself. Once public perceptions and notice had been set, it proceeded to undertake the refurbishment, anyway. My question is one that you, Mr Chairman, would understand. In the 1989 State election campaign you made a commitment that the Police Department building in Angas Street would be demolished as part of a \$300 million redevelopment of Victoria Square, but I note in the budget papers that we are not going to demolish it but rather are going to refurbish and fit it out, there having been a \$3 million allocation. Has the former Premier's 1989 commitment been jettisoned and, instead of demolishing and replacing the Angas Street police station, the Government is going to refurbish the building over a number of years?

The Hon. R.J. Gregory: The member for Kavel well knows that since 1989 and today there have been enormous changes in the fortunes of this State and, indeed, of some members sitting in this Chamber. There have been enormous changes in the economic circumstances of the State, and one needs to consider that.

An honourable member interjecting:

The Hon. R.J. Gregory: As the member for Kavel well knows. What was valid in 1989 is no longer valid in 1993 in respect of the funds available to demolish the building at No. 1 Angas Street. I can remember when it was a tin shed where my father bought petrol when he came to the city. Two ambulances operated by the City of Adelaide, the Police Commissioner's black car and a number of motorcycles were stationed there. I can recall the construction of the existing building which, as we all know, would not stand a major refurbishment. Indeed, it would be cheaper to flatten it and construct a new building on that site.

As we all know the economic circumstances have changed in this State. A building known as Flinders Central was purchased by the Government at a significantly lower cost than was originally offered. The purchase and refurbishment of this building means an economic return to the State as we are now able to pull together police officers who are in rented accommodation throughout the city.

If you did a cost analysis of the building at Angas Street my advice is that its life can be extended for a further 10 years for a modest cost. The cost of flattening the existing building and rebuilding is \$76 million, something that the State cannot afford at the moment. Depending upon what sort of refit we do to ensure that the building complies with occupational health and safety standards will determine whether the costs vary between \$3 million and \$6 million. A

valuation is currently being undertaken and I think it is an eminently sensible course to undertake.

Mr OLSEN: Mr Chairman, you will allow me one brief observation, I am sure, prior to posing the next question. I appreciated the Minister's history lesson on the Angas Street property but I also note that not only was the Angas Street property one of the many broken election promises but there were many well before the State Bank bail-out. After the November 1989 election a number of those promises were no longer valid within a couple of months of November 1989. I note that this was perhaps one of those high on the agenda in that last week of the campaign that was scrambled together.

Mr McKee interjecting:

Mr OLSEN: It was a 32 per cent failure rate, I point out to the honourable member. In relation to the refit of Angas Street, is the \$3 million a one-off allocation for refit that will give it the extended life of 10 to 15 years or will there be ongoing annual costs for refurbishment of that building?

The Hon. R.J. Gregory: It is anticipated that the \$3 million would extend the life of the building for 10 years and comply with occupational health and safety standards. That does not mean to say that there is ongoing maintenance to be required on the building whether anything is done to it or not; I cannot give a commitment. My advice is that about \$3 million will allow it to be used for up to 10 years. I might also add that the building was built by jacking up the floors and in the process of jacking them up they did some welding so that the floors stayed in place. They came back one morning to find that one of the floors had sagged a bit, so they jacked it back up and welded it and it has been there ever since.

Mr OLSEN: I notice on page 133 of the Auditor-General's Report that there has been one targeted separation package put in place for the year. How many have been taken up since and how many TSPs have been offered? As I understand it there is one to 30 June 1993. What are the offers and how many have been taken up subsequently?

The Hon. R.J. Gregory: As at 27 August 1993 a total of 787 invitations had been issued to both weekly paid and GME Act employees with the following number of acceptances: weekly paid 22, GME Act 26.

Mr OLSEN: When were those offers made? In other words, how long have the offers been open?

The Hon. R.J. Gregory: My advice is a month preceding. I think we need to go through the procedure to have an understanding about it. Targeted separation package is another name for the voluntary separation package, only in this situation the positions are targeted and people are advised that their position has been targeted. They are then invited to apply. They may indicate an interest and at the moment about 70 per cent of people who indicate an interest in the targeted separation package actually accept it. They go through the process of finding out what it will be worth to them. They also go through the process of working out their finances to see whether they can afford their new lifestyle. Some people make the decision that they cannot afford it and decide not to accept it. I stress that it is voluntary. I personally know of several people who indicated an interest in a voluntary separation package to find out what it was worth but had no intention of accepting it. They then walked around talking about how much they were worth if they left.

However, what will be happening with the separation packages is that where people do not want to go and other people want to go but are required there will be arrangements

whereby people of similar skills can be moved around, so that we can get the essential reduction in the work force but maintain the skill levels that are required to be maintained. People who are required by the Government will not be offered targeted separation packages and, indeed, to the annoyance of some people they cannot access it. They get very upset when they find out that they are required employees.

The Hon. B.C. EASTICK: There would be a number of police officers in that area.

The Hon. R.J. Gregory: There are also quite a number of wages employees who I know would like to go but are required. They have high skill levels and the Government needs their skill.

Mr OLSEN: I want to clarify the figures the Minister has given the Committee. You mentioned that they were TSPs. They do not include voluntary separation packages?

The Hon. R.J. Gregory: There are no voluntary separation packages, but it is exactly the same.

The Hon. B.C. EASTICK: Are you able to indicate to the Committee for what percentage of contracts SACON submits a tender? What percentage of its tenders are successful against open competition?

The Hon. R.J. Gregory: Are these design or building contracts? I think we need to understand what SACON is doing. SACON manages a project and has no-one doing physical work. It supervises the contractors who are doing the work on the project and manages that for the client, or it may put in a quote based on the quantity surveyor's estimate. If you want the exact details, it will take some time to put them together.

The Hon. B.C. EASTICK: I appreciate that it does not have a large construction force today as in the past. From time to time, private enterprise puts in a tender, only to lose it by virtue of an inside tender from a Government department. It does not occur with SACON at the moment, but it still does with the Highways Department. I appreciate that possibly the question should be confined to what design projects might be directly undertaken by SACON.

Mr Inns: There are several answers to the honourable member's question. SACON has a Construction Services Branch which is comprised of about 120 people. It includes not only construction managers, but a weekly-paid trade work force. The objective of the Construction Services Branch is to become over a period—now two years—a totally commercial operation operating in a price-competitive mode and to become profitable. It has achieved the latter of those two objectives in the last financial year, having achieved a profit of approximately \$270 000.

The basis upon which it operates with the client departments and the Design Services Business Unit of SACON is that the Construction Services Branch will submit a price based on the quantity surveyor's estimate of that job and it will submit a fixed price contract. It does not at this stage go to tender. It is intended that at the end of this financial year we will move into a totally competitive mode for the Construction Services Branch to commence tendering for projects for which it feels it has the competence to compete.

At present the role played by the Construction Services Branch is that it may be a total constructor—that is, it may physically build all or part of the building or construction manage and sub-let contracts from the private sector. It may act as a master builder, if you care to use that old description, and provide all or most of the trades to undertake a construction project, or it may construction manage as a construction

company, such as Boulderstones or the like does, and put in trade packages of a subcontracting nature. At this time the Construction Services Branch does not compete on an open tender basis.

The Hon. B.C. EASTICK: Finally, have any particular trades services which have been a regular feature of SACON activities been abandoned in the past two or three years?

The Hon. R.J. Gregory: None has been abandoned, but a considerable number have been reduced.

Mr OLSEN: Returning to Estimates of Payments and Receipts, page 137, I should like an explanation of a number of components on the receipts side. In relation to Ayers House rental, I note that the rental was estimated to be \$56 000 and ended up being \$95 000 for the year. Why did that increase take place and why is the estimate \$78 000 for this year?

The Hon. R.J. Gregory: The estimate was for six months' rent due to six months paid in advance in 1991-92. The actual result for 1992-93 of \$95 000 is a combination of six months' rental for 1992-93 and an advance of four months' rental for 1993-94. The 1993-94 estimate is for the remaining eight months.

Mr OLSEN: Also on the revenue side I notice that 'Land and building rentals, hire charges and sundry fees' reduced substantially from the estimate for 1992-93 to actual and the further estimate for 1993-94.

Mr Mitchell: These are services for which SACON receives payments or commissions. The commissions received by the pay office now offset the costs, as would occur in any other commercial organisation. A reduction in assets on which rental income is charged has further reduced the income.

Mr OLSEN: Under 'Sale of land and buildings—Government employee housing', last year, through the sale of those properties, \$8.3 million was received and \$4 million is estimated to be received this year. Does that indicate that the surplus stock available for sale has reduced to the point where revenue for the Government will be reduced this year and in subsequent years?

The Hon. R.J. Gregory: The answer to those questions is 'Yes'.

Mr OLSEN: Under 'Government office accommodation', with regard to the sale of land and buildings there are estimated receipts of \$2.5 million. What is the basis of that income?

The Hon. R.J. Gregory: That is the estimated sale price of the tourism building on King William Street.

Mr OLSEN: I understand that there is asbestos in that property. Has it been removed or is it to be removed before sale?

The Hon. R.J. Gregory: The presence of asbestos in the air conditioning units in the tourism building is inhibiting its sale. At the moment it is out for tender, and an assessment will be made, on receipt of the tender, whether it is worth while for SACON to remove the offending material or to sell it as it is, in which event the purchaser would have the responsibility of removing the contaminated air conditioning. An assessment will be made when the tenders are received.

Mr OLSEN: I note that further in the Estimates of Payments and Receipts there is an allocation of \$750 000 for asbestos removal works. Does that allocation apply to the tourism building or to other properties?

The Hon. R.J. Gregory: There is an ongoing program for asbestos removal. The Government has a policy of removing it. Where it is not appropriate to do so, it is encapsulated and

appropriate measures are taken. Signage is put up in the building so that workers know about the presence of asbestos and registers are maintained so that anybody going to work on that building can examine the register and find out where they are going so that they do not get any unpleasant surprises.

I will go through what was able to be done last year and what we intend to do in 1993-94. Projects completed in the past financial year are: State Library, stage 1; Enfield High School; Unley High School; Naracoorte Hospital; Royal Adelaide Hospital residential building, stage 3; Daw's Road High School, pipe lagging; Women's and Children's Hospital (that will be the old Queen Elizabeth Hospital tunnels); various minor works; and numerous asbestos surveys and management plans. The proposal for 1993-94 is: Meningie Hospital; Hindmarsh Hospital; Royal Adelaide Hospital, residential building, stage 4; State Library, stage 2; various minor works and, again, numerous asbestos surveys and management plans.

As I said earlier when discussing the Department of Labour, there has been an ongoing survey of buildings with asbestos. They are being identified and a register is being maintained with the Government, and decisions are being taken about the most appropriate places to do the removal. One must appreciate that sometimes removal for the sake of it is uneconomical and in some cases downright dangerous, and sometimes it is better to leave it where it is and encapsulate it until there are major renovations to the building.

Mr OLSEN: Also on the revenue side of the budget, I note service fees, reimbursements, works and sundries, from an actual of \$20 million to \$5.2 million. Will the Minister explain the variation?

Mr Inns: The difference between the actual for 1992-93 and the estimate for 1993-94 is based upon funding that is obtained from other sources for office accommodation and capital works regarding Australis, based upon incentive payments being currently received. It must be kept in mind that building owners in this current climate are offering substantial incentive payments for tenants to occupy space, so the gap between actual and estimated for the financial year just past and the estimate for the financial year in which we currently operate is based upon the incentive payments which are currently operating or which in the past have been operating.

Mr OLSEN: I would need to go back and check the answer to the lease payment. I can understand the point you make but, on the other hand, we are having these increasing payments on the other side of the ledger referring, in particular, to the Australis building. The Minister's reply related to the leasing increase pertaining to the Australis building, did it not?

The Hon. R.J. Gregory: And other.

Mr OLSEN: But the Australis building was nominated in that.

Mr Inns: They operate in different time frames, of course. Your incentive operates in one time frame but the obligation for your lease operates in another.

The Hon. R.J. Gregory: My further advice is that one is capital and one rental.

Mr OLSEN: That tends to clarify it more. It seemed to me that they were going in opposite directions with the bottom line cost to the State rather substantial. In relation to sale of buildings there is an estimated income of \$2.4 million. Which building or buildings is that? Is it a number of small buildings or is there a large Government building listed for

sale, or does that refer to the old tourism building to which the Minister has already referred?

The Hon. R.J. Gregory: There is the Anglican Church at the Hub, Aberfoyle Park, \$500 000; the hazardous material audit recovery of 1992-93 expenditure from clients, \$700 000; SACON's Rose Park depot, \$690 000; and SACON's Marion Road depot, \$550 000, totalling \$2.44 million.

Mr OLSEN: In the Estimates of Payments and Receipts, page 140, 'Business unit rationalisation', \$3.8 million, will the Minister explain to the Committee the charter for the business unit rationalisation of \$3.8 million worth of expenditure?

Mr Inns: This funding is really set aside to cover the community services that business units may make in addition to their commercial operations. If SACON's business units do in fact perform well, as we indeed hope they will, some of these funds will be used to repay voluntary separation package loans, which total at this current point in time \$4.4 million, and expressed as a percentage of business turnover the \$3.8 million represents about 1.7 per cent of business unit turnover. It is essentially a community services item set aside for repayment of VSP loans.

Mr OLSEN: I refer to page 141 and I note that in relation to Government office accommodation in 1992-93 the actual payment was \$15 million short of the estimated amount. Can we have an explanation as to why that was the case?

Mr Inns: Essentially, that figure is associated with the delays with the commencement of work, particularly of the State Administration Centre. I think it is predominantly in that area.

The Hon. B.C. EASTICK: In relation to the SACON non-business operations hazardous materials audit, \$1.5 million was allocated last year and \$977 422 was actually expended, with no further moneys appropriated. In what one might call a growth industry in building activities at the present moment, are we to believe that the audit was total across the board, or is there some other means of determining hazardous activities into the future which is hidden away in some other program?

Mr Inns: That is the total as revealed there. There is no other allocation in any other line.

The Hon. B.C. EASTICK: All properties owned by the Government have been audited. There is no possibility of a hidden problem down the track?

Mr Inns: Because of the rearrangement in financial arrangements, in future the process will be that the clients, in fact, will be paying for that audit on a fee-for-service basis. It will not appear in SACON's accounts.

Mr HERON: I refer to the Program Estimates (page 384). A dot point under Target/Objectives for the Government security services program states:

Gain greater market share of security services within the public sector.

Can the Minister tell the Committee what percentage of private security companies do Government contracting work?

The Hon. R.J. Gregory: My advice is that we would be unable to find out the exact percentage, because SACON does not know all of the hiring of private security. I will go through some of what is happening in the security area. The Government Agency Review Group examined SACON security and determined it would provide cost effective physical security to the public sector. A component of that reveals a study that compared private enterprise profit and

loss and performance indicators with SACON security. The review noted that SACON security returned a profit of 6.6 per cent in the financial year 1990-91, based on the percentage of sales, and in the two subsequent financial years SACON securities continued to return a profit. Recently, SACON security has been transferred to the Police Department as a part of protective services. They have undertaken a number of internal reviews to further reduce administrative costs of sales. They have recently negotiated the introduction of some casual security staff to help reduce the cost of sales further. As yet, the casual staff are not being brought into operation and there is a scale of charges in which SACON compares favourably with private security firms in a variety of costs.

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

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

State Services \$8 291 000.

Departmental Advisers:

Ms K. Schofield, Chief Executive Officer, Department of Labour and Administrative Services.

Mr G. Jones, Manager, Corporate Business Operations.

Mr P. Grenville, Director, State Fleet.

Mr A. Secker, Director and Government Printer, State Print.

Mr P. Bridge, Director, State Supply.

Mr M. Jones, Director, Corporate Services.

Membership:

Mr Matthew substituted for Mr Olsen.

The CHAIRMAN: Mr Matthew, do you wish to make a statement to start?

Mr MATTHEW: I note that the financial summary for the State Services Department indicates that recurrent and capital payments, contributions and transfers to the Consolidated Account and debt repayment will total \$175 195 000 in the 1993-94 financial year. Further, the Department, through the State Supply Board, is responsible for the control of \$500 million in purchases and \$30 million per annum in disposals. As a consequence, the department has a direct or indirect responsibility for a considerable proportion of expenditure of taxpayers' funds. The Opposition is therefore closely monitoring activities by the business units of the State Services Department. Many of the business units have been the subject of the Auditor-General's criticism over recent years for inefficiency and loss-making activities. We are concerned in particular about the loss-making activities of State Print and the State Clothing Corporation and the work practices of State Fleet and the Central Linen Service.

Turning first to State Print, I note that State Print made a loss yet again. This time it lost \$3.3 million. This compares with losses of \$1.4 million in 1991/92 and the sum of \$500 000 in 1990-91. Therefore, in just three years, State Print has lost \$5.2 million of taxpayers' funds. The Auditor-General reported that:

The financial position of State Print is a matter of concern. This was reported to State Print in April 1993 following an audit of the unit.

Later, he said:

Audit suggested that a key element in any strategy to improve financial performance was a complete review of all products and services provided by State Print to assess their commercial viability and competitiveness with the private sector.

Audit also reported on the findings of a consultant who was engaged to provide an initial analysis of the accumulating losses of State Print. I note the consultant concluded that:

It is very unlikely that State Print will return to profitability in the foreseeable future without a very substantial change in direction and structure.

Clearly, therefore, the question needs to be asked: should State Print be competing with the private sector at all, and are there any Government printing requirements which should not be available to the private sector and therefore can only be undertaken by State Print?

We were also concerned about the consultant's findings with respect to management information, when he found that current managerial reports appeared to be neither useful nor reliable, and recommended that State Print critically assess decision information requirements and clearly define performance indicators necessary to monitor operations.

Turning to State Clothing, I note that it made a loss yet again in 1992-93, this time of \$85 000. I acknowledge that it made a so-called profit of \$186 000 in 1991-92, but this was largely due to an inflated \$700 000 payment from the Police Department for the uniform store. The 1992-93 loss compares with other losses of \$84 000 in 1990-91, \$252 000 in 1989-90, \$591 000 in 1988-89, \$496 000 in 1987-88, \$68 000 in 1986-87 and \$118 000 in 1985-86. Over the past eight years, State Clothing has admitted to a net loss of \$1 508 000 of taxpayers' funds.

Turning now to Central Linen Service, the Opposition is concerned at the failure of that organisation to control its linen establishment. We note that the Auditor-General stated in his 1992-93 report on the linen rental stock in service that:

As a result of the nature of delivery of linen to customers, and a subsequent return to Central Linen, it is not possible to substantiate the value of linen establishment by stocktake.

He also said:

In my opinion there is uncertainty as to the reliability of the value assigned (\$5 931 000) to the linen establishment.

I am further concerned that the Auditor-General also questioned this figure in his 1991-92 report when he said: in my opinion there is insufficient evidence to support the reduction in value of linen establishment as at 30 June 1992 and the resultant balance of linen establishment as shown on the balance sheet of \$5 931 000.

I find it absolutely staggering that the Central Linen Service is incapable of determining the rental stock it owns by counting stock on hand, stock in its delivery vans and stock in hospitals to arrive at a reasonable stocktake figure. Further, we are concerned that this organisation intends to spend a \$3.2 million on acquiring new laundry equipment at a time of financial restraint to the rest of the public sector.

I now turn to State Fleet. This unit is responsible for a growing proportion of Government vehicles. For some time I have expressed concern about the lack of control over Government vehicles across all agencies. I have previously highlighted the fact that State Government has some 9 300 passenger vehicles worth at least \$180 million and costing \$75 million a year to maintain. I have indicated that with this number of vehicles and expenditure it would be reasonable to expect that a centralised computer management system would be utilised to keep control of the fleet.

However, I am aware that there are at least 21 different computer systems being used across 17 agencies for fleet management purposes. Most of these systems are deficient. At this time, the amalgamation of the Electricity Trust and E&WS is yet again investigated buying yet another fleet management system.

The system used by State Fleet is, on the department's own admission, unsuitable for central management of passenger vehicles. The department has admitted to the Auditor-General that the fleet plan system used for its vehicle management is for monitoring complex heavy vehicle repairs, and State Fleet has no such vehicles. The departmental response to this variety of difficulties experienced by some of its business units has resulted in a flood of consultancies and overseas visits.

We note with concern that in the past and present financial years the department plans to spend almost \$90 000 on overseas visits by its employees. These issues and many other will be probed by the Opposition during questioning on these budget lines. In doing so, we trust that the Minister will provide frank, informed and direct answers and will not abuse the Estimates process with long waffly answers trying to avoid the point, as regrettably some of his colleagues have done in Estimates Committee proceedings to date.

Mr McKEE: I think it is important to point out to the Committee that every time the Opposition asks a question it is freely allowed to ask three or four supplementary questions on top of that, so they are getting a fair go and ought to stop whingeing and get on with it.

The CHAIRMAN: We have had 123 questions in this Committee today, so I suspect that the Minister cannot be accused of not answering with dispatch and succinctly, as I think you will discover. Minister, you have a statement to commence proceedings.

The Hon. R.J. Gregory: The Department of State Services provides a range of services, primarily to South Australian Government agencies. In 1992-93 the range of services was further increased when the Central Linen Service was transferred from the Health Commission to become a separate business unit of State Services.

The State Services Department is required to recover the cost of its operation and the fees charged from services rendered, except in those limited cases where services are required in the interests of Government or the community. These are mainly in the areas of State Information, State Forensic Science, State Supply Board, State Records and State Fleet. Nearly all the services which 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 according to commercial principles since 1988 and is required to achieve set targets and return a dividend to Treasury. This commercial approach was accompanied by significant increases in the freedom given to Government customers as to whether they should use these services. 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. State Services also has for some time been placing emphasis on quality management, best practice, benchmarking and other management practices that are an integral part of public sector reform. The department has achieved a surplus each year and has provided significant returns to the Consolidated Account in the form

of dividends since the commencement of its financial charter in 1988-89.

In 1992-93 the department achieved an operating surplus of \$7.8 million, a 35 per cent improvement over the previous year. However, large abnormal items resulting from the department bringing to account for the first time provision for workers compensation and outstanding recreation leave, together with the cost of voluntary separation packages and write-downs in the values of buildings and inventories, saw the overall surplus reduced to \$4.8 million.

However, this was still almost \$1 million higher than budget and provided a dividend of \$2.4 million. This result reflects a return on commercial assets of 4.2 per cent and a return on subscribed capital of 13.1 per cent.

It is acknowledged that the financial performance of State Print in 1992-93 is of concern but, as highlighted in the Auditor-General's Report, a number of initiatives have been put in place to overcome this situation during 1993-94.

Again, in 1993-94 there are a number of challenges that face State Services. It will continue its cost reduction strategy and efficiency improvements resulting in containment or reduction of prices. Further restructuring will be undertaken and targeted separation packages will be offered in a number of units. I am confident that these and other issues will be addressed successfully during the year and that State Services will continue to adapt its products and services to meet the changing needs of its customers.

The CHAIRMAN: I now declare the line open for examination.

Mr MATTHEW: I refer to page 462 of the Auditor-General's Report, specifically to accounts receivable details under item 10 and the doubtful debt provision included there. Why and how does the State Services Department have provision for bad debts of \$362 000; what action is being taken to recover those debts; and who are the debtors involved for each business unit?

The Hon. R.J. Gregory: As to the allocation for these doubtful debts, in many instances it is because they are disputed debts, but provision has to be made. As to specific examples, I will provide written details.

Mr MATTHEW: I appreciate the reason for the Minister's having to take the question on notice, but are any non-government debtors involved in the doubtful debt provision?

The Hon. R.J. Gregory: I said that we would undertake to provide specific details, and we will do that.

Mr MATTHEW: As to losses by State Print, I refer to the Auditor-General's Report at pages 455 and 467 and page 407 of the Program Estimates and statements under 'Issues/Trends'. From those documents I note that State Print again has made a loss this time of \$3.3 million. I note the Auditor-General's statement that it is very unlikely that State Print will return to profitability in the foreseeable future without a substantial change in structure and direction. The Program Estimates reveal:

The local printing industry continues to be depressed, resulting in intense price competition between State Print and local firms for public sector printing work and minimal margins on jobs. There are no signs of a sustained industry recovery.

Bearing in mind those two statements and the fact that if State Print were one of the local companies referred to it would probably have been in the hands of the receiver, has the Government considered winding down the State Print business unit and moving Government printing operations to the private sector, or are there printing jobs that must be

exclusively undertaken by the State Government for reasons that the Minister can outline to the Committee?

The Hon. R.J. Gregory: I thank the honourable member for his question. The Government has a view that it ought to have a printing office and that that office ought to operate profitably. I will ask Mr Secker to outline the program being undertaken to bring that about. I want to make it clear that the only way we have been able to guarantee security of documents pertaining to Government is to have them printed within Government. There was one unfortunate circumstance where Government documents were being printed in a private printing establishment and the information became common knowledge within a day of the documents being delivered. We know there is secure information at State Print: the people who work there understand their obligations.

Also, we have to appreciate that there has been an enormous and rapid change in how printing is undertaken within the industry. There are some constraints on Government when it comes to moving quickly. We have a policy of non-retrenchment, and that means that, when people become surplus to requirements when the sort of work they do is no longer there to be done, there have to be arrangements in that regard. Certainly, I will be interested to hear if the Liberal Party has a non-retrenchment policy or whether it just sacks them all. I ask Mr Secker to outline what actions State Print will undertake.

Mr Secker: The main focus of our activity to return to profitability involves cost reduction. With changes in technology and the way in which customers in Government departments are requiring printed information we need to reduce the size of our business and concentrate on those areas of printing where we can have full utilisation of plant and people. We are undergoing a deliberate strategy now of examining our areas of products and services, cutting out those that we cannot provide profitably and as efficiently as our private sector competitors. As part of that, for example, we have recently decided not to continue with our micro-graphic service.

We are pleased to be looking at our mailing service to see whether that should continue and whether there are other ways in which whole of Government savings can be achieved, rather than going just through State Print. We are in the course now of a process of reducing our staff by about 25 per cent.

We expect that to be completed through targeted separation packages, primarily by the end of this month, with some parts of it going ahead in the next month. They are the main strategies we are adopting to reduce our size to an organisation that can concentrate on areas it can do profitably and well while at the same time making sure that the services we provide to the Government in the areas of security and those types of matters are not hindered.

We are also concentrating on the area of overheads, for example, accommodation. We have recently cut back our accommodation needs at the Netley complex by about 4 000 square metres, with savings in the order of \$200 000 to \$300 000 per year. That is continuing at the moment. We are cutting back by another 1 000 square metres and that will be finished in a month or so. We are also examining all areas of our operation to make sure that unnecessary costs are not incurred, especially in the non-production areas. We do not want to cut back too much in the production areas because that affects revenue, obviously, but there are other areas where we can use technology to produce a more efficient service at a lower cost.

An example of that is the way in which services to the Parliament, for example, are provided. We expect our charges for those services to reduce considerably this year as a result of changes made. Overall we are not leaving any stone unturned in our attempt to make the operation more efficient and to reduce it to a size where it can be an efficient and profitable organisation.

Mr MATTHEW: I am pleased to hear of the activities undertaken by Mr Secker to make the operation more profitable but I am obviously still concerned from budget statements that it is still expecting a budget loss in this financial year. By way of supplementary I wish to refer to interstate work and I understand State Print is thinking of expanding. I have some concern with that work being undertaken because over the past few months I have met with a number of New South Wales Government Ministers, and during one of those meetings a Minister volunteered to me that State Print in South Australia is undertaking printing for the New South Wales State Government. That Minister further advised me that the work being done by State Print was at a rate that undercut any of the private suppliers in New South Wales. The Minister of that State believed it would be virtually impossible for State Print in South Australia to be making a profit on its printing work. The Minister was very polite and thanked the South Australian taxpayer for subsidising the New South Wales taxpayer. What interstate printing is being done? Is it all Government based or is some of it private sector based?

The Hon. R.J. Gregory: I can advise the Committee that this criticism is not new from members of the Opposition. In accordance with its financial charter State Print Office/ Commercial Printing services public funded organisations in South Australia and other States. Work for interstate customers has steadily grown from about \$500 000 in 1991 to \$1 million in 1991-92. Sales for the last financial year are not fully accounted but are expected to be in the order of \$900 000. The work gained is in response to public tenders and expressions of interests in other public processes against competition from printers Australia-wide.

State Print only bids for work it specialises in and when it has spare capacity in its plant. All bids are fully costed. State Print operates on commercial and accrual accounting principles. All bids are planned to produce a profit. As with many private printers, however, profit margins are sometimes low and the main purpose is to keep plant utilised. I think that answers the question. As to whether New South Wales Ministers are competent to make comparisons on wage rates in South Australia, I do not know. I am of the view that if we have spare capacity in our plant and we have the people able and capable to do the work, it would be stupid not to bid for and get that work, and keep those people employed and the plant utilised.

Mr MATTHEW: We want to make a profit.

The Hon. R.J. Gregory: We are making a profit on that work. Other requirements reduce our capacity to do that and Mr Secker has outlined to the Committee in some detail the efforts being undertaken to reduce those costs.

Mr MATTHEW: Before I asked that question I did ask the Minister if he could provide details of whether it was Government or private business being undertaken interstate. Could that be taken on notice? I appreciate it is difficult to answer that at the moment.

The Hon. R.J. Gregory: We do not have to take it on notice; my advice is that it is all Government.

Mr MATTHEW: It is all for other Governments?

The Hon. R.J. Gregory: I said it was all Government.

Mr MATTHEW: I refer to the Program Estimates at pages 143 to 146. I note from those pages that moneys have been spent or budgeted for overseas visits by officers as follows: State Records, \$5 724 in 1992-93; Forensic Science, \$9 909 in 1992-93 and \$10 000 in 1993-94; State Print, \$636 in the last financial year and \$13 000 budgeted for the current financial year; State Clothing Corporation, \$1 120 in the past financial year; Central Linen, \$6 478 in the past financial year; and inter-agency support services \$43 000 in the 1993-94 financial year. The total is \$89 867 for overseas visits. What has been or is the purpose of each of these visits? Who are the officers involved and what are the benefits to the taxpayer?

The Hon. R.J. Gregory: I will talk about 1992-93. I want to make it quite clear that my view is that if officers of a department travel overseas to gain or impart knowledge it is very important that we participate in that. If we adopt a dog in a manger approach that public servants should not go overseas we are cutting our nose off to spite our face. In 1992-93 Des Bilske, Central Linen went overseas to examine laundry equipment and operations at a cost of \$10 000; in August-September of that year Euan Miller, State Records attended an International Council of Archives and Freedom of Information-Privacy discussions, which cost \$9 000; in October Dr Angela Van Daal, Forensic Science looked at DNA testing and visited overseas labs, \$4 000; in November Dr Bill Tilstone, Forensic Science chaired a session at an Interpol meeting and gave evidence at a Lords select committee, \$8 000; Martin Towey, State Clothing visited overseas manufacturers while on holidays, \$1 000; Dr Angela Van Daal, Forensic Science spoke at an International DNA symposium at no cost; in May Dr Hilton Kobus, Forensic Science attended an international Fingerprint Symposium and presented a seminar to Washington DC police at no cost; and Tim Kitchings, State Systems attended an EDI in Government presentation (holidays), \$400.

Dr Angela Van Daal has had a number of these trips and I will outline them to the Committee: Finland and the United Kingdom, to convey forensic samples to the National Public Health Institute in Finland in order that testing may be carried out, and to visit the Metropolitan Police Laboratories in London; France and the United Kingdom, to chair quality assurance session at Interpol meeting in France and to give evidence to the House of Lords Select Committee on Forensic Science in London; the USA, to speak at The Second International Symposium on the Forensic Aspects of DNA analysis, hosted by the FBI in Quantico, USA, funded by the FBI; the USA, to attend the International Fingerprints Symposium held by the FBI and present a seminar to the Washington DC Police Fingerprint Department, funded by Rofin; Germany and the United Kingdom, registration for IAFS-13 conference to be held in Dusseldorf, Germany.

Those people went overseas for very important purposes. The trip to Finland related to comparison testing to ensure that evidence that would subsequently be given in a court case could not be challenged. I think it is important for people to do that and I have no problem with it.

Mr MATTHEW: I asked about the \$43 000 this year for inter-agency support services. The Minister did not answer that part of the question.

The Hon. R.J. Gregory: I will give a response to that.

Mr McKEE: Despite the misleading opening remarks of the member for Bright, the Auditor-General's Report, page 457, showed that Central Linen Service made a surplus of

\$1.9 million in 1992-93. What has brought about the significant improvement of \$2 million in the trading result for Central Linen compared with the previous financial year?

The Hon. R.J. Gregory: There are a number of reasons attributable to the very pleasing result achieved at Central Linen. Basically, there has been a \$2 million reduction in expenditure, and this has been in two main areas. First, there has been the implementation of significant savings in operational costs in the laundry, including better balancing of the work force numbers to match variations in the available workload. This has been done through a combination of measures, including an active workplace reform process to create better work practices and a better management of the work flow in production. Savings in labour costs have been \$295 000 over the last year. Also, linen usage has been reduced through rationalisation of the total number of products and a review of the stock replacement policy. There has also been a significant reduction in the administrative costs associated with running the Linen Service. These operational cost savings total approximately \$1 million.

The other major area of savings has been in the costs associated with financing the business. Lower interest rates compared with the previous financial year have had a beneficial effect, coupled with a capital restructuring through the conversion of \$6.66 million of former long-term debt to equity to provide a proper commercial capital base for the business. This has resulted in an overall reduction of \$1 million in debt servicing costs. This result was achieved while maintaining revenue at slightly above the previous year's level, despite price increases of only 1 per cent or less than half the inflation rate for 1992-93. Central Linen is on track to continue to provide cost-effective and efficient services to its core health sector customers at reduced price levels during this financial year.

Mr McKEE: One of the issues identified for State Supply on page 408 of the Program Estimates was that the retention of market share by providing excellent customer services is essential for the continued success of State Supply. Why has State Supply introduced a telemarketing service and has it been successful?

Mr Bridge: In 1988-89 we became aware that the Northern Territory, in particular, was going to close its education supply operations. For some time we had been supplying into the Northern Territory, which is a long standing historical arrangement, and it was an area of our customer base that we did not wish to lose. We did some research and concluded that the best way to service the market was to begin a telemarketing operation. Our sales to the Northern Territory in 1990-91 were \$584 000, in 1991-92 they grew to \$948 000 and in 1992-93 they were just over \$1 million.

The benefit that that brings is that we are supplying customers in the Northern Territory who would otherwise find it difficult to get goods at the competitive prices for which we can supply them. It is income for South Australia that ordinarily we would not get. It would be lost to South Australia and, in particular, it would be lost to suppliers in South Australia who provide goods to our warehouses. We think that it is beneficial to customers, to South Australia and to the South Australian Government because it is a profitable area of operations for us.

Mr McKEE: My third question relates to page 406 of the Program Estimates, information reports. One of the issues and trends for State Forensic Science is to continue the careful development and introduction of DNA techniques to

case work. What is happening with DNA databases in forensic science?

The Hon. R.J. Gregory: The DNA method used to type the origin of blood and semen is so sensitive and discriminating in its ability to identify people that it is now possible to link crimes, such as serial rapes. It is also possible to compare samples in cases where there is no known suspect with an appropriate database. State Forensic Science has sought the advice of the Privacy Unit regarding the use of information in its databases. As a result, State Forensic Science is establishing a database of the DNA types in all samples grouped during investigation of sexual offences. This information has already been used in investigating serial rapes. The method has also been valuable in screening suspects. For example, 65 have been excluded in one murder investigation, 90 in another, and one person has been identified from 16 suspects in a third.

The Hon. B.C. EASTICK: I refer again to Central Linen Service. The Auditor-General, in his report at page 455, states:

Linen establishment is the linen rental stock in service. As a result of the nature of delivery of linen to customers and its subsequent return to Central Linen, it is not possible to substantiate the value of linen establishment by stocktake.

Further, he states, 'In my opinion, there is uncertainty as to the reliability of the value assigned (\$5 931 000) to linen establishment.'

In the 1991-92 report, at page 353, the Auditor-General said:

Audit testing revealed evidence of significant control weaknesses in the conduct of stocktake and subsequent collation of data. In conclusion, little reliance can be placed on the result. In my opinion, there is insufficient evidence to support the reduction in value of linen establishment as at 30 June 1992 and the resultant balance of linen establishment as shown in the balance sheet of \$5 931 000.

What was the basis for the 1991-92 stock write down? Is there likely to be a further devaluation? Why cannot Central Linen Service balance stock on hand, stock in delivery and stock in hospitals to arrive at a reasonably accurate stocktake figure?

The Hon. R.J. Gregory: The valuation presented in the 1992-93 accounts is the same as that shown in the 1991-92 accounts and is the best conservative estimate of the valuation of linen stockholdings that is currently available. The Auditor-General's Report provided a full explanation of the reasons for the qualification and also the new management initiatives being implemented to provide better accuracy of linen valuation and linen control. The size and nature of Central Linen's business (rental of linen products out to a large number of hospital customers across the State) has in the past precluded the organisation from obtaining an accurate valuation of its linen stockholdings.

The issue of linen inventory valuation and control is not confined to Central Linen but is an industry wide problem and was the subject of a national survey by consultants Coopers & Lybrand in 1992. Central Linen, as part of a strategic planning process during 1993-94, is pursuing a number of new initiatives, including control systems on customers' premises in order to better identify and locate linen stockholdings and, thereby, establish a more accurate stocktake and valuation. I might advise the Committee that the first ever formal stocktake was undertaken in 1991, with a count of over 1.5 million items over 200 different products and 300 different locations across the State. However, the auditors were unable to confirm the accuracy of the stocktake

due to the logistical problems associated with verifying stockholdings across such a large number of organisations. During 1991-92 there was a write-down from \$6.7 million to \$5.9 million. The auditors have qualified the accounts.

The Hon. B.C. EASTICK: What then is the Minister or the appropriate department doing to reconcile the concerns of the Auditor-General such that there may no longer be a qualification or, in the Auditor-General's further report to Parliament, an indication of satisfaction or further criticism, as the case may be?

The Hon. R.J. Gregory: I understand that the difficulty we have in this is that it is quite easy to count the stock at Central Linen at a given time; it is quite easy, I suppose, to count the stock that is in the trucks; then it comes to counting the stock in the linen store in the hospitals and then an attempt to count that linen stock that is held in cupboards and linen presses throughout the hospitals, and to count the stock on the beds when it is moving around. I note the member for Bright nods his head and says 'You could do it', but at what cost? You can do many of these things, but is the cost of doing it worthwhile?

We will be endeavouring to reduce the inaccuracy of that as much as possible, but there comes a time when the cost of chasing a penny might run into thousands of dollars, and I sometimes wonder whether it is worth it.

The Hon. B.C. EASTICK: In relation to Government linen, again, in the Capital Works Program, page 32, we find that further expenditure of \$3.193 million on acquiring new laundry equipment and \$219 000 on new computing and office equipment is contemplated, making a total of \$3.462 million. The question must arise: is this money best spent here rather than on a new primary school, and does Central Linen, by the fact that it duplicates work already performed by the private sector, warrant this type of expenditure in this climate?

The Hon. R.J. Gregory: I think that it does. It provides an essential service at quite a reduced price to the hospitals system, which is the reason why it has been operating for as long as it has. I believe that it provides an excellent service, and there is a need to ensure that the plant and equipment at Central Linen is maintained at an adequate level to provide efficiencies and to overcome occupational health and safety problems that arise from using antiquated machinery. So, there is a number of reasons why we are doing it. First, it is to improve occupational health and safety, to improve the efficiency and, consequently, the profitability.

The Hon. B.C. EASTICK: Switching to State Fleet, the Auditor-General's Report at page 456 contains a statement of cash flows. The report shows an outflow of \$6.97 million for liquidated damages. Why were the damages paid? Under what circumstances were they paid? To whom? By which agency? And what steps have been taken to ensure that this does not happen again? I appreciate that the Minister may prefer to take that question on notice.

The Hon. R.J. Gregory: That is interest paid, according to my advice. My advice is that it is normal interest expense on loan funds.

Mr De LAINE: The Auditor-General's Report states that the State Services commercial operations are funded from fees charged. What are the current proposals for price changes within the various business units of State Services and past trends in prices for services provided to agencies over recent years?

The Hon. R.J. Gregory: As a general comment, price increases through State Services will be maintained below

consumer price increases for several years. At the beginning of 1992-93 State Fleet prices reduced by an average of 8 per cent over the range of services provided. This year there will be no price increases. This means that, over the past two years, taking into account inflation, prices have reduced well in excess of 10 per cent. Procurement and disposal charges levied by State Supply have not increased and, in some cases, have decreased for the past three years. The Central Linen Service 1992-93 price increase for public sector hospitals was 1 per cent, and for non-government customers the price increase was held at the CPI.

In 1993-94 public sector increases will be 1.4 with increases of 1.9 applying to other customers, as the aim of Central Linen is to continue to reduce prices in real terms. State Print generally reflected the market rate, which has been extremely competitive over the past years. Price increases have occurred but have been held within the CPI. Although State Systems is about to become a separate organisation, over the past six years variations for computer processing have been well below the levels in the CPI. The price of computer processing charges has been reduced by 5 per cent in real terms on three occasions recently. Reductions of 5 per cent occurred in January 1992, July 1991 and April 1990. Prices for 1992-93 were held at the 1991-92 level. There is no CPI increase. Over the past six years there has been a reduction in price in real terms in excess of 44 per cent.

From January 1992 the telecommunications price of a standard handset in the CBD area reduced by \$20 per handset. The price of these handsets was further reduced by \$20 per handset in July 1992. Approval was given for the standard handset price in the CBD area to reduce by \$55 per annum and in the country area by \$20 per annum, effective from April 1993. This now brings both CBD and country handset prices together for the first time and, essentially, removes cross-subsidisation and will improve productivity. The four year benefits to our customers of these price reductions is of the order of \$464 000.

In addition, transmission benefits in the full year of \$290 000 will be passed back to our customers from July 1993. This represents a benefit totalling \$754 000, which will be passed back to customers in 1993-94. Although it is not possible to predict what may happen in the future, State Systems operating charges should achieve its rate of return on investment. Any further benefits through improved operations are passed back to its customers through price reduction. State Services has been able to achieve price restraint due to continued emphasis on improved efficiencies and the reduction of overheads, without reducing our commitment to high standard customer service.

Mr De LAINE: The Auditor-General's Report describes State Services providing a range of services to South Australian Government agencies and the community at large. Minister, in your introduction you mentioned that State Services has been at the forefront in the public sector approach in its approach to customer service. I understand that State Services was recently recognised in a national award. Can you provide details of this achievement?

The Hon. R.J. Gregory: I consider the performance of State Services as quite outstanding and as an example of what can be achieved by public sector agencies. The award concerned was the Australian Customer Service Award, presented by the Australian Customer Service Association, which was sponsored by Telecom Mobilenet. Any organisation in Australia, private or public, was eligible to enter in

one of three categories, depending on size. State Services entered the medium-sized category in which the number of employees was between 100 and 2 000. Over 500 organisations registered, including 40 in the medium category. The judging process was very comprehensive and had regard to visits from representatives of the judging group and a very detailed assessment and analysis covering the quality of customer service related to each area.

State Services was the only public sector organisation across Australia to reach the final nine and the only one from South Australia. The department finished third in their category but, given the extent of the competition and the reputation to customer service provided by the Government agencies, I believe this is an exceptional performance. It is interesting to note that the winners, the NRMA from New South Wales, entered only their road service division rather than the entire organisation. It may have been easier to assess a single function rather than judge the diversity of all State Services operations. This is something that we might need to consider next time. However, we do congratulate the NRMA on their success.

Many people in the public sector will be aware of the efforts that State Services have put into developing customer service culture in the past few years and how their quality and standard of service improved in this time. This together with their business and commercial orientation has resulted in them becoming a very successful organisation, particularly as in most areas they are required to compete with alternative suppliers of goods and services.

Mr De LAINE: I refer to page 410 of the Program Estimates under 'Central Linen' which states:

To ensure the success of Central Linen, work force reform and organisational innovation will continue to achieve further efficiencies in production.

Have any of the workplace reform initiatives been adopted at Central Linen, in line with the changes that are happening in the more successful parts of general industry, and, in particular, I would like to know if Central Linen provided the opportunity for its employees to participate in developing such things as more flexible work practices and a better working environment.

The Hon. R.J. Gregory: Central Linen has a well established workplace reform process under way at its laundering premises at Dudley Park. The former workplace reform team has been set up comprising three representatives elected by shopfloor employees in the union and two supervisors and two representatives in the management group. Its initiative is to develop the Central Linen's joint consultative committee and its aims are to help Central Linen to develop continuous improvements in both customer service and internal work practices. People from Central Linen have looked to changes in work organisation that have been developed successfully in number of award-winning private companies under the national best practice program and they have adopted the best ideas from the best of those companies for use at Central Linen.

For example, Central Linen has commenced developing a major competency-based training program using the excellent rules set up by the people at Port Stanvac Refinery. A full-time training coordinator's position has been created at Central Linen and all jobs are being analysed in detail so that comprehensive self-paced training modules can be used by the employees to upgrade their skills. This represents a long term commitment by Central Linen to provide facilities

and ongoing support for career path development for all employees.

Mr BECKER: I refer to State Fleet and to page 463 of the Auditor-General's Report (paragraph 14), and I also refer to question on notice 437, to which a reply was sent to me on 5 July 1993. The Auditor-General says in his report that:

In July 1993 State Cabinet approved the centralisation of light vehicle ownership with State Fleet through the progressive transfer of vehicle fleets of a number of Government Departments and statutory authorities to State Fleet over the next 18 months.

The Program Estimates and information paper, page 403, under 'Commentary on major resource variations between the years 1992-93 and 1993-94' state:

Cabinet has approved the progressive transfer of Government vehicles to State Fleet over the next three or four years.

When the Attorney-General replied to my question on notice No. 437, he referred to a reporting period of two years on the implementation of the transfer process. What is the correct time scale and why are there conflicting statements from the Auditor-General and the department, let alone from the Attorney-General, who appears to have given me the wrong information in answering these questions?

Mr Grenville: The former Government Agency Review Group analysed the ownership and management of light motor vehicles within Government and completed a report earlier this year. That report subsequently led to a number of recommendations which were addressed by the Government. The decisions were that over the next three to four years, the light motor vehicles within the Government, not only Government departments but also the Health Commission, health units and a number of statutory authorities, would be progressively transferred to State Fleet's ownership and management. A program has been developed whereby the majority of the departments will be transferred in this current financial year. The Health Commission and health units are being addressed in the 1994-95 financial year and the remainder of departments in the following year as well as a number of other statutory authorities. It is a major program because State Fleet's current vehicle fleet numbers 2 500 vehicles and we are talking about moving towards a total fleet of 6 500 vehicles. Quite frankly, the only way to do it successfully is to do it progressively and properly.

Mr BECKER: I am a little concerned it has taken so long. It was a good number of years ago that State Fleet was first set up. I did notice in the reply to me on 5 July this year that the Government Agencies Review Group report on the Government's passenger motor vehicle fleet was completed in November 1992; so this involved all the Government agencies as well. My next question relates to the State Clothing Corporation and the Auditor-General's Report (page 465) and the Program Estimates (page 409). The Program Estimates indicate that State Clothing Corporation made a loss again in 1992-93, this time a loss of \$85 000. I acknowledge that it made a so-called profit of \$186 000 in 1991-92, but this was largely due to an inflated \$700 000 payment from the Police Department for the uniform store. The 1992-93 loss compares with other losses of \$84 000 in 1990-91, \$252 000 in 1989-90, \$591 000 in 1988-89, \$496 000 in 1987-88, \$68 000 in 1986-87 and \$118 000 in 1985-86. Over the past eight years State Clothing has admitted to a net loss of \$1 508 000 of taxpayers' funds. If State Clothing were a private company operating without taxpayers' subsidy, it would have been in the hands of the receivers a long time ago. I note the statement in the Program Estimates on page 409:

... State Clothing will need careful management and monitoring to maintain its viability.

I contend that State Clothing is not viable and never has been. Why has the Government not pulled out of this business in which it should not have been involved in the first place?

The Hon. R.J. Gregory: I ask Mr Jones to give the technical details in response to that question.

Mr Jones: I would like to respond to the point about the \$700 000 injection from the Police Department. That is in fact a loan. It is provided as a financing for the purchase of stock; it is not an item of income and therefore it had no significant impact on the result for the previous year except in terms of the interest earned on it, but at the end of the day it has to be repaid at some stage to the Police Department.

The Hon. R.J. Gregory: The Government has a position that the State clothing factory ought to continue in operation and it is part of the total service of State Supply and it provides a very important component of activity for Government workers. It did record a loss of \$842 000 in the 1992-93 year. That comprised a \$52 000 loss in operations plus a \$33 000 abnormal item due to the write-down of the value of the factory in Whyalla, and this compares with the results over the past two years.

As can be seen, the surplus in operation has been achieved for the previous two years; in 1992-93 there have been several contributing factors in addition to difficulties being experienced in parts of the textile, clothing and footwear industries. As manufacturing systems installed in late 1992-93 were not operational until June 30 due to supply problems which caused a write-down of \$20 400 against operations, this system is expected to be implemented during 1993-94.

To conform to other areas of State Services, the change in policy to accruing long service leave was necessary. In addition, long service leave and recreation leave costs increased during the year due to entitlements relating to people transferring to State Clothing.

As previously reported, State Clothing has entered into clothing management contracts with the South Australian Ambulance Service, and Engineering and Water Supply will commence on 1 July 1993. Establishment costs were incurred during 1992-93 without any revenue. These costs totalled \$11 000. In total, unexpected additional costs and business development costs contributed \$56 000 to State Clothing expenditure. There is an excess of the operational loss of \$52 000, and there is no contribution from Consolidated Account to underwrite this loss. It is expected that with the commencement of the clothing management contracts this year and subject to there being no expenses that are out of its control, as occurred this year, State Clothing will return a profit in 1993-94.

Mr BECKER: I am sorry to have to think along these lines, but has the State Clothing factory simply been maintained as a subsidised venture by taxpayers to prop up the electoral fortunes of the Deputy Premier, who is the local member, and to provide employment in that area? Will it be Government policy to prop up ventures to assist electoral fortunes, or are we genuinely doing something to improve the economy in some of these areas?

The Hon. R.J. Gregory: The State Clothing factory has been an integral part of the wider manufacturing scene for some time, and it has also been an integral part of State activities. It has provided useful products for South Australian Government workers. The factory has undergone

enormous structural change in the past few years to bring about profitability, and I believe that can be done. Within the scope of the new department of State Services it is an integral part, and I believe that the management and expertise that is now being provided will ensure, provided that there are no unexpected expenses outside our control, that there will be a profit at the end of this financial year. We expect that, and I believe it is a very important part of the State Services operations, and so it ought to be.

Mr BECKER: You mentioned in your previous explanation the contracts for St John Ambulance and the E&WS Department. Recognising that State Clothing has won those contracts, what is the nature and value of those contracts and were tenders called, and, if not, why not?

The Hon. R.J. Gregory: I have been advised that tenders were called, but the exact details of the cost of that we cannot supply. However, we will do so in a subsequent response.

Mr HERON: The Program Estimates and Information on page 410 state that one of the issues and trends from Central Linen is that environmental issues in the health sector indicate a movement away from disposables and an opportunity for Central Linen to provide alternative products. I understand that Central Linen aims to help hospitals reduce the cost of managing their linen requirements, but I would like to know if the cost saving methods that Central Linen is putting in place simply pass the true costs to the rest of the community in the form of additional waste problems with so-called cheap disposable products and cheaper detergents that create other environmental problems when they get into the sewerage system.

The Hon. R.J. Gregory: I can assure the Committee that Central Linen does provide a very cost-effective service and is effective in reducing the total cost of linen processing, including the environmental aspects of the overall system. The fundamental service provided by Central Linen is recycling products used in hospitals so that the service is the direct opposite of the trend that has developed in the community over recent years for the use of disposable products.

Central Linen's products are basically made from renewable resources, mainly cotton, and the Central Linen Service consists of collecting the soiled product from the customer, treating it in its large, modern processing plant at Dudley Park, and then pressing and folding the cleaned product ready for delivery back to the customer.

The Central Linen process is a better alternative than the use of disposable products because there is not the massive waste disposal problems that are created by the alternative products being made from paper and plastic. In addition, Central Linen uses the best of modern environmentally friendly techniques of laundry. For example, it has recently changed the chemical detergents used in its wash processes away from phosphate based detergents and chlorine bleaching to the use of oxygen based bleaches which are more compatible with current environmental considerations.

Also in the past year, Central Linen has conducted a comprehensive energy audit, in line with the Federal Government's national energy audit program, and has now commenced a series of strategies for reducing its total energy inputs for the laundry. This program includes initiatives such as the greater use of recycled water, collection of waste heat from large machines, separation of air flows in heat generating areas, and automated control of boiler operations. All of these have been done in such a way that the total cost of the laundry process and the potential adverse effects on the environment have been reduced.

Mr HERON: The Program Estimates on page 408 state that one of the broad objectives of the program provision of supply and supply support services is that a centrally coordinated public sector supply service minimises the net costs of purchasing for Government. Has the special purchasing service introduced by State Supply at the Seaton warehouse been successful?

The Hon. R.J. Gregory: This service, which was introduced in 1992, was for many small organisations such as schools and philanthropic organisations and some smaller agents without specialised purchasing skills. Many of these organisations contract State Supply regarding their needs and State Supply carries out the purchasing function on their behalf for a small fee charged for the service rendered. The services benefit because State Supply can buy better because of its specialised skills and larger buying power, therefore saving money for the customer. It saves customers administrative time because State Supply is a skilled specialist that knows the market. Non-specialists employed at schools are able to utilise their specific skills and not undertake work for which they are not familiar. It also fulfils the aim to make Supply a one-stop shop. Our customers can come to State Supply for all their needs as a result of this service rather than dealing with State Supply for some of their requirements. It speaks for itself that customers of State Supply have supported this service with considerable enthusiasm.

Mr HERON: The 'Statement of Operations by Business Unit', as reported at page 457 of the Auditor-General's Report, shows that State Forensic Science earned a surplus of \$109 000 for the year ended 30 June 1993. Will the Minister comment on the financial performance of State Forensic Science during the year?

The Hon. R.J. Gregory: The outstanding success in implementation of DNA technology, coupled with a doubling of drug cases and more involvement in murder investigations has meant a large increase in demand for services from the police. About 65 per cent of our work is for the police, but the community services grant only meets 55 per cent of its total cost. However, State Forensic Science managed its financial affairs very well. It ended the year with a surplus of \$109 000. It is worthy of note that \$205 000 was earned from interstate work, mainly in the DNA field. This represents a substantial subsidy to our work for the South Australian police and has helped us keep up with demand.

Mr MATTHEW: The statement at the bottom of page 464 of the Auditor-General's Report is as follows:

State Supply's stockholdings were increased during the financial year following the successful bid for a contract for the provision and management of stock for an outside agency.

Which agency is this and what is the nature and value of the contract?

The Hon. R.J. Gregory: It was by winning an open tender for the out-sourcing of State Bank stationery and form management service. By winning this tender State Supply was able to keep the business in South Australia and assist with the maintenance of employment levels. State Supply has provided a more efficient service than was previously provided. A computer company has conducted a forms management review. The combining of print runs for local printers enabled economies of scale for volume runs, and this has resulted in the bank making substantial savings. Incidentally, the State Bank is now State Supply's largest customer.

Mr MATTHEW: What was the value of the contract?

The Hon. R.J. Gregory: We will provide the exact amount.

Mr MATTHEW: I understand that the tender awarded to State Supply for the stationery supplied to the State Bank bore a strong similarity to a bid lodged at an earlier time by a major Adelaide based wholesaler. How did that strong similarity occur, in view of the fact that the Adelaide based wholesaler lodged his bid before the bid of State Supply?

The Hon. R.J. Gregory: I ask Mr Bridge to respond to that question.

Mr Bridge: In relation to an earlier part of the question, the contract value is somewhere between an estimated \$3 million and \$4 million. I cannot confirm that the bid by another supplier was put in before or after State Supply's bid. The process was managed by the State Bank and I understand that it was a rigorous process which was done quite properly. Certainly, we did not have any other knowledge of any other bids, so I guess that question should be put to State Bank.

Mr MATTHEW: I realise that the Minister has come into the portfolio after this decision was made, but will he undertake to investigate my claim and compare the tender lodged by State Supply with other tenders? Will he approach the State Bank to determine whether there is a strong similarity and why, because, as the Minister will appreciate, the allegation is of a most serious nature if the information I have been given is correct? It has been alleged to me that somehow State Supply actually obtained a copy of a tender lodged by a competitor.

The Hon. R.J. Gregory: I want to deal with this serious allegation. The honourable member has asked me to do something that is beyond my ability. His allegation is that a tender lodged by State Supply for the supply of certain materials to the State Bank was lodged after someone else lodged a tender with the State Bank and that the State Supply tender was similar but better than that from private enterprise. Is that right?

Mr MATTHEW: Whether it is better or not, I am not aware.

The Hon. R.J. Gregory: The question is that State Bank awarded the tender to State Supply on the basis that in its opinion State Supply's tender was better than any other tender submitted.

Mr Matthew interjecting:

The Hon. R.J. Gregory: Right. The allegation is that collusion and corruption has taken place. Tomorrow morning I will ring the Commissioner of Police and ask him to attend in my office. I will give the allegations to him and ask him to have them investigated. I will not investigate it, but I will ask the Police Commissioner to do it. The allegations are that collusion, impropriety and fraud have been involved. It is a serious allegation to make about officers of State Supply and the State Bank. That can be dealt with in only one place, and that is the Police Department.

Mr MATTHEW: I thank the Minister for taking that on board, and I look forward to hearing the report from the Anti Corruption Branch as a result of those proceedings.

The Hon. R.J. Gregory: You will not hear anything: the only report you will see is if there are prosecutions.

Mr MATTHEW: I am sure the Minister will bring the results back to the Parliament. I refer to State Fleet and the statement on page 216 of the Estimates of Payments and Receipts. As to the contribution to the cost of private plated vehicles, \$95 000 was expected in receipts in 1992-93 but \$114 508 was received, a 21 per cent increase on the expectation. I note that a further increase to \$118 000 is expected in 1993-94.

How many Government employees have the use of a private plated vehicle under the scheme whereby it seems that they contribute in part to the registration? What positions are occupied by the staff concerned, and what other vehicle related benefits do these staff receive as part of these packages? Also, how many private plated vehicles does State Fleet own in total, both as part of this package and outside it?

The Hon. R.J. Gregory: I can give a run-down on the general principles of private plates. As the honourable member knows, Chief Executive Officers through the very nature of their employment and executive level officers receive private plated motor vehicles. CEOs have access to a certain range of vehicles and they pay a reimbursement to general revenue at a rate that is determined by Cabinet. Executive officers also have access to a range of motor vehicles of lesser cost than those available to CEOs. They also contribute a certain return to revenue.

The judiciary have been awarded private plated vehicles by the Remuneration Tribunal, and a number of statutory authorities have private plated vehicles, as well as local government authorities and others.

In Government departments any private plated vehicle that does not fit within the purview of CEO or executive officer has to be approved by Cabinet, and approval is usually given for purposes of avoiding harassment of officers who may be using the vehicle for investigative purposes. I will give a perfect example of why we did that in the Department of Labour.

The Occupational Health and Safety Division has a station wagon which carries a large amount of equipment, which is used in case of chemical spills and dangerous situations. Officers who use that equipment are rostered on a stand-by basis and are on-call at any time of the day to attend any situation. One of the officers plays tennis on a Saturday afternoon and was getting ribbed because he was at a tennis tournament with a Government plated car; he was getting abused for it. It turned to wonderment when he left halfway through the match. He forfeited his match because he had to attend a spill and use his considerable expertise. In those instances we give these people access to a private plated car. Those officers are conscientious and give a lot of their time to perform work for South Australia.

There were 484 private plated cars in 1991-92; in 1992-93, 651; Chief Executive Officers, 35 for 1992-93; Executive Officers, 126; judiciary 96; statutory authorities 258; local government authorities 58; and others 78. That includes fisheries and wildlife surveillance. It is important that they have private plated cars. I suppose they could put the Government number plate on their cars and tell everybody what they are up to. Rural counsellors insist on having private number plates because farmers do not like it known Government people are calling on them. People transferred from WorkCover engaged in the Workers Compensation Review Panel also have private plated cars (but that matter will change in time); so do officers doing inspection duties associated with State taxes; and a spare to cover accidents and awaiting salvage. That makes up a total of 78.

Mr MATTHEW: I refer to the Auditor-General's Report at page 466 and also statements on page 403 of the Program Estimates. I note from those documents that there are plans to upgrade or replace the Fleet Plan system presently used by State Fleet. What are the deficiencies recognised in the Fleet Plan system? How long has State Fleet been using this particular system? Why was it purchased in the first place, in view of the fact that the management response to the Auditor-

General indicates the system is for monitoring complex heavy vehicle repairs, and I believe that State Fleet has no such vehicles?

The Hon. R.J. Gregory: I will ask Mr Grenville to answer that question.

Mr Grenville: The Fleet Plan system was purchased and installed some five years ago. In those days State Fleet had something like 700 light motor vehicles altogether. State Fleet has now something like 2 500 vehicles. Many of those vehicles have come because of merging and taking over of Government fleets from other departments. The system is at the stage where it needs to be upgraded and progress is currently under way on achieving just that, particularly when you consider my earlier remarks where I stated that the number of vehicles within State Fleet within three to four years will rise to 6 500 light motor vehicles.

I am uncertain where the comments came from in the Auditor-General's Report relating to the maintenance of heavy motor vehicles because, as the honourable member said, it is true that State Fleet does not have any responsibility for heavy motor vehicles. With respect to maintenance issues, Fleet Plan has the capacity to, in a rather convoluted and lengthy way, allow us to maintain comprehensive detail of management of light motor vehicles but we need to bear in mind that we adhere to the Government's policy of keeping light motor vehicles for two years or 40 000 kilometres. Many vehicles purchased these days are under warranty for the total 40 000 kilometres. I must be careful to make sure that we do not spend \$1 to save 50 cents. It is an issue that we need to look at carefully but we do recognise the need to upgrade the system; to cater for larger numbers of vehicles; and also, at the same time, to continue that surveillance on maintenance.

We have now completed a functional system specification; a detailed software specification has been completed and modifications are now being undertaken to improve the system. When you look back, Fleet Plan was installed when we had a relatively small number of vehicles. It needs upgrading because of volume, etc.

Mr MATTHEW: With your indulgence, certainly at least one supplementary on this. Is the Fleet Plan system PC based, a mini-based system or a mainframe system?

Mr Grenville: It is a mini-based system, which currently runs on GA hardware; to be precise, a 3 000 series mini computer. It operates on a Pick system and it supports approximately 20 work stations.

Mr MATTHEW: That being the case, the previous answer is just arrant nonsense. Five years ago the capacity was there to have a far more efficient system with the hardware and software that has been described. In view of the fact that the 1988 Parliamentary Public Accounts Committee recommended upgrading of fleet management systems and centralising of those functions, and we are now some five years down the track, what steps are proposed to fully rectify the system deficiencies and what will be the cost, if necessary, of any new hardware or software modifications and the labour, and what funding allocation has been set aside in this budget for that task?

The Hon. R.J. Gregory: I think the reference to the officer, who is doing his best to answer multiple questions, ought not to be taken for granted with his being denigrated as he just was. I will ask Mr Grenville to provide a written response to those questions. I resent that. Officers come here to answer questions to the best of their ability. They do not come here to be abused by members of Parliament. If you

want to do any abusing, abuse me. I can look after myself in this business. Mr Grenville cannot respond.

The CHAIRMAN: Mr Matthew has drawn my attention to a matter that I have not formally put on the record, although everyone is working on the assumption that I have. Program 5, relating to the provision of information technology services, is not under consideration in this examination. It has been referred to Estimates Committee A, where it will be considered tomorrow. We have not had any questions on it, and that is understood.

Mr McKEE: The improvement of records management in Government agencies is a major goal of State Records, as outlined on page 404 of the Program Estimates. What has State Records achieved in this area since its establishment in 1990?

The Hon. R.J. Gregory: Improved records storage has occurred with the appraisal of records and the development of retention schedules. The general disposal schedule for common administrative records was created in 1993 and is now used extensively in agencies to enable them to make their own decisions as to retention periods and secure destruction of temporary records and the transfer to State Records of those items of permanent value. A number of agencies have achieved substantial cost savings through the introduction of effective records management strategies for their records. The larger areas include Engineering and Water Supply, Electricity Trust of South Australia (coinciding with its relocation to Anzac Highway), Department of Road Transport, State Transport Authority, WorkCover, some of the major hospitals, Department of Labour and the Education Department.

Ten agencies are being targeted this year for special attention. In general, human services agencies have found it more difficult to focus on improved records management because they do not appreciate the real costs of ineffective records control, are focusing on their core activities as they attempt to operate on reduced budgets and do not have a culture where ineffective records management has been a critical issue where dire legal consequences can occur through negligence. Nevertheless, the Government and these agencies can receive substantial cost savings through more effective records management. The 10 agencies are Family and Community Services, Premier and Cabinet, South Australian Police, Courts Administration Authority, Public and Consumer Affairs, Mines and Energy, South Australian Housing and Construction, Correctional Services, Environment and Land Management and Department of Treasury.

Mr McKEE: Mr Chairman, can you point out to me in Estimates Committees Standing Orders where we allow supplementary questions, or is that the prerogative of the Chair?

The CHAIRMAN: It is the prerogative of the Chair.

Mr McKEE: It is a sense of fair play, is it?

The CHAIRMAN: Yes, a sense of fair play. So far gross advantage has not been taken of it. However, I make clear that it is a matter of discretion. If we wanted to play it strictly, it would be three questions and no more. I think it facilitates matters to allow a little flexibility and it is worth understanding the basis on which that flexibility is provided.

The Hon. B.C. EASTICK: In the Program Estimates, page 407, under 'Issues/Trends' there is the statement, 'The advent of sophisticated and the relatively low cost of electronic and desk-top publishing systems has reduced the need for many agencies to rely on the services traditionally provided by State Print.' How many such systems are

operating in Government departments; in which departments are they operating; and how much has been expended by those departments through State Supply over the past four years on the purchase of such equipment?

The Hon. R.J. Gregory: From what I understand of information technology and desk-top publishing, nearly every organisation has a publicity officer who will have some form of desk-top publishing package in his computer, and usually it is a MacIntosh. In order to get that detail, we would have to survey all Government departments. We are willing to do that, but I do not think we can do it by 8 October.

The Hon. B.C. EASTICK: I would be happy to forgo the information as to individual pieces of machinery of that nature. I am looking more at areas where State Print has lost preparation rights which in turn have reduced the throughput of State Print.

The Hon. R.J. Gregory: The whole of the publishing system as we know it of 10, 15 or 20 years ago has changed, and I have been reading predictions about how it will change in the next five years. From discussions that I have had with officers of State Print, I understand that they are alive to some of those changes. Indeed, the installation facility in the Riverside building is an indication of that.

I will attempt to give the Committee a response to the honourable member's question. If, however, we cannot do it by that time, I will ensure that, when we do get the detailed response he is seeking, it will be sent to him. The detail is such that, by the time we get the information from the departments as to what they have, it will be extensive.

The Hon. B.C. EASTICK: In relation to State Fleet, again in the Program Estimates, page 403, 1993-94 'Specific targets/objectives', we read of the introduction of a fair wear and tear policy. It is a vital feature of any vehicle lease and enables the lessor to recover costs involved in restoring vehicles to fair wear and tear or to the expected residual value. Failure to have such a policy in place means that State Fleet has lost, I suggest, considerable sums of money since it commenced leasing. Why has it taken so long for State Fleet to introduce a fair wear and tear policy? Does State Fleet have formal lease agreements with its clients and do those agreements now have fair wear and tear clauses?

Mr Grenville: We have decided to introduce a fair wear and tear policy in the realisation that, while many of our cars are very well looked after, some have usage that we would describe as heavier than it ought to be, and people do not look after vehicles as well as they should. We have looked at this issue for a couple of years and finally decided that we really ought to do something about it. It is something that takes place in the private sector. It has been included in our rates previously: an amount of money is included in our leasing rates that acknowledges that some vehicles will require something to be done to them when they come back. I could perhaps give some examples here.

Earlier this week we conducted a sale of 18 of our vehicles, and we spent an average of \$243 to bring them up to a very good standard, probably better than you might call average fair wear and tear but for presentation, ready for sale. Included in that \$243 is \$50 for cleaning inside and out, which is the standard amount. That gives some idea of the dollars we might be talking about if those vehicles are taken to be reasonably representative. But in the past we have included that in our rates. We now believe that we have progressed to the stage where we ought to be creating an awareness in our users minds—and we have done that but we will be doing it with a little more ferocity—that Government

vehicles are vehicles that need to be treated carefully and looked after, although it is acknowledged that much work is done off normal roads and out in the country, where very little can be done because there will be reasonable degrees of fair wear and tear, and that probably applies mostly to our four wheel drive vehicles.

The Hon. B.C. EASTICK: The witness has just indicated that there is an expectation that the drivers will look after vehicles. Is there in place a document that goes out to all drivers explaining their responsibilities relative to the use of a vehicle and, in particular, how and where they can be used, and which would probably pick up the points that have just been made?

Mr Grenville: We distribute to all our users a document that I suppose you would call a hirers guide, which outlines how we would like people to look after vehicles. For example, we do like them to wash them weekly. We certainly do not want holes drilled in them for the purpose of aerials and those types of things; there are other ways of getting around that. So, there are some guidelines given. Perhaps the honourable member would appreciate that, once a vehicle is taken by a hirer, we do not inspect vehicles on a regular basis.

From a cost benefit point of view that would not be worthwhile. We appeal to people to look after vehicles. There are the guidelines and we hope that that will be achieved. We inspect the vehicle, of course, when it comes back, with the hirer being present.

The Hon. B.C. EASTICK: I am sure that members would appreciate it if a copy of such a document could be made available. Still with State Fleet, under the subject of resale value of motor vehicles (page 396 of the Program Estimates), we find in 1992-93 the proposed expenditure for light motor vehicle transport services was to be \$18.111 million. For new motor vehicles, the proposed receipts for the sale of motor vehicles was \$13.885 million, a difference of \$4.220 million. However, the actual figures were \$24.243 million spent on new light vehicles, and \$15.271 million was received from sales—which is a difference of \$8.972 million. I note that in 1993-94 State Fleet intends to spend \$24.396 million on new vehicles and to receive \$22.015 million from the sales. How does State Fleet expect to achieve such an increase on the resale value of motor vehicles for 1993-94 when it achieved a worse figure than that in 1992-93? In actual fact, it means that the secondhand market must have improved by about 50 per cent, if those two sets of figures that I have just given to the Minister were to apply.

Mr Grenville: There are two reasons for that. First of all, one is increased volume of vehicles. The number of vehicles in State Fleet has been increasing and at times it increases beyond what our expectation is. The second thing is that in the past 18 months we have put a good deal of effort into preparing our vehicles much better for resale, on the expectation that the dollar we spend will get more than a dollar returned. We have put a lot of effort into liaising with the Motor Trades Association and vehicle dealers etc, and talking to them about the type of vehicles that they require for their secondhand yards, and so on. I believe we have been very successful in improving the value of our stock at the end of two years or 40 000 kilometres. It is largely because of those two factors that we have improved the receipts.

Mr De LAINE: First, I refer to page 404 of the Program Estimates. One of the roles of State Records outlined in the Program Estimates is to improve retrieval activities. What

arrangements are in place for people who wish to access records relating to Aboriginal people?

The Hon. R.J. Gregory: State Records has undertaken work over the past three years to improve access to an extensive range of records related to Aboriginal people. It has produced a five volume guide to records relating to Aboriginal people and has produced a kit relating to Aboriginal issues in South Australia for students studying at the South Australian College of Advanced Education. It has used extensive and detailed records to locate and reunite Aboriginal people who were forcibly separated from families as young children. The Government's extensive record keeping in this area over the first decades of the twentieth century has been extremely useful in providing for these reunions. It has provided resourced based learning assistance for Aboriginal study students and Aboriginal students in high schools, has promoted records and services to rural Aboriginal communities in South Australia and has provided access to restrictions on secret and sacred material.

I might add that State Records is very efficient in another area that concerned my father. He has just completed 70 years in South Australia. When he first came here there were some problems with one of the people whom he was indentured to, and he went to State Records and was able to get all the copies of the letters he had written in respect of that matter.

Mr De LAINE: On page 406 of the Program Estimates under State Forensic Science, it is stated that one of the issues and trends for State Forensic Science is that new technologies and automation will be extended to further improve productivity and quality. What changes have there been in tests performed by State Forensic Science in the past year?

The Hon. R.J. Gregory: Methods are continually reviewed in the light of knowledge from our own and other research and development work. Another important factor is the nature of the work coming in. Last year saw a considerable rise in samples from drug cases, introduction of a fully automated analytical system and increased efficiency, so that the same number of people are able to cope with a double workload.

However, the most recent reviews suggest it will not be worth while maintaining some traditional tests such as the fibre examination. Instead, we will concentrate on drugs, where our work is essential to a successful prosecution in management of the drug problem and on DNA. In DNA our pioneering work with the method called PCR has paid off in international recognition and many successful applications and difficult crime investigations.

Mr De LAINE: I refer now to page 497 of the Program Estimates under State Print, where it is stated that one of the major achievements for State Print during 1992-93 was the introduction of new technology into the pre-press section of the operations. Given that technology is changing rapidly in the printing business, could the Minister provide details of what steps State Print is taking to ensure that it keeps abreast of these changes, and what benefits might this new technology bring?

The Hon. R.J. Gregory: Like any other printer in Australia, State Print has found that the industry has gone through profound changes over the past one or two decades, and these changes, if anything, are becoming faster. As well as continuing to provide high quality printing to the public sector through conventional offset methods, State Print has perhaps more than any other printer in the State embraced modern technology to improve the delivery of services demanded by its customers. For example, for many years

now, State Print has provided a network of fast turn-around outlets for education and Government bodies that require large amounts of rapid document copying of reports, curriculum materials and the like.

Over the past two or three years, the technology used to provide these services has been switched from offset printers to high speed photocopiers, which can these days provide certain types of product fast and more cost-effectively. This part of State Print's operations now accounts for about 40 per cent of its sales.

I point out to the members of the House that the overnight *Hansard* reports that we receive for correction are now produced wholly by photocopiers. This network of outlets is in the process of being linked process electronically, allowing work to be transferred between outlets over telephone modems and allowing customers' work to be printed directly from computer disks they provide. This will further remove delays and improve the quality of the product. State Print has gone even further in ensuring that the Government receives the greatest benefits possible with this new technology.

I have indicated earlier that State Print recently opened a new outlet called Riverside 2000 in the Riverside Centre, just west of this House, in a joint venture with Fuji Xerox Australia, the local arm of Xerox, a world leader in the development of document reproduction technology. State Print is exploring the horizons of electronic production for specific application to the public sector.

Mr BECKER: My question relates to the Supply Board and purchases exceeding \$500 000 (Program Estimates page 402). What purchases exceeding \$500 000 were approved by the board in 1992-93?

The Hon. R.J. Gregory: We would need to take that question on notice because the response will be detailed.

Mr BECKER: As to receipts and revenue to Treasury (Estimates of Payments and Receipts, pages 142 and 211), I note a projected increase of 65 per cent in the Treasury contribution to \$4 995 000 from State Services. From where within State Services will that increased contribution to Treasury come?

The Hon. R.J. Gregory: I ask Mr Jones to respond in some detail.

Mr Jones: For 1993-94 we will be paying a dividend adjustment on our result for 1992-93 of \$456 000. That is based on our estimated profit. Our actual profit was higher than the original estimated profit and we paid an interim dividend for 1992-93 during the year and an adjustment in the first couple of months of the year just started. We are paying half of our forecast surplus for 1993-94, which is our standard practice on dividend payments, and that is an amount of \$3.945 million. They are the two components. If our profit is higher than the forecast \$7.8 million, it will be paid in the first couple of months of 1994-95.

Mr BECKER: Why is it paid so early?

Mr Jones: It was part of an agreement we reached a couple of years ago with Treasury in relation to agreement on Loan fund advances to the department.

Mr BECKER: The Economic and Finance Committee had a detailed look at consultancies with various Government departments. What consultancies were undertaken in the department in 1992-93? What consultancies are to be undertaken in 1993-94 or are planned; for which agencies and for each consultancy; who are the consultants; and what are the terms of the contract, including fees and benefits payable? In its report to Parliament the Economic and Finance Committee suggested to the Government that the Auditor-

General's Report should include details of consultancies in \$50 000 increments or thereabouts. Some departments have done that, but I cannot recall seeing that in regard to State Services. Perhaps it is a bit early for that to be done, but I would appreciate that information.

The Hon. R.J. Gregory: As to consultants below \$10 000, the information is as follows: State Fleet, Clegg Driscoll, Systems specification; Central Linen, Lincolne Scott, Energy usage; Ernst and Young, strategic planning; Change Management, information technology plan; Australian Fire Safety, fire safety audit; Australian Consulting and Training, strategic planning. State Supply, John Dawson & Associates, marketing plan; Fowles Action Group, Salvage review; State Print, Barbara Holmes and Associates, team briefing; Jill Gael & Associates, facilitation customer service; and Intech Australia, quality assurance review.

As to consultancies between \$10 000 and \$50 000: State Supply Star Consulting Industry Development, cost shared with EDA. State Print: Aptech Australia, continuous improvement program; Anderson Consulting, business strategy and technology review; Ernst and Young, review of operations; Ernst and Young, strategic planning.

Mr HERON: In the program descriptions relating to State Fleet on page 403 of the Program Estimates it states that some functions have been transferred to Netley. What are the details relating to those moves?

The Hon. R.J. Gregory: Until early 1993 receipt of all new vehicles and vehicle changeovers were carried out at the State Centre Car Park. Given that State Fleet currently purchases approximately 1 400 vehicles per annum, these numbers were causing congestion within the car park, as well as increasing the parking costs. Accordingly, various alternatives were examined in terms of cost and convenience and it was decided to move the new vehicle receiving function and changeover to Netley. The former SACON has vacated some of their accommodation, including warehousing, at Netley and these areas are used by State Fleet.

The move has proved to be convenient for dealers delivering new vehicles and for customers returning vehicles due for salvage and picking up a replacement new vehicle. In addition, the trade-in is now operated at Netley, together with a workshop for vehicle servicing and repair and the accident management function. The move has proven to be cost effective and convenient for State Fleet vehicle suppliers and customers.

Mr HERON: The Auditor-General's Report shows that State Fleet achieved a surplus of \$2.45 million in 1992-93. This is almost double the surplus made in 1991-92. How was such a result achieved?

The Hon. R.J. Gregory: A number of factors contributed to the improved result. Some refer to cost containment while others relate to improving revenue. One item which improved profitability related to obtaining better values for vehicles which had reached two years of age or 40 000 kilometres. Vehicles available for disposal were inspected and prepared for sale. Depending on make, type and condition this may result in money being spent on minor panel beating, spray painting, striping, etc, apart from detail inside and exterior.

The accent is on ensuring that the repairs are cost effective and more can be retrieved than the additional sale price. State Fleet disposes of its vehicles predominantly through a trade-in process or by auction disposal at Seaton. The values obtained on disposal are dependent on the state of the second-hand vehicle market and this in turn is linked to the economy. It is hoped that values will continue to improve. Other factors

assisting level of profitability include purchase of vehicles which are more fuel efficient than their predecessors, requiring less maintenance. Another cost containment item relates to overheads. State Fleet has increased the number of vehicles in the fleet without the need to have commensurate increase in staff. The overall result was approximately 100 per cent increase in the surplus.

Mr HERON: A supplementary question on that. You mentioned that one of the factors was the two years and 40 000 kilometre policy. Has that policy been in the department for a long time or does that vary from year to year when the market changes?

The Hon. R.J. Gregory: I, along with the member for Hanson, was a member of the Parliamentary Accounts Committee when we did a long and extensive study into the disposal and purchase of light motor vehicles with the State Government. At that time we recommended introduction of the sale of motor vehicles at 40 000 kilometres or two years, which ever came sooner. The previous policy was 50 000 kilometres or 2½ years. I think at that time it was estimated that if we were to achieve that sale at that time there would be something like a net increase in revenue to the Government of \$500 000.

That was some time ago. On one occasion I represented the Minister of Agriculture at a function in the Riverland. I was driven there with another Government officer, and the Chief Executive Officer, who may have been the engineer of the Unley corporation, brought me back. He was in a Holden Commodore at the time and it was nudging the 39 000 mark or it had just gone over. He said, 'I am going to trade this car in. If I can trade it in before it hits 40 000, it is worth an extra \$1 000 to the Unley council.' The way that he put it to me was that if he could get it to the car yard before it hit 40 000, they would exchange the car for nothing but if it went over 40 000 it would cost an extra \$1 000. Of course, I am talking about some years ago.

One of the problems in the secondhand vehicle market is that if a car is sold in that critical period, the price received, if it is within one year of age, is better than if it goes over certain periods. People more experienced in the automobile resale trade can go into that at some length and explain about the critical trigger points. People perceive that a car with low mileage and of a certain age is better than an older car which has a high mileage. That study was brought out by the PAC. It had a tussle with State Supply and other people at that time, but the Government adopted that policy and it has worked very well. We must get the cars off the Government departments right on the 40 000 mark or two years.

Mr HERON: In the Program Estimates, page 404, it states that one of the issues and trends for State Records is the need to manage the storage and retrieval of records efficiently. Have any measures been taken to improve electronic records management in agencies?

The Hon. R.J. Gregory: Little consideration has been given in the past to the appraisal and identification of permanent records in machine readable form. This has been caused by most early records being of a transactional nature and not of permanent value, and because public access to such records has not been an issue as they are under 30 years of age. State Records has set up a pilot program with a small number of agencies to appraise machine readable files to determine the quantity of records of permanent value. It will then determine a strategy to maintain these records permanently. This could be done by identifying such records to be retained on the database permanently and special attention

given to these in any computer upgrades. Another strategy would be to download such records in a standard format for permanent storage. The issue of public access will also be evaluated. If the records are retained on the database, privacy and confidentiality issues will need to be addressed to ensure that the remaining records on the database are kept secure.

Mr MATTHEW: My question relates to page 32 of the Capital Works Program, in particular, the statement concerning new printing equipment and computing software for State Print. I note from those statements that it is intended that \$1 million be spent in the financial year 1993-94, \$600 000 being for specialised printing equipment and \$400 000 for industry specific computing software. In view of State Print's losses, detailed earlier during the proceedings of the Committee, what justification can the Minister provide to convince the Committee that this continued spending on State Print is necessary?

The Hon. R.J. Gregory: I will get Mr Secker to respond to the technical details, but the political decisions are decisions of the Government. We are of the opinion, as I outlined earlier, that we need to keep State Print because it can provide secure and confidential printing of documents for the Government. We believe that by proper management we can overcome some of the temporary problems on the financial side. Mr Secker has outlined the measures that they will undertake and I will now ask him to reply to the technical side of that question.

Mr Secker: Part of the examination of our products and services must include the way in which we deliver those products and services. In the printing industry it is true that there have been very many great changes and advances in the technology being used and, if one does not keep up with that technology, one is not able in many cases to provide a service as efficiently as one's competitors. That does not mean that we will simply obtain equipment in order to keep up with the Joneses, as it were. It would be only as a result of detailed examination of those areas where we can provide a service efficiently and where our customers will provide the level of service to enable that equipment to be utilised throughout the year, and then to obtain the appropriate equipment to provide that service.

The obtaining of the equipment is really only one part of the equation. The other part will be an examination of current equipment and disposal of that equipment that no longer meets the needs of our customers and the products we need to provide. In each case there would be no purchase or acquisition of equipment unless a proper business case study was prepared and it was considered at a higher level than simply State Print, that is, at the executive group of the department as a whole.

I am very conscious of the fact that we are not in a secure position financially and we will need to be very persuasive in any of our efforts to upgrade equipment, and will need to provide very sound business case reasons why we should obtain that. In the specific areas we are talking about, software is perhaps the area changing most within the printing industry, and that is in the case of one of the issues referred to earlier, the pre-press. The software developments in those areas are just profound and, unfortunately, also costly, but they relate to such things as preparation of documents electronically rather than by the old typesetting and composing methods, and then the development of those images through electronic means on to film, plate and so on as part of a pre-press process.

We have already undergone significant improvements and upgrades in those areas. We are not setting ourselves up in order to be the very highest quality in that area, because we do not believe that the type of work within Government justifies that. However, within the area of document preparation, where we believe we have a market niche and can do the job properly, we believe that we need to have adequate equipment for that. The other main area is binding and finishing. Once sheets of paper are printed on, they must be cut, folded, glued together and whatever process needs to be undertaken, depending on the job.

At the moment our binding and finishing area has a lot of very old equipment. Much of it is fully depreciated, past its useful life, and we are finding a lot of trouble getting spare parts for it. That means that often in the case of jobs we are undertaking we get a bottleneck at that period, because we are just not able to get the throughput necessary. We are exploring two main approaches to that. The first is to say that, where there is a type of work where we can get the greatest throughput, then we can upgrade that machinery but, at the same time, there will be a great examination of those areas of work where we cannot do that, and we will in those cases be subcontracting that work to appropriate binders and finishers in private industry.

Those plans have not yet been finalised, and that is why, in terms of the amounts we stated there, they are rounded figures. We have not any specific business case proposals that have been approved for the obtaining of that equipment, and we would not be proceeding until we have produced those business cases and come up with the recommended solutions.

Mr MATTHEW: The Minister has referred on two occasions to statements about the need to have a printer which can print documents and retain them in a confidential manner. Is the Minister suggesting through those statements that contractors such as Lane Print, which prints the notices for the E&WS and ETSA and which also prints cheques for the Australian Tax Office, are any less secure than State Print?

The Hon. R.J. Gregory: I refer to my previous statements on this matter.

Mr MATTHEW: My next question relates to page 399 of the Program Estimates and, in particular, to monetary notations against Minister's staff. I note that there is an appropriation amount of \$822 000 for 1993-94 for 10 staff to the Minister and also to cover his administration costs. Does this relate to total staff for all portfolios or are they additional staff for the purposes of State Services and, if so, why, and how does this compare to previous costs and from where were they paid before?

The Hon. R.J. Gregory: The ministerial staff of the Minister of Labour are under the Labour line, and this is the Minister of Tourism's line. The Minister of Tourism, the Hon. Mike Rann, who was the Minister for State Services, had this line in this budget for his particular office and that is what that is for. It is not for the Minister of Labour and State Services.

Mr MATTHEW: I understand it has been the practice in previous Committees for the Minister to take on notice standard questions that have been put to him from the Opposition on public sector reform on the boards and committees.

The Hon. R.J. Gregory: Does the honourable member want three of the same from me or just one for the whole?

Mr MATTHEW: One for the whole lot. I appreciate the Minister's annoyance at receiving the request so many times.

The Hon. R.J. Gregory: I am not annoyed. I am just saying that I have been asked three times today for the same question.

Mr MATTHEW: Had the Attorney-General not refused the question in the first place, we would not have to keep asking it in every Committee.

The CHAIRMAN: That concludes the questioning and

I declare the examination of the vote completed.

ADJOURNMENT

At 10 p.m. the Committee adjourned until Thursday 23 September at 11 a.m.

