

**HOUSE OF ASSEMBLY**

Tuesday 13 September 1994

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

Mr H. Becker

**Members:**

Mr R.L. Brokenshire

Mr C.J. Caudell

Mr R.D. Clarke

Mr M.R. De Laine

Mr K.O. Foley

Mrs J.L. Hall

*The Committee met at 9.30 a.m.*

South Australian Tourism Commission, \$15 308 000

**Witness:**

The Hon. G.A. Ingerson, Minister for Tourism.

**Advisers:**

Mr M. Gleeson, Chief Executive Officer.

Mr R.D. Lambert, Manager, Tourism Development.

Ms L.A. Dalby, Corporate Services Manager.

Mr B. Price, Manager.

Mr J. Evans, State Marketing Manager.

Mr J. Harris, Acting Manager, Media Advertising, South Australian Tourism Commission.

**The CHAIRMAN:** The procedure is informal. There is no need to rise to ask or answer questions. We need an approximate timetable to facilitate changeover to the lines for the Department of Labour. Have the Minister and the Opposition spokesperson agreed to a program?

**The Hon. G.A. Ingerson:** Yes, Mr Chairman.

**The CHAIRMAN:** Changes to the constitution of the committee will be noted as they occur. Members should ensure that they have provided the Chair with a request for a leave or discharge form. Where Ministers undertake to supply information at a later date, it must be received no later than 30 September, and there must be two copies in a form suitable for insertion in *Hansard*.

I propose to allow the lead speaker of the Opposition and the Minister to make a statement of about 10 minutes duration. There is a flexible approach to giving the call for questions, based on three questions per member from alternating sides. The Opposition spokesperson will ask the first three questions, and then the lead person on the Government side will ask three questions. It will then revert back to the Opposition. Again, the Opposition spokesperson can take the next three or pass it on to one of his team. Whilst I am not keen on supplementary questions, as they tend to debate the issue, supplementary questions within reason will be permitted. If the Minister answers the question, there will be no need for a supplementary.

Questions must be based on the lines of expenditure on page 9 of the Estimates of Receipts and Payments. If reference is made to other documents, such as the Program Estimates, the Auditor-General's Report, etc., members must

inform the Chair which line they are talking about, and the question must relate to that line. The page number and identification of the relevant financial papers from which the question is derived will be essential. It will also be a great benefit to *Hansard*. There is no formal facility to table a document before the Committee; however, documents can be supplied to the Chair for distribution to the Committee. Incorporation of material into *Hansard* is permitted on the same basis as that which applies in the House of Assembly; that is, it must be purely statistical and limited to one page in length.

Questions are to be directed to the Minister and not to the individual advisers. All questions and information must come through the Chair to the Minister. For the purpose of the Committee, some freedom will be allowed for television coverage by allowing a short period of filming from the northern gallery. All television stations have been advised by the Speaker of the House of Assembly of the procedures to be followed. I understand that members have been advised that there is an erratum to the Program of Estimates and Information 1994-95, as provided. It will not have any impact on today's proceedings. The attached pages from the Department for Treasury and Finance, and dated 12 September, rectify errors and omissions in respect of the Program Estimates. I declare the proposed expenditure open for examination. Does the Minister wish to address the Committee?

**The Hon. G.A. Ingerson:** Last year the Tourism Commission's recurrent budget was \$26.9 million, of which \$17.1 million was provided by Treasury and \$9.8 million through the Economic Development Authority. The budget proposed for the commission for 1994-95 is \$29.1 million, including \$5.2 million of funds committed but not actually spent by 30 June 1994. The total new funds available to the commission this year therefore amount to \$24 million, of which \$16 million is being provided from the Treasury and \$8 million from the Economic Development Authority under the Government's economic development package. The Tourism Commission has four programs under which all its expenditure is reconciled. An amount of \$8.9 million out of a total expenditure budget of \$29.1 million will be allocated to the tourism development program.

International marketing will receive \$7.1 million, national marketing will get \$6.3 million and State marketing will have \$6.8 million available. All the additional money received by the commission in this year's State budget will be utilised on important marketing and development initiatives and no money will be used to increase staff resources. In the international marketing area, wine, fine dining, adventure and ecotourism experiences will form the mainstay of the commission's international campaigns. They will be used to demonstrate South Australia's unique tourism appeal compared with other possible destinations in Australia and overseas.

For the first time, the commission will place advertisements on television and in magazines appealing to younger adventure travellers, families and retired couples, with images related directly to the holidays these travellers are looking for.

In Europe and Japan, new consumer and industry marketing campaigns will be launched in cooperation with overseas and Australian industry partners and the Australian Tourism Commission. These campaigns will show South Australia directly to potential tourists as a State offering unique adventure, environmental and cultural holiday experiences. In addition, \$1 million has been allocated to each of these two

regions for this purpose. In Asia, New Zealand and North America, the commission will be continuing the consumer and industry marketing campaigns begun towards the end of last financial year, using television, magazine and direct mail advertising. New cooperative marketing programs will be launched with the Northern Territory and the Victorian tourism industries. For the Northern Territory, the theme will be 'Journey through the heart of Australia' and it is designed to show a different Australia, north to south, from that of the east coast. With Victoria, South Australia's wine and ecotourism experiences in the South-East will be combined with the Great Ocean Road and the western districts of Victoria.

The commission will also be increasing South Australia's profile in major international trade shows. New imagery will enhance South Australia's image as the gourmet and temperate as well as the outback environment capital of Australia. New Australian and overseas industry cooperative partners will be enlisted to carry the holiday programs. A much bigger national marketing campaign will be mounted in 1994-95. In October, new South Australian wholesale programs will be launched by Qantas, Kendell Airlines and One Call Holidays. The commission's national television campaign will commence in Melbourne and Sydney during October, supported by press and magazine advertising. The first phase of a joint promotion with Harvey World Travel is scheduled for October as well.

South Australian Short Breaks, which is the interstate version of the very successful Shorts program, will be distributed in September to all South Australian Tourism Commission travel centres interstate. During November, a new South Australian tour program put together by TAPA Tours will be launched along with a joint Great Aussie Drive program involving the motoring associations in Victoria and New South Wales. This will be followed by cooperative advertising activity targeting the drive market in Melbourne and Sydney.

Highlights of the commission's national marketing calendar for the second half of the financial year include attendance at the Talkabout trade fairs around Australia, phase two of the Harvey World Travel joint marketing campaign, the second wave of the generic interstate advertising campaign, and attendance at the main capital city consumer travel fairs.

In the State marketing area, the main intrastate SA Shorts campaign will involve the production of Shorts books of 250 Short Break packages. It will be supported by direct mailing to South Australian households and media advertising campaigns. The program will extend until early 1996. To complement this program, the development of a series of longer duration packages and itineraries is planned to encourage a greater dispersal of South Australians holidaying around the State.

Regional tourism within the State has undergone a major restructuring. The commission, in association with regional tourist authorities, has established nine tourism marketing boards throughout the State to market and represent the 13 regions. The commission will be allocating \$1.65 million to the new tourism marketing boards during 1994-95. The Adelaide Travel Centre will undergo a review, including its hours of operation and work and operational practices, as well as the current brochure display policy. This comprehensive review will also look at outsourcing certain aspects, if appropriate. Estimated State domestic sales by the travel centre during 1994-95 are expected to be around \$4.1 million.

The State marketing group is working in conjunction with other areas of the commission to facilitate a series of packaging seminars throughout regional South Australia commencing in September 1994. They will be aimed at tourist operators to assist them in developing and marketing their product and packages.

Further programs of this nature will be conducted during 1994-95 covering issues such as customer service, brochure production and tourism law and legal issues relating to tourism. A community-based program is also being planned to improve awareness of tourism in the minds of the South Australian public.

The bulk of funding for the commission's tourism development program for 1994-95 will be spent on infrastructure provision in support of those development projects likely to come to fruition during the year. These will include the Barossa and McLaren Vale visitor centres, the Granite Island redevelopment, the Wilpena complex, the Wirrina Cove resort and the Mary McKillop project. In addition, there will be a renewed commitment to cultural tourism and Aboriginal tourism development proposals. A review of the South Australian tourism plan is already under way and will be completed during the year. Other initiatives within the tourism development program will include market surveys, tourism economic impact studies and regional tourism planning.

The Tourism Commission has an important part to play in fulfilling the Government's economic development objectives. South Australia's tourism industry already has an annual turnover of an estimated \$1.8 billion and nearly 35 000 people are working in the industry in either full or part-time positions. The Government's aim is for a \$2.4 billion industry by the year 2000 and the creation of another 10 000 jobs in tourism by that time. We will be doing whatever we can to help the tourism sector realise its full potential.

South Australia's tourism industry is entering a crucial stage in its growth and development. The Tourism Commission has recently completed a major restructuring exercise and is now much better placed to capitalise on the opportunities which lie ahead. The Government has budgeted to provide extra financial resources in 1994-95 to enable the commission to take a much more aggressive approach to its marketing and development functions. We can look forward to the implementation of some key initiatives during the year.

There will be high impact, high return national television exposure for South Australia, creating an awareness of this State that we have never had before. There will be a series of brand new package tour programs featuring South Australia in the brochure racks of travel agents for the first time around the country. There will be a much needed boost to South Australia's marketing attack on the booming outbound Asian market, including Japan, as well as a big lift in consumer publicity in the United Kingdom and other countries in Europe. There will be much more effective promotion of regional South Australia, utilising the combined resources of the new regional tourism marketing boards. There will be an increased tempo of tourism investment activity as project developers and financiers respond to a more positive climate of planning and decision making. These are the kinds of initiatives that are necessary to take the tourism industry forward.

South Australia presently receives only about 5 per cent of the total value of domestic and international tourist expenditure in Australia. For every 1 per cent increase in our

market share of tourist activity we can achieve by the year 2000, the value of tourism industry income to the State has been estimated to increase by an extra \$500 million. In this year's State budget the Government has given the Tourism Commission the opportunity to lift its sights and deliver an increased jobs and income dividend to South Australia. The money will be spent according to the commission's clearly defined business plan. I am confident that it will produce an immediate and sustainable contribution to the Government's number one objective of rebuilding the State's economy.

**The CHAIRMAN:** Does the member for Hart wish to make an opening statement?

**Mr FOLEY:** Yes, Mr Chairman, I will make a few opening comments. It is strange for me, having for the past six or seven years served on the other side of the fence preparing speeches for Ministers to open their contributions, to find myself in the role of having to scrutinise the Minister.

The Opposition treats tourism essentially as a bipartisan area of Government policy. The Opposition clearly acknowledges and understands the importance to the State of tourism as an instrument of economic development. Whereas the Opposition is supportive of the Government's moves in tourism, the Government should not take that as a signal that it will not be scrutinised from time to time over specific decisions that it takes. In terms of boosting the State's tourism, little can be achieved by politics playing too large a role in that area.

It is also worth putting on record that, whilst the former Labor Government has been accused of a number of things by this new Government, in tourism it should be acknowledged that under the former Labor Government—indeed, back in 1991—for the first time tourism received acknowledgment of its role in economic development. By that I mean that in the former Premier Bannon's statement in 1991, for the first time we saw a major financial commitment to tourism from the Economic Development Authority. From the small role that I played in that, together with the Leader of the Opposition Lynn Arnold, it was encouraging to see that Governments could finally realise the economic potential of tourism, and we saw a \$10 million appropriation from the Economic Development Fund.

That was not without significant opposition from Treasury at the time, and I am sure the present Minister is facing that now. I suspect that Treasury is still of the view that areas such as tourism are not the areas where amounts to the order of \$10 million should be appropriated. I am pleased to see that both this Minister and this Government are continuing the work of the former Labor Government in giving those large allocations to tourism.

It should also be acknowledged that, under the former Government, the Tourism Commission was established. Indeed, the present Chief Executive of the commission was appointed under the former Government. I wanted to put those small but important points on the public record.

The objectives set down by the Government are welcomed by the Opposition. I might say they are very real challenges for the Government. The sorts of figures the Minister has put on the record will take some achieving. I honestly hope he can achieve them; he will get as much support as possible from the Opposition to achieve those goals. In doing so, as I said earlier, that does not mean we will not be wanting to scrutinise certain aspects of Government decisions in this area.

Overall, the objectives of the Government are admirable: they are positive in terms of the economic development of

this State. I put that cautionary note that we will be playing the appropriate role of an Opposition to scrutinise specific decisions of the Government, particularly where they require financial outlays. However, assuming that the Government plays the game with a straight bat, I suspect the next 12 months at least should see a cooperative approach between the Government and the Opposition with regard to tourism.

It is not clear where the payment line for the costs associated with the operation of the Tourism Commission are located. I assume it is spread across the four programs. Will the Minister clarify that for me?

**The Hon. G.A. Ingerson:** I thank the member for his question and for his commitment to bipartisan support, although I do not necessarily agree with the colourful comments he made in terms of the previous Government's success in tourism. The total budget expenditure of the commission is noted in the budget papers. It is made up of one part coming under the Tourism Commission itself and the other part coming under EDA, but I will ask the Chief Executive to give more details on that matter.

**Mr Gleeson:** With respect to the spread of the funds within the commission, the commission is actually divided into six teams, which are spread out through State marketing, national marketing, international marketing, corporate services, media and advertising, and tourism development. Each of those teams has a budget to work to. The budget is allocated between those two teams and performance criteria placed against those.

**Mr FOLEY:** With respect to the Tourism Commission, could you identify where the costs are highlighted for the operation of the board itself?

**The Hon. G.A. Ingerson:** I will ask Lesley Dalby to give that information.

**Ms Dalby:** The costs of the board of the South Australian Tourism Commission are spread over the four programs in the same way as some of the other support services such as the executive. It is looked at from the point of view of where their policy time is spent, because a lot of their time is on policy. So we do look at spreading it over the four main programs. The cost of the board is \$210 000 per year.

**Mr FOLEY:** The Government recast the composition of the board shortly after coming into Government. Although I can understand the Government's wishing to exercise its political right to make changes, did the Minister see the former board as having deficiencies? If it did, how have they been corrected by the new composition of the board?

**The Hon. G.A. Ingerson:** We decided that we wanted to have real change on the board because there were some weaknesses in particular areas. We asked Mr Wolf Blass to join the board, because we believed that we did not have strong enough representation from the wine industry. The previous person did an excellent job, but we wanted to elevate the level of involvement in the wine industry as it relates to tourism. We asked Susan Mitchell to come on in order to give a representative in terms of the arts, and we asked John Potter to come on, because he was State Manager for the AMP and second in charge of the AMP federally after that, to give us a broader understanding of finance input. John was also the major leader of the Norwood/Sturt campaign and has significant marketing ability. I make that comment because the member for Hart is a biased Port Adelaide fan. Geoff Coles, Phillip Styles and Jim Parkinson remain on the board because of their expertise. Kay Hannaford was brought on because of her significant experience in ecotourism, and Margie Gregg was brought on because the previous commis-

sion board did not have anyone representing the hotel industry, and we believed that that was a weakness. That is why we made the change. It is an excellent new board and we will be ensuring that it gives us all the advice we need. Another board member, Les Penley, was brought on to give us support in the development role and because of his previous experience in working with the commission.

**Mr FOLEY:** As to the board's composition, I acknowledge the difficulties in getting a representative spread on the board, but there is a glaring omission in regard to regional South Australia and the need for country and regional tourism to be represented. Why did not the Government appoint someone from the regional tourism industry to the board?

**The Hon. G.A. Ingerson:** We believe that three board representatives can cover regional development. When Les Penley worked for the department, as it then was, he worked in regional tourism. He is now working with the Sealink company, which is involved in the Wirrina project and on Kangaroo Island, which is a significant regional development. The CEO is on the board and he has broad involvement in regional development. Margie Gregg has had a significant role in the Adelaide Hills festivals, and that brings together the whole area of regional tourism. Also, the board has set up a series of subcommittees, one of which deals with regional tourism. The Regional Tourism Board is set up as a formal board to supervise regional tourism and to advise the commission. We will be working with that board to make sure that regional tourism has a major focus in South Australia.

**Mrs HALL:** My question relates to ecotourism at page 183 of the Program Estimates. Given that ecotourism is a major opportunity for this State to utilise many of its natural and unique assets, many of these natural assets can be found in the State's national and conservation park system. What work is now taking place to ensure that these facilities are incorporated into the State's major tourism strategy?

**The Hon. G.A. Ingerson:** The previous Government set up a major study into ecotourism and this Government has continued that work because it believes that ecotourism is the niche market in which South Australia can specialise. The Government has worked with the Department of Environment and Natural Resources in an attempt to develop a national parks program. We believe that the national park on Kangaroo Island and the Innes National Park on Yorke Peninsula have significance to South Australia in that both are reasonably close to the city and there are excellent opportunities to develop those national parks.

The Government is also setting up an independent committee within the commission. Kay Hannaford and Susan Mitchell, as commissioners, will look at developing the ecotourism side of the business in South Australia. Specific areas have been allocated ecotourism money, such as the Seal Bay Interpretive Centre, and that is also supported by funds from the Commonwealth. We are looking at the concept of low impact ecotourist cabin accommodation on Kangaroo Island. With the announcement of the world heritage listing of the Naracoorte Caves and a major marketing of the MacKillop project in the South-East we foresee huge benefits if both projects are handled properly.

**Mrs HALL:** The South Australian Shorts program has been of enormous success over several years now. Could the Minister outline any changes, if any, being made to this year's program?

**The Hon. G.A. Ingerson:** The South Australian Shorts program is the most successful program the State has entered

into. As the honourable member knows, the commission will be promoting this program both nationally and within our State. The jumper I am wearing today is part of the program of promoting the South Australian Shorts program. Members of Parliament might wish to purchase a similar jumper and the price is \$12.95. It is a fantastic program, which has brought together some 250 different destinations.

The range of product varies from the straight ecotourism trips to accommodation throughout South Australia. Last year the program had a 26 per cent increase in sales and we are now going to promote it nationally. The program has significant value for money. I know that I am not allowed to have displays but, if any member of Parliament is looking for the Shorts book, we are very happy to ensure that it is available to them, and I encourage all members to use this program to advertise our State. It is a very good program.

**The CHAIRMAN:** Would you make them available to members' electorate offices?

**The Hon. G.A. Ingerson:** As the Chairman would be aware, copies of this program are available already in electorate offices. However, if he has been very efficient at promoting the book and needs more copies, we are quite prepared to make them available to him.

**Mrs HALL:** I refer to page 187 of the Program Estimates, which deals with national marketing. How many tour products will be available in the national market by the end of this year?

**The Hon. G.A. Ingerson:** We are putting out eight major brochures, and this afternoon we will be releasing the major brochure with Qantas. There are eight particular programs and brochures on them are available for any members of Parliament wanting copies of them to show what the commission is now doing. It is not normal for us to table all these sorts of brochures, but if anyone wants them they are available. Those brochures cover holidays ranging from the Qantas Drive, Indian Pacific holidays, Australian scenic tours, Tapa tours, which is a Queensland holiday shuttle; great Aussie holidays, which are South Australian tours; and NRMA Travel in Western Australia. They are flexible holiday guides on South Australia. These brochures have not been regularly produced before by the commission, and it is one of the biggest single changes that the commission is making, to actually let Australia know what South Australia has to offer in terms of product. It is the first time in six years that the brochure, which we are releasing this afternoon with Qantas, has been available in the Qantas airline. It is a fantastic brochure and I congratulate all the staff of the commission who have put it together. This is the beginning of more major promotions that we will be making of South Australia in the Australian scene.

**Mr FOLEY:** In relation to State marketing, the comparisons between 1993-94 and 1994-95 are difficult to make because of the obvious major restructuring which has taken place in the commission during the last financial year. The lines set out on page 182 bear little resemblance to last year. Could the Minister explain more fully the impact of the restructuring of the State marketing effort and, in particular, detail of any major variations on last year's effort?

**Mr Gleeson:** The major change in the promotion of regional tourism was to get exposure for it outside of the State. It has been recognised that, while we realise the value of the tourism products within the State, regionally the tourism products just were not known within Australia. The idea about creating nine marketing boards was to expose those regional tourism products nationally, and in doing so

it was far easier to have a small number of marketing boards—nine down from 13—and for the Tourism Commission to be involved in the imagery of each of those regions and to assist each of those regions to market their product nationally.

**The Hon. G.A. Ingerson:** One of the important changes in the regional area is to virtually hand back to the regions the opportunity for them to decide what products they will market and how the marketing should take place in their region. When I was in Opposition one of the major criticisms levelled at the Government of the day was that all the decisions were coming down from the top and the regions were not involved enough in those decisions. So, we have turned that on its head. The support for it has been excellent in almost all areas. In a couple of the areas we have to do a little more work within the structures to make sure that it is more efficient.

**MR FOLEY:** I refer to 'National marketing' on page 187. The specific objective and target states:

Undertake integrated consumer television advertising and print campaigns to increase awareness of South Australia as a holiday destination in Melbourne, Sydney, Brisbane and Perth, supported by a cooperative industry advertising campaign.

Could you provide more details of that and be specific about the cost, because clearly consumer television advertising in the eastern states is an expensive exercise and, whilst I am not criticising that move—indeed, I am quite supportive of it—I would like to know more details?

**The Hon. G.A. Ingerson:** Generally, we have decided that the extra dollars that come into the commission this year should go specifically into marketing and advertising. Obviously, our national and international arenas are the two major areas.

**Mr Gleeson:** All advertising released this year—be it on radio, in the press or on television—will give tourism operators an opportunity to tag those commercials. A 60 second television commercial will have a 10 second tag on the end. We will make that available to tour operators to enable them to advertise their product. It will enhance product selling and enable us to do our job of destination selling.

**The Hon. G.A. Ingerson:** The figure of \$1.3 million going to national advertising is made up of \$500 000 for brochure support, \$300 000 for trade shows, local advertising of \$100 000, interstate advertising of \$100 000 and direct marketing of \$100 000. If any further detail is required, we can provide it later.

**Mr FOLEY:** The former Tourism Commission had allocated approximately \$1 million for an ecotourism promotion in the United States. Clearly, ecotourism is one of the niche markets where we are in a strong position. What is the commission's current commitment to ecotourism?

**The Hon. G.A. Ingerson:** Of the \$1 million that was allocated by the previous Government, \$825 000 was not spent. That money will be used to continue the ecotourism thrust that the previous Government developed. At the end of this month there will be the major release of a couple of programs that we will carry out in the ecotourism area.

**Mr FOLEY:** Does that mean that a major promotional campaign in the United States is not on the agenda now, or are you refocussing that push?

**The Hon. G.A. Ingerson:** The program will be continued in both America and Europe. It is combined with the international tourism budget as well. There is some money that is flowing across from there which will pick up both the United States and Europe. The initial program into America

was, in my view, not as well supported in terms of the result projected by the previous Minister. The general overall thrust of the need to be in ecotourism is supported, and we will continue with that program with the dollars we have available.

**Mr CAUDELL:** Under 'Tourism, Development and Infrastructure' it says that one of the strategic objectives of the commission is to try to develop and promote Aboriginal tourism. What is the Government doing to develop this program?

**The Hon. G.A. Ingerson:** Aboriginal tourism, along with ecotourism, is an important dimension to the tourism experience in this State. In our museum we have the best collection of Aboriginal artefacts in the world, and we have the Tandanya Institute as well. It is our view that neither of those areas has been promoted as well as they should have been. It is our intention to work with the Arts Department to make sure that those two areas are promoted. We also recognise clearly that there is a significant indigenous cultural tourism value in this area. No State in Australia has properly worked with the Aboriginal community to develop tourism as a major opportunity. At this stage, as I mentioned, we still are in a strong position, because of Tandanya and the museum, to develop an excellent Aboriginal cultural tourism policy in South Australia.

Currently the commission is working with the Aboriginal community in several major projects, and they are at Granite Island, Wardang Island, Mount Searle, Mimili, Devon Downs and the Warrapinga Interpretive Centre in the Marion council area. As well as that, because of the significant involvement of Aboriginal culture at Wirrina, we are working with the Aboriginal community to make sure that, as Wirrina in particular develops, the Aboriginal community will have an opportunity to be part of that important tourism development in South Australia.

**Mr CAUDELL:** In dealing with tourism, development and infrastructure, I note from Program Estimates that the Government has absorbed the Office of Tourism Development with its function of assisting both private and public sector developers into the commission, which previously had a primary focus on tourism marketing. Why was this action taken?

**The Hon. G.A. Ingerson:** When taking office, it was our view that the development side of tourism should be involved with the Tourism Commission. We moved very quickly administratively to bring that development section, which was in the Department of Economic Development, into the Tourism Commission, because we believe that they should be working together. It was our view that there was a lot of confusion in the industry as to where they should go in terms of getting their information as it related to development and to the marketing of tourism, and now it has all been brought under the one commission. By bringing that body together with the commission, all the marketing functions that were in the Office of Tourism Industry Development in the EDA have now been brought across to be part of the commission. Several statistical and research areas in that division can now be used more effectively within the commission. Finally, it is our view that tourism development is a very important part of State development, and we believe it should be under the one area.

**Mr CAUDELL:** In relation to international marketing, Asia is Australia's No. 1 source of tourists, and it is by far the fastest growing area, especially combined with arrivals from Japan. Asian tourists already provide 50 per cent of total

arrivals. South Australia's share of this market is extremely tiny. What is the Minister doing to overcome the disparity that is occurring in respect of South Australian visitors from Asia?

**The Hon. G.A. Ingerson:** Of the \$5 million of international marketing, \$2 million will be spent in Asia and Japan, and \$1 million in a consumer marketing campaign in Singapore, Malaysia and Hong Kong, and we are investigating the extension of that marketing in Taiwan, Thailand, Korea and Indonesia. One of the problems that I have found in this marketing area is that we are attempting to market South Australia in Asia with a small amount of money. If you are not careful, you can end up with a scatter gun effect and have no return at all.

We are working more with the Australia Tourism Commission to make sure that any subsidies we can get from it in the international arena can be added on to the sum of money that we are using to promote and to market in Asia. In Japan we are going to introduce a new print advertising campaign and work with the major Japanese wholesalers to carry South Australian products in their catalogues. One of the problems that we are having is that the previous Government had decided, in our view wrongly, to do individual consumer advertising in those areas. It is a very expensive exercise and was not, in our view, reaching its target. We have now combined with the Australia Tourism Commission and have been far more specific in our targeting in Asia.

I am going to Singapore and Hong Kong in the next few days as part of the marketing campaign to try to get two major conventions to come to South Australia. One of the major conventions is of Hong Kong entrepreneurs. If we could attract that type of group to South Australia for their convention, there would be two spin-offs: first, they may invest in South Australia; and, secondly, most of them have ties with a lot of the very big companies in Asia and that can only help to spread the message of what South Australia is all about through Asia much more efficiently. Currently we also have a campaign—and I know I am not allowed to show advertisements, but since tourism is all about marketing, we have some very important campaign literature if any of the members want to have a look at it later on—involving excellent advertisements and promotional material.

The first set, showing a balloon, is basically on the Barossa Valley—on wine and tourism promotion. That is in the *Straits Times*. The second one is a very controversial advertisement which showed Harley Davidsons. Again, our research shows that the Asian people are very keen on riding on bicycles, motorbikes in particular, and so it is a targeted advertisement, again at young people in Asia. The wine part of the campaign and the final advertisement is on the Murray River, and it promotes the Murray as a destination. They are excellent advertisements and it is an upgrading of all of the material that the previous Government used. I might add it is a much better improvement on that, though.

**The CHAIRMAN:** My clerical adviser says there are no happy colours in there.

**The Hon. G.A. Ingerson:** Mr Chairman, my advice is that, when promoting in Asia, you use the colours that attract Asians, not Australians; whilst I would not like to necessarily correct your view of it, that is the technical advice we have been given.

**Mr FOLEY:** I have never yet heard a Harley referred to as a 'bicycle'. I understand that overall growth objectives are 5 per cent per annum in the number of visitor nights in this State, but I note that the target is 2 per cent growth in

interstate visitor nights and 10 per cent growth in international nights. Whilst I understand the need to make international tourists the priority—obviously for a whole variety of reasons that is where our target market must be given the large overall growth rate—I am a bit surprised at the small growth rate set for an increase in interstate visitor nights: 2 per cent seems to be a very small increase in what I would have thought was a fairly significant target market.

**The Hon. G.A. Ingerson:** The reason why it is so small is that we already have a very significant intrastate market and it is more difficult to increase the percentage in that market than in the international arena, which is very much under-marketed.

Obviously, if we can get more than 2 per cent we will be after it, but we believe that they are realistic targets, given that there is already a very large number of visitors and visitor nights spent by interstate people. In the national arena I think 5 per cent is a bit low, but the commission has set those goals and it is my view that that market will be able to exceed them easily. In my opinion we do very badly in the international market, and a 10 per cent increase in that market also should be easily achieved. But they are goals that have been set and, if the commission can achieve them earlier, the honourable member can be assured that I will be telling everyone in South Australia how well it is doing.

**Mr FOLEY:** In terms of international markets, the papers talk about the expansion and improvement of the performance of the SATC's international representation in priority markets. What do you see as a priority market and how do you intend to improve our representation?

**The Hon. G.A. Ingerson:** On the previous opportunity to go into Asia, which was about three months ago, it was clear to us that having one person in Singapore to service Singapore, Hong Kong, Malaysia, China, Japan, Taiwan and Thailand was just impossible. We are looking at the sorts of opportunities available to us through the private sector to have agents in more than one area. Initially, as I said earlier, our major thrust is into Singapore, Hong Kong, Malaysia and Japan, with the second string being into Taiwan, Thailand and China. I believe that the use of the private sector will give us a much broader opportunity to have representation throughout Asia, but I will ask the Chief Executive whether there is anything further he would like to add.

**Mr Gleeson:** We have always recognised that our performance out of Japan is not nearly as good as it should be. In November the Minister and I will travel to Japan to meet with wholesalers on the western side of the country, with the opening of a new airport at Kansai, just outside Osaka. We believe that the opportunities of the Kansai-Darwin service will greatly enhance our opportunity of getting Japanese visitors to South Australia, and the Minister and I hope to arrange some sort of deal with wholesalers on the western side of Japan.

**Mr FOLEY:** Obviously, Japan is a target market. I was fortunate to be in Japan some 16 months ago with the then Premier, and the Australian Embassy made it clear to us that a target market for South Australia would be the Japanese visiting Australia for the second time. Clearly, for South Australia to compete with the Gold Coast, Ayers Rock or Sydney was just too difficult for the first-time Japanese visitor, but the market potential for us was the visitor coming back for the second time, looking for something different. Is that the sort of market you are looking for in Japan?

**The Hon. G.A. Ingerson:** One of the obvious things that has come to me as Minister is that Adelaide itself is not a

destination possibility for a large number of people. As I announced earlier, we will be working with the Northern Territory Government to develop a central Australian theme. We will be working with the Victorian and Tasmanian Governments to develop a southern Australian theme, and we believe that this second wave coming out of Japan will give us many opportunities. As Mr Gleeson pointed out, the hubbing out of Darwin will be a very important opportunity for South Australia, and if we can convince Ansett, Qantas and the other international airlines to come in through Adelaide and then go out through Sydney or Melbourne, it will be a tremendous opportunity for us. We will be promoting that very heavily in this campaign.

**Mr FOLEY:** Last year the former Government, very much with the support of the Tourism Commission, appointed a prominent body of people to be honorary tourism ambassadors. These included Sir James Hardy, Rupert Murdoch, Keith Michelle, Robyn Archer, David Lange and Michelle Fielke. The former Government planned to use these people to help spearhead a boost for South Australia's profile at home and overseas. It now appears that these people, who had given their time freely, have been essentially dumped by the new Government. Perhaps Rupert Murdoch and Sir James Hardy were considered too close to the Labor Party. Will the Minister advise the Committee whether the ambassadors, particularly Mr Murdoch, have been advised of their dismissal as tourism ambassadors for South Australia?

**The Hon. G.A. Ingerson:** I am surprised that the knowledge of their voting intentions are so widely spread that they would necessarily be seen as Labor supporters, but having never discussed that situation with either of them I do not know whether the comment was uttered tongue in cheek by the member for Hart. We are currently reviewing the whole role of the international ambassadors. It is our current view that ambassadors who are strictly South Australians should be used and we will be making an announcement in the next two or three months as to how we will handle this whole issue of using people who volunteer their time and who are principally South Australians resident in South Australia.

As the member would be aware, quite a few of the names put forward by the previous Government were prominent South Australians, but they had little current connection with our State. If we are to use this same system, it is my view that we ought to use current South Australians of high profile. We will review the whole situation.

**Mr BROKENSHIRE:** The McLaren Vale Visitors Centre was a pre-election promise by the Liberal Party, involving the establishment of a wine and tourism interpretation centre. What is the status of this proposal currently?

**The Hon. G.A. Ingerson:** I thank the member for Mawson for this question because the member, on behalf of the Government, has played a magnificent role in making sure that this project has got to the stage that it is today. Originally a committee chaired by the member for Mawson was set up to look at how we could progress into reality the policy decision made by the Government at the election. We now have before the Government an excellent proposal which basically sets up the purchase of land just outside the township of McLaren Vale. It enables us to set up a tourism information centre and also some other local community rooms so that they can be used as well at the same time. An amount of \$750 000 has been allocated for this program. It is currently being looked at by the Director of Development in the commission. The working party report is an excellent

report and an announcement regarding when work can begin will be made shortly. It is our hope that the project will be completed this financial year.

Finally, I congratulate the honourable member for the excellent work he has done in bringing the whole community together in making sure that this project can be proceeded with.

**Mr BROKENSHIRE:** I refer to regional restructuring. How will it improve performance of tourism, particularly in country South Australia?

**The Hon. G.A. Ingerson:** We had a lot of problems, when we came into government, in the regional tourism area. A part from the obvious parochialism that exists within the regions of South Australia, the whole structure of managing the regional tourism promotional dollar was based with the commission. It is my view and that of the commission that the operators at the local level have a much better idea of what ought to happen in their regions instead of the commission's seemingly telling them what to do.

Whilst I accept that that was not the case, there was an overall view that the regions wanted more control of their own destination. Through the efforts of the Director, John Evans, we have been able to set up the nine regions. They require the amalgamation of four groups, and that process has now occurred reasonably satisfactorily. As I said earlier, a couple of regions still have some difficulties, but the overall plan to market South Australia nationally and internationally through the regions requires us to have a different structure from that which we had before.

The major benefit from the restructure will be that significant promotional dollars will now be made for the regions in a national and international sense. It is the first time that will occur and I believe that, when we get the brands, all the promotional material and the support from the regions, we will see a very productive and effective regional tourism program in South Australia.

**Mr BROKENSHIRE:** What is the commission doing about lifting the professionalism of the tourism industry in South Australia?

**The Hon. G.A. Ingerson:** Several seminars have been held here in Adelaide in the past three months, one on international tourism and one on national tourism, and it is my understanding that we will also hold one on State and regional tourism. The purpose of those seminars is to bring together the industry at operator and commission level to make sure that both sides are aware of what the marketing programs are and the direction they are taking. One of the major views of the commission is that, if operators are well skilled and understand the marketing direction of the commission and their role in that marketing direction, we will end up with a much better product in the marketplace, and the community generally will know more about the product that South Australia has to be marketed.

As well as that, the Tourism Commission has at last put together its marketing plan, and I have again a little piece of advertising before me, namely, the marketing plan for tourism to the year 2000. This plan, which will be released within the next couple of weeks, will be made available to the whole community so that people can see what we intend to do with marketing tourism in South Australia between now and the year 2000. The work put together by the commission staff in all areas has been fantastic, and I compliment them on the effort they have made in putting together for the first time a genuine marketing plan that sets out objectives, goals and what needs to be achieved between now and the year 2000.

The document takes some risks; for the first time the Government is prepared to put down its plan between now and the year 2000. As the member for Hart pointed out earlier, he will make sure that we stick to these goals. It is an attempt clearly to set a direction, and it is a positive, market driven campaign which I think all South Australians will welcome and of which they will like to be part.

**Mr FOLEY:** I refer to the events corporation. You mentioned some months ago that it was your priority and belief that an events corporation should be looked at, and I take from your comments that you support the establishment of an events corporation here in South Australia. You had hoped to make a decision on that by July. Clearly, the longer it takes us to establish an events corporation, the more opportunities we will miss. When can we expect an announcement of the establishment of an events corporation, of which you have been an enthusiastic supporter, and at this stage are you in a position to give an indication as to the events corporation's composition and the framework within which it will work?

**The Hon. G.A. Ingerson:** Soon. As the Chairman would know, 'soon' means some time from July onwards. Since July has well and truly passed, a proposition is being prepared at the moment that will be going to Cabinet within the next fortnight. The basis of the Events Corporation will be the principles set out by the original committee investigating it; that is, that the committee will need to have representatives from the arts, the sporting fraternity and the general group that comes under 'festivals', which ranges from the very small festivals we have in all the regional areas right through to the specific and major festival, which is the Festival of Arts. It is my hope that that will be announced within the next fortnight. I believe that the committee will comprise between eight to 10 people broadly representing those three areas. There is a lot of expertise within the Grand Prix Board that should be used in a management and marketing sense and many of the people required to make this Events Corporation work are already here in South Australia.

One of the things that really excited me about the committee deciding whether or not we should have an Events Corporation was the cooperation that came from all the groups within our community, ranging from the ethnic groups through to the arts groups. Some 50 people were prepared to volunteer their time to participate in the preparation of that original document, and that was very encouraging for South Australia. We need an Events Corporation because when the Grand Prix leaves at the end of 1995, we need a replacement series of events and the Government is totally supportive of that concept.

**Mr FOLEY:** I appreciate that obviously an announcement will be made soon. I take it from the Minister's comment that there may well be a slightly different structure from that talked about earlier. I urge the Government, if it goes with the Events Corporation, that it adequately resources it and gives it the fire power that it will need to achieve its goals. I am not particularly comfortable or supportive of loose arrangements of committees to try to attract major events by some sort of osmosis. I would rather see a high-powered, small team that has the power and authority to go out and achieve these events and that we do not have a committee that meets and draws up lists.

**The Hon. G.A. Ingerson:** I am sorry if that was the impression I gave. Because the document has not gone to Cabinet, I cannot be any more specific than I have been.

However, I can assure the honourable member that it will be a high-powered team.

**Mr FOLEY:** I refer to the Lake Eyre Basin. The Tourism Commission has made it known in a number of forums that it supports the listing of the Lake Eyre Basin as a world heritage site, as that would position it well for ecotourism. The Minister's Government has made its position on the world heritage listing of Lake Eyre Basin well-known, and it is obviously opposed to it. Is this causing some difficulties within the commission for the marketing of South Australia as an ecotourism destination?

**The Hon. G.A. Ingerson:** No, because, as far as I am aware, the Tourism Commission under my tutelage does not have an opinion that the Lake Eyre Basin should be on the world heritage list.

**Mr FOLEY:** The advice has obviously changed in the past 12 months.

**The Hon. G.A. Ingerson:** I cannot help it if the previous Government made the mistake; we are not going to make the same mistake.

**Mr FOLEY:** Mr Chairman, I now refer to an issue that is close to your heart and to the Minister's. The need for an upgrade of Adelaide Airport has been hotly debated in the community—if not within my own Party. I have heard the Minister's comments in relation to that. Could the Minister and the Chief Executive Officer put on record their views on the benefits to South Australia should we have an extended runway and a major upgrade of facilities at Adelaide Airport?

**The Hon. G.A. Ingerson:** The member for Hart will be aware that I attended a public function recently at which I put the Government's position; namely, that Adelaide Airport needs to be upgraded. I thank the member for Hart for his support in everything that I said. Basically, the airport should be upgraded, and part of that upgrading is the extension of the runway. It would be foolish to believe that was the only thing that had to happen at the airport. We need the international terminal to be upgraded and we need air bridges. The situation we have now is quite ludicrous. If two international airliners come in, one has to wait while the other uses the air bridge. If they both want to get off at the same time and it is raining, the last one in (which is usually an overseas carrier, not an Australian carrier) has to wait because we have the ridiculous set-up of having only one air bridge. The facilities at the international centre also need to be upgraded because they are too small. The whole airport needs to be upgraded significantly.

The Government's view is that we need support from the Federal Government to achieve this objective, and it is in this area that I know the member for Hart will give us most help. I know that, with his strength within the Labor Party, he will be able to convince his Federal colleagues that South Australia deserves its fair share of Federal funding to bring Adelaide Airport at least up to international level. Whether it is sold, leased, or whatever is irrelevant. In my view, the Federal Government ought to be putting in funds to bring it up to the standards of other international airports in this country. Adelaide Airport is the only one that has not had the same amount of Federal input as all the other States. I hope that the member for Hart will take that to his Federal convention in Tasmania and stand up publicly and show us how he supports Adelaide Airport, as I know he does.

**Mr Gleeson:** There should be no impediment to international airlines which wish to service Adelaide. There is an impediment at the moment because of weight and length restrictions. That means that fully laden 747s cannot take off



from Adelaide Airport, so we should rectify that. On infrastructure, the commission's view is that we would prefer a single terminal with international and domestic facilities. A city the size of Adelaide would be well served by having one terminal, especially considering the internationalisation of Qantas and Ansett which are now operating both internationally and nationally. Our domestic airport is probably the worst airport of any capital city in Australia. We would urge Qantas and Ansett to rectify that situation as quickly as they can.

**Mr FOLEY:** As a supplementary, whilst I appreciate your comments, Minister, do you believe that the development of the tourism industry in South Australia is hampered without a major upgrade of Adelaide Airport?

**The Hon. G.A. Ingerson:** The answer is 'Yes.' Unless we have international facilities, operators and best practice in whatever we do in tourism, it will be difficult for us to get the standard tourist to come to this State. The fact that our international airport is not up to best practice and standards in Australia—Australia generally is so far behind the rest of the world—means that unless the airport is upgraded it will be a long-term tourism problem for us.

**Mrs HALL:** With respect to the length of stay in South Australia of interstate visitors, in addition to the Shorts program, what other specific initiatives is the State marketing group undertaking for the 1994-95 period?

**The Hon. G.A. Ingerson:** Obviously we are using the Shorts program as the basis for it, but we will work with the Victorian and Northern Territory Governments and industry here generally to make the public more aware of the destinations and facilities we have in our State. One of the most important issues we have to face up to is that South Australians generally do not know the opportunities that exist in their own State. We intend to significantly upgrade the information to all households in South Australia so that, when they are planning their next holiday, they can consider South Australia as an option as well as going interstate and overseas.

Every dollar spent in South Australia is basically saving an export dollar. If we can get that money spent within our own State, it increases our own GDP much quicker than trying to get people to come from interstate. So, we will be spending a lot of time doing that. As well as that, we will be making sure that we get the industry as well as the consumer more involved in awareness programs within their own structures, because we still have a lot of people in South Australia who believe that Governments can make things happen. It is my view that Governments are there to encourage industry and be supportive of it, but the industry itself needs to be very much part of any significant change.

**Mrs HALL:** With respect to page 189 of the Program Estimates and the Worrina development, what is the nature of support the Government is offering Worrina, and what is its value?

**The Hon. G.A. Ingerson:** In the trip that the Premier and I made to Malaysia, we went there specifically to set up a memorandum of understanding with the MBf group of companies, and have that agreed to. The process since then has been to make sure that its offer within the understanding was genuine. Since then, Mr Lambert, the Director of Development, has met on many occasions with the group's representative here in South Australia. Discussions have taken place with respect to the Aboriginal culture. It has been announced that 112 blocks will be made available shortly. The existing infrastructure will be developed. Approval has

been granted by the authority for the introduction of a new gambling room to house 40 poker machines. All rooms at the resort will be upgraded, and I understand that the first room has been completed. Right throughout the existing infrastructure there will be significant changes.

As part of the memorandum of understanding, we have agreed that there will be financial assistance in relation to infrastructure over a 10 year period. That infrastructure is likely to be in the area of reticulated water, effluent disposal systems, civil works associated with the marina, and development of the public roadway into the marina. The reference to water relates to part of the extension of the existing Myponga-Yankalilla pipeline. There are likely to be some other contributions in relation to promotion, but the Government believes that that area should be done primarily by the MBf group. However, we will be supporting the group in some of the promotion. The current \$4 million refurbishment will be finished by Christmas. As I mentioned earlier, 112 allotments will be made available for sale. We are currently working with the Minister for Housing, Urban Development and Local Government Relations to make sure that all the planning issues that are likely to occur are approved or, if they have not been approved, that approval is made very quickly.

**Mrs HALL:** As 1994 is the centenary of Women's Suffrage in South Australia, it is appropriate that this State ensures that tourism information and services meet the needs of both men and women in our community. Will the Minister for Tourism outline what work is being done to understand better the important women's role in, among other areas, the choice of holiday travel? I refer to Program Estimates page 189.

**The Hon. G.A. Ingerson:** Recent research has indicated—but probably most of us have known this for a long time—that most of the decisions on holidays are made by women. Most of us who have had a family for some time recognise that as a fact without research needing to be done. It highlights clearly that any marketing, advertising campaign or promotion of holiday destinations clearly requires, if you are to be successful, significant input by women as to the advertising, how it looks, what is likely to then encourage them to go, and so on. We have set up a study that will look at the role of women in the holiday decision making process with regard to factors that are important to their taking that holiday and any access requirements that they need. As I said, there is no question that they are the prime decision makers in terms of where families take their holidays, and we will make sure that any of our programs in the areas of marketing and advertising in the commission have significant input from the women of our South Australian community.

**Mr FOLEY:** In the Program Estimates there is mention of assessing the economic significance of the Barossa Music Festival. One does not assess the significance of something unless one either wants to increase Government resources put into the Barossa Music Festival or has some doubts about it. Is that something about which the Barossa Music Festival should be concerned?

**The Hon. G.A. Ingerson:** This year the commission allocated \$75 000 as support for the marketing and promotion of the Barossa Music Festival. The research from the festival in the past couple of years has shown that there has been a significant increase in the number of people wanting to come to it. It is a specialised music festival which is world renowned and which is significant in South Australia and Australia. Of the number of visitors who come to the festival,

it is my understanding that about 15 per cent are from interstate. So it has a large number of visitors from interstate. Interestingly, the first report from the Events Corporation indicated that it believed that it was the type of festival that should be expanded to be part of the major festivals that we sell nationally and internationally. I have not been to the music festival, but I will go to several of the concerts this year. From those who have been, I have had reports that it is one of the better music festivals in Australia.

Putting forward \$75 000 will enable us to be part of the monitoring of the marketing and to see whether it has been effective, because that was part of the reason for our putting up the money. We will also see how well their target marketing is being carried out. Probably the most important issue, which will be a major problem if we get into this events area of festivals, is whether the accommodation in the Barossa Valley is capable of taking the numbers of visitors and whether it is up to the standard that the people who come from interstate and from within the State expect of that 10-day festival. So, we are involved in it. We want to make sure that we get information about it for the \$75 000 we have spent to help promote it this year.

**Mr FOLEY:** The allocation of Government money is always a very difficult matter, and it is important that, when one is handing over Government money, appropriate prudential controls be in place. I understand that the Central Tourism Marketing Board at Balaclava is the amalgamation of two boards from that area. I also understand that a few months ago the Minister handed over to this body a cheque in the order of \$100 000. At the time, the board neither had a constitution nor was it incorporated. Is this appropriate, and will the Minister confirm that this occurred?

**The Hon. G.A. Ingerson:** Yes, that is correct. At the time of handing over the money, a period of grace had been given to all regional areas to form their incorporated body, but the Government had agreed from 1 July that it would hand over that money. That body was not incorporated at the time. I understand that there are still some difficulties in that area, and currently the Government is finding out what the difficulties are. It is my understanding that the money is in the bank, and it has not been used, so there is no concern of misuse of taxpayers' money. But there is an issue in setting up the incorporated body, and the commission, through its director, will be making sure that that occurs quickly.

**Mr FOLEY:** The Minister has confirmed that there are problems with that board. If \$100 000 was involved, some action should be taken by the Tourism Commission or the Minister to retrieve that money until the body is incorporated. If the money is sitting in a bank, it is a fairly loose arrangement. In this instance, the Government should take control of the money, take back the money or put in place a measure to ensure that, until this body is incorporated, the directors of that marketing board are not in a position to use inadvertently money that is not theirs to use.

**The Hon. G.A. Ingerson:** I accept that which the honourable member has said. The commission is moving quickly to make sure that all the protection required has been and will be carried out. I have been informed that it has a meeting on 19 September, and the commission will be represented at that meeting. If the board cannot be set up, the commission will recover that money.

**Mr CAUDELL:** In relation to the use of media for promotion and international tourism, the commission hosts a number of journalists from countries each year. What benefit does this provide to the State?

**The Hon. G.A. Ingerson:** Last year, we hosted a total of 647 industry, media and VIPs from both international and domestic markets. That resulted in media exposure conservatively estimated to be worth \$56 million—a large return on investment of the \$268 000 used. The media exposure covered Japan and Asia, the USA, Canada, the UK, Europe, Australia and New Zealand. I am aware of one visit that was as a result of Writers' Week in which we received a significant eight to 10 page exposure free, because the writer happened to be in Adelaide, was very impressed in South Australia and wrote a magnificent article. It opens up the possibility for us to use Writers' Week and any other events that involve journalists here in South Australia to better promote our State at no cost. It is an area in which the commission is working and will be using much more in future.

**Mr CAUDELL:** I refer to State tourism policy. In order for an important industry such as tourism to fully develop in this State, it is vital that there be close linkage between Government and the business community. Will the Minister for Tourism please describe the South Australian Tourism Commission's involvement with the South Australian Employers' Chamber of Commerce and Industry in the formulation of the chamber's tourism policy?

**The Hon. G.A. Ingerson:** The Chairman of the commission, Mr. Geoff Coles, with the South Australian Employers' Chamber, has set up a special group within the chamber to look at tourism promotion in South Australia. It is the first time the employer chamber has been involved in this area of tourism. It is interesting that, for the first time, many retailers in particular have recognised their role in tourism in the State, and it is through this group that that is being properly explored.

The commission has also seconded one of its senior staff, Mr. Bill Furst, to work on a one day a week basis over a six month period to assist the working group to establish what it thinks ought to be the tourism policy for the State. The chamber's working group recognise the work currently being done in industry in developing a tourism plan and it is part of that. It has had a small but significant input into the tourism plan of the commission. It is expected that the chamber's tourism policy will be completed by the end of 1994, so we will have for the first time the employer chamber recognising that tourism is a vital part of the economic development of this State. I congratulate it and the commission Chairman for setting it up.

**Mr CAUDELL:** I refer to accommodation facilities. For a long time now the tourism industry in this State has recognised that the official statistics on tourism accommodation do not reflect the complete range of accommodation types available for visitors to South Australia. Will the Minister for Tourism please outline what measures are being undertaken to improve the accommodation statistics in this State?

**The Hon. G.A. Ingerson:** Those in the tourism industry who have been involved in the collection of statistics over the years would recognise that most of the ABS figures include hotel, motels and guest houses with facilities, holiday flats, units and houses, caravan parks and visitor hotels. However, they do not include the bed and breakfast establishments and host farms. This was highlighted to me in a recent trip to the Clare Valley, where there was a lot of comment by the local tourism association that many more people were staying in the Clare Valley than was ever recognised.

The principal reason for this is that there are a large number of bed and breakfast and host farms in the area. It was their highlighting that issue that enabled us to bring the attention of that to the commission, which had already picked it up. The commission itself will work with ABS to collect the information on both those areas—bed and breakfast and host farms—because they are probably in South Australia the biggest growing sector of accommodation and interest from interstate visitors. Approximately 250 accommodation providers in South Australia will be approached and asked to provide data. The data for the first quarter of 1994-95 is expected to be available in December this year. The commission is working closely with industry and regional tourism associations to ensure that accommodation providers understand how important it is that we have a broad database so that we can properly get an idea of where visitors are staying and of the true accommodation levels in our State.

**Mr CLARKE:** In all the Government's statements both today and in the budget Estimates figures with respect to marketing strategies, I have looked in vain for one with the theme with respect to shopping on Sundays in the Mall. Does the commission have a plan to implement such a strategy of promoting tourism in South Australia with respect to Sunday trading in the Mall and, if so, what studies have been taken by the Tourism Commission with respect to the number of interstate and overseas tourists who will visit Adelaide as a result of Sunday trading in the Mall? Also, why did not the Tourism Commission submit a proposal in the first instance to the Government's committee on shop trading hours?

**The Hon. G.A. Ingerson:** I thank the member for his question because obviously it is close to his heart. I know that a person who is interested in promoting South Australia would recognise clearly that the ability for people, whether national or international visitors or from our own State, to shop is indeed an important issue for them.

**Mrs HALL:** Especially the women of South Australia.

**The Hon. G.A. Ingerson:** Yes, I thank the member for Coles for that—especially the women of South Australia. We did make a submission to the inquiry into shop trading hours and were requested by the committee to come in and extend at length the comments made in that submission. Two of our senior research people actually appeared, at the request of the inquiry, and gave evidence. It is very much part of the overall tourism thrust in this State to ensure that we are not disadvantaged in this State compared with any other tourism promotion that might occur nationally or internationally.

I point out to the honourable member that in Asia, and particularly in Singapore, there are two specific programs of sending shopping tours to Melbourne and Perth. The principal argument is that they can shop virtually seven days a week in those two places.

In the tourism area we want to ensure that any opportunity for people to spend dollars in South Australia is made available. If that means that this Government has to move to enable people to shop in our city centre seven days a week, that is part of the program. I am not aware of the Tourism Commission's specifically being involved in a study in South Australia to see whether shopping on Sundays between the hours of 11 a.m. and 5 p.m., which will occur from 1 November this year, is of value to this State in a strict tourism sense.

It is my view, having been interstate and overseas, that a significant number of dollars are unable to be spent in our State, and this would employ young people and others who wish to be employed on Sunday as part of the tourism push

in our State. Having spoken to the major retailers, I can say that it is interesting to note that they are having no trouble from existing staff in getting volunteers. In fact, they are having difficulty rostering so that everybody gets a fair go when this is introduced on 1 November in this State.

**Mr CLARKE:** As a supplementary question, the shop trading hours inquiry specifically said that it was disappointed that the Tourism Commission did not submit a proposal or submission to it, although subsequently, as the Minister advised, two officers of the department did brief the committee.

What interested me, particularly given that you, Minister, are both Minister for Industrial Affairs and Minister for Tourism, is that the Tourism Commission would seemingly have thought so little of the tourist potential of Sunday trading that, despite the widespread advertising of the committee of inquiry's terms of reference, no submission was made and it had to be invited to make a submission.

**The Hon. G.A. Ingerson:** As Minister, that does not surprise me. I should have thought that a public inquiry into what the public thought about the extension of trading hours would not necessarily require a major submission from the Minister for Tourism, particularly when the Minister had publicly, on behalf of his commission, said that he supported it. It is my understanding that on several occasions the Chief Executive Officer, when interviewed on radio and I think once on television, made it very clear that the Tourism Commission was very much in favour of the extension of trading hours on Sunday.

It also needs to be pointed out that currently in this city we have a couple of groups advertising that one of the best things that people can do is go and shop in Melbourne. They are encouraging this because there is significant economic advantage to Victoria for people to leave Adelaide on a Friday night, go to Melbourne and leave their dollars behind. I would have thought that it was a pretty crazy set-up for us to encourage people to go to another State to shop when those facilities could be made available in our own home town.

I think, at the end of the day when all the hype has stopped coming from the hypocrites of the Opposition, that in essence the public of South Australia will decide whether or not Sunday trading is here to stay, and that is how it should be. If the public does not go to shop I know full well that the retailers will not open. Having been a retailer for a long time in my career prior to coming into this place, I know that you do not trade when it is uneconomic. Only time will tell, but I am quite sure that I will be proven correct: that the people of South Australia will enjoy their shopping on Sunday afternoon, that the retailers, given the opportunity, will find it of significant benefit and that the tourists who come to this State and who have Sunday afternoon off will take home with them many goods that they have purchased in South Australia instead of in Sydney, Melbourne, Brisbane or Perth.

**Mr CLARKE:** I refer to the board of the Tourism Commission. The Minister listed earlier the names and the background of those appointed to the board. I note that there is no representative of employees within the industry. As the Minister would be well aware, the hotel and hospitality industry employs a very large number of South Australians. Indeed, it is very critical that those employees are responsive to the needs of the tourist industry, well trained, polite, considerate towards visitors, and able to offer them advice and the like.

However, there does not seem to be any representative from the relevant trade union within the hospitality industry.

There was formerly a representative from the Liquor Trades Union Division of the ALHMWU—the former secretary Mr Drumm.

With respect to the board, I am also interested in the fact that there is a cost of \$250 000 per annum, most of which I presume is sitting fees. Has that amount varied at all in relation to the cost of the previous board?

**The Hon. G.A. Ingerson:** Mr John Drumm, who was on the original board, did an excellent job in his role on the board representing the employees and, basically, the hotel industry from an employee's point of view. The new Government has decided that it wants a representative from the hotel industry from the employers' side. As a consequence, Margie Gregg is there representing the employers in the hotel industry.

This committee has no relationship specifically to designated employers or employees. It is there to promote tourism in the State, including both employers and employees. Unless both employers and employees are together attempting to promote South Australia nothing will happen.

Every employer in the business knows full well that their staff have to be part of the system. It is no reflection on the union movement or anyone else that there is no representative. As I said, we wanted a representative from the hotel industry. The previous Government chose an employee, who did a good job. On behalf of the Government, I have chosen an employer representative, who I am quite sure will do exactly the same job in representing both the employers' and employees' interests.

The directors' fees in total have gone up \$30 000, giving a total of \$110 000, and the operating expenses of the committee are \$100 000. Those operating expenses were about the same as last year's.

**Mr CLARKE:** I refer to the \$30 000 increase. I am not sure of the total number of board members under the previous Government and the number of members under the new Government. Has there been an increase in the number of board members or an increase in the allowances paid to each board member, and is that allowance based on actual attendance at meetings or is it paid as a straight figure throughout the year?

With respect to the representation of employees on the board, what is the Minister's view? Obviously, there are a number of employers on the board in any event because of the different industries they represent, but the current board has no representative whatsoever of any employees. Given the tens of thousands of employees actually employed in this industry, can the Minister comment in relation to its being appropriate to have at least one representative of employees, given that all other members of the board are from employer backgrounds?

**The Hon. G.A. Ingerson:** There was an increase of about \$3 000 per member. It has the same number of members as on the previous board. The honourable member also needs to note that Michael Gleeson, as the Chief Executive Officer, is not paid any extra for being a member of the board. There is also one extra board member because Michael Willson, who was there *ex-officio*, has now been replaced by a formal board member. That makes up the difference.

In relation to the final part of the question, yes, there are a number of employers on the board. It is my view that as employers, because they have direct involvement with employees, they will be expressing their views as much as do the employee representatives. It is not a board that has an industrial perspective in the sense of deliberately delineating

between employer and employee. Rather, it is a marketing board that is specifically designed to market tourism in South Australia.

Any industrial matters, should they occur within the industry, are taken up in the very regular meetings that I have with the Secretary of the relevant union. Previously that was with John Drumm, and as recently as last week I had a meeting with Geoff Carr. It was interesting that in the discussion with the Secretary of the Liquor Trades Union there was no concern about the representation on the Tourism Commission board. However, I note that the honourable member asking the question would see it from an industrial perspective more than from a tourism marketing perspective, which this board is designed to have.

**Mr CLARKE:** Has the Government any plans for the future with respect to increasing the span of opening hours of the Tourist Commission, either with respect to late nights or to take advantage of Sunday trading with more tourists allegedly in the Rundle Mall precinct or on Saturdays?

**The Hon. G.A. Ingerson:** In line with the need for tourism to be recognised as a 24 hour a day, seven day a week industry, the Travel Centre is currently open 364 days a year, the one day it is not open being Christmas Day. It is open from 9 a.m. until 6 p.m. Monday to Friday; 9 a.m. till 2 p.m. on Saturday; and 9 a.m. till 2 p.m. on Sunday. The weekend hours are currently being reviewed as part of the whole review of the Travel Centre, but we are now open seven days a week in line with our view that the industry is a seven day a week industry.

**Mr CLARKE:** With respect to the staff of the commission, in particular in the marketing branches, are any of those employees on employment contracts, special contracts of employment as against the awards?

**The Hon. G.A. Ingerson:** I understand that all the managers are on employment contracts, but in relation to the rest of the staff I will ask the Chief Executive.

**Mr Gleeson:** All the managers of the six departments at the moment are under contract, and it is a performance contract. At present there is no requirement for staff under that level to be on a contract. The Minister is now considering the employment conditions of all our staff, and even their conditions of employment will be similar to those of a performance contract.

**The Hon. G.A. Ingerson:** The reason why it is 'all staff' is that we have continued the decision of the previous Government that the commission should be separate and seen as a commission and not as a department. In that process we will be discussing with the union what the employment contract is to be; whether it is to remain under the GME Act as currently or whether it goes into an employment contract arrangement similar to that of the executives. That will be done in line with the recognition that the commission is a separate identity. All those issues will be taken up with the unions, as they have been in the past. It is purely and simply a negotiation process.

**Mr De LAINE:** What specific projects have been undertaken by the commission for the women's suffrage centenary year?

**The Hon. G.A. Ingerson:** We have been involved in the surveying of the projects and also in helping them to be promoted, but we have not been involved directly in any single project.

**Mr FOLEY:** Do I table these questions?

**The CHAIRMAN:** You put them on notice. You do that in the normal way as in the House, when the House of

Assembly resumes. You can give them to the Clerks now and they will have them printed on the Notice Paper in the normal way.

**The Hon. G.A. Ingerson:** Just on a matter of clarification of that issue, can those questions not be tabled as part of the Estimates Committees? I do not mind when we answer them, but I understood that last year some questions were put into the system and answered by Ministers. Can I have a point of clarification on that?

**The CHAIRMAN:** The member for Hart could give the Minister those written questions, you could respond to them, but they would not be recorded in *Hansard*. Some members like to have the answers recorded in *Hansard* as well as the questions.

**The Hon. G.A. Ingerson:** On behalf of the Government, can I ask that this issue be taken up again with the process of the estimates? I know this issue was put before the committees last year and it appears as if nothing has happened. Obviously, there are many occasions on which the questions are not totally put to this or any other committee, and they ought to be answered through this system. It seems to me that it is a bureaucratic problem and we need to resolve it.

**The CHAIRMAN:** I will ask the Standing Orders Committee to look at it, as the Minister has suggested. There being no further questions, I declare the examination of the vote completed.

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Minister for Tourism and Minister for Industrial Affairs—  
Other Payments, \$27 217 000.

**Departmental Advisers:**

Mr Geoff Ashman, Administration Manager, Adelaide Convention Centre.

Mr Ian Fraser, General Manager, Adelaide Entertainment Centre.

Dr Mal Hemmerling, Executive Director, Australian Formula One Grand Prix.

Mr Andrew Daniels, Finance and Administration Manager, Australian Formula One Grand Prix.

**The CHAIRMAN:** I declare the proposed payments open for examination and refer members to page 90 of the Estimates of Receipts and Payments and to pages 179 to 207 of the Program Estimates.

**Mr FOLEY:** My first question relates to the Adelaide Formula One Grand Prix. The events of the past are well documented and I suspect that the earlier hysteria around the reasons for this State losing the Grand Prix have since been clarified. I do not wish to revisit that, except to say that there were a lot of factors involved and, as has since been found out, the activities of the former Government were not a contributing factor to losing the Grand Prix. In terms of the future of the Grand Prix, the race next year in 1995 is causing the Opposition concern, given the closeness of that Grand Prix to the 1996 Melbourne Grand Prix. We are concerned that the potential exists for some major commercial difficulties for the Government and for the Grand Prix board to successfully stage a November race, with the obvious promotional activity that will be undertaken by the Melbourne Grand Prix organisers in the lead up to its first Grand Prix. Minister, can you discuss here today how the

Government intends to manage that process with the 1995 Grand Prix?

**The Hon. G.A. Ingerson:** As the member would be aware, the Government has a three year contract over the Grand Prix. The year 1996 has been agreed as the year for transfer to Melbourne. As part of that contract there is an agreement with the Victorian Government that it will purchase a significant amount of the assets and that the operating board in Victoria will use some of our senior staff in helping them to prepare for the Grand Prix in 1996. Also as part of that agreement the Victorian organising board has agreed to help us in making sure that any sponsorship continues through 1995, and the majority of our contracts are for two years in terms of sponsorship. At this stage we see no reason why the sponsorship dollars will be affected, even though those two races are very close together.

**Mr FOLEY:** You are confident, Minister, that this State will not face a further financial loss in excess of what we are budgeting for this year, by hosting the 1995 Grand Prix here in Adelaide?

**The Hon. G.A. Ingerson:** There was always a commercial risk that that would occur, particularly as the events are so close together, but as I said in my previous reply we have entered into an arrangement with the Victorian organising group to help us minimise that particular area. The contracts that we have for sponsorship have been taken out for the years 1994 and 1995, so the Government is attempting to minimise that risk. But clearly, as the member suggests, there is a risk, and at this early stage it is impossible to predict whether the risk is large or small. We are attempting as a Grand Prix board, and consequently the Government, to make sure that all points are covered and that we can lock people into that two year sponsorship as quickly as possible.

**Mr FOLEY:** Given that you have acknowledged that a risk, be it small or be it large, does exist with the running of the final Grand Prix here in Adelaide in 1995, will the Government give consideration to negotiating with Victoria for Victoria to take the race earlier than it had intended or, secondly, whether any arrangements could be entered into with Bernie Ecclestone and FOCA to make other arrangements? I say that because this is the tenth year. The Grand Prix has been a magnificent economic generator for this State and indeed I want to put on record that the work of Mal Hemmerling and the board has been absolutely brilliant. However, you obviously acknowledged, when you decided that the third race in that package of three should be given to Victoria, that the third race would be almost impossible for us to run. Are you prepared to look at making 1994 our last race and coming to some arrangement with Victoria and Bernie Ecclestone, so that we do not run the risk in 1995 of a commercial disaster?

**The Hon. G.A. Ingerson:** It is our view that it will not be a commercial disaster. I understand the comments made by the member for Hart, and clearly we will be talking to Bernie Ecclestone and to anyone else to make sure that, in relation to the event in 1995, all of the concerns that the honourable member has put forward are minimised. I also want to point out clearly that the Victorian organising group cannot run it in 1995 and they have already publicly made that comment, that they will not be ready to run it in 1995. We have a contract and, as the member would be aware, that contract has going with it some very significant financial liabilities. He would also be aware that that contract is impossible to get out of, or damn near impossible to get out of. So we do have some ongoing expenses irrespective of whether we run it or

not. It is our view at this stage and it has always been our view that the 1994 and 1995 events would be held in Adelaide, and the Government has not changed its mind on that point. However, I reiterate, I understand the risk, like anyone has in any previous Grand Prix. Every single year of which I am aware, the Grand Prix board has always been concerned about its present and future sponsorship, and I do not believe that the situation is any different today than it was for the previous nine Grand Prix.

**Mrs HALL:** I compliment the Minister on his choice of jacket. Will he give a commitment to wear that jacket on the day of the Grand Prix? Can the Minister confirm that the national program 'Hey, Hey, It's Saturday' will be staged from the Grand Prix track this year? If so, what benefits will flow from this most significant event?

**The Hon. G.A. Ingerson:** I am wearing a South Australian made jacket. It is a product that hopefully will sell very well in the lead-up to and during the Grand Prix. I am not sure of its retail price, but they tell me if you put up \$110 you will get it. It is a product of South Australia, and we should be proud of the fact that a lot of the merchandise that has been built up over the past nine years has been made in South Australia. This particular manufacturer is now manufacturing very profitably in South Australia.

'Hey, Hey, It's Saturday' is a national program and has a very widespread viewing audience. The Grand Prix Board believes that it will be an important adjunct to the Grand Prix this year. It will be held on the Friday evening. Also, some part of it, including the guests, will be at the concert on the Sunday evening. At this stage all those guest artists have not been announced, but it will be an all Australian program. We will be making sure that we get the best value we can out of advertising and promoting 'Hey, Hey, It's Saturday'.

**Mrs HALL:** In addition to the significance of 'Hey, Hey, It's Saturday', can the Minister inform the committee of the business and promotional opportunities that are being made available to promote South Australia at the Grand Prix circuit this year?

**The Hon. G.A. Ingerson:** This year there will be a large business expo at the rear of the Pit Straight grandstand. This expo can be attended by gold ticket or corporate ticket holders and will feature South Australian and Australian companies displaying their wares, as well as a specific South Australian food and wine display and promotional area. The Government will invite 40 South Australian companies to bring into the State any person that they believe will benefit the State in terms of trade, and the Government will pick up their tickets to the Grand Prix and encourage those 40 companies to use the Grand Prix weekend to show them their businesses. On the Saturday morning there will be a special promotion by the Premier and the Minister for Industry, Manufacturing, Small Business and Regional Development to sell the South Australian direction to those 80 people, so that we can use the Grand Prix in a very positive sense to extend the business opportunities of the South Australian community.

**Mr FOLEY:** I am sure the Minister would appreciate that it is appropriate that we scrutinise the allocation of money for the Grand Prix for 1994, which has a \$4.5 million increase on 1993-94. I assume that a great proportion of that is due to the need to pick up the major sponsorship role. Will the Minister detail the break-up of the \$11.8 million?

**The Hon. G.A. Ingerson:** Deficit funding for the event includes the payment of \$8.48 million to FOCA (which last year was \$7.35 million). It includes an extra \$1.4 million for

the Australian Formula One Grand Prix share of the purchase of naming rights to the event by the Government. As well, another \$3.3 million is made up of a direct payment to Allsopp, Parker and Marsh of \$1.4 million (which is the company that owns the international commercial rights of the Formula One series), and a support sponsorship of \$1.4 million. The combination of those amounts will give you the background sponsorship and cost of the event. This year, as in previous years, the event, in essence, will run at an operating profit. The reason for the deficit is purely and simply the commitment of the Government to pay the fee to FOCA and any other advertising and promotional fees. The actual event is managed very well by the Grand Prix Board. That is one of the reasons why its management has won so many awards.

In relation to the need for us to make that sponsorship commitment, there is no doubt that the history of the Grand Prix and the fact that we lost the event—which was partly due to the previous State Government and to the fact that the event at some stage had to be bought by someone else, whether that was Victoria, Indonesia or Malaysia—has required us to become the major sponsor. The value in being the major sponsor is that through the Tourism Commission and the branding of 'Sensational Adelaide' we will be able to promote all of South Australia—its wine industry and its tourism opportunities—and use this event on our national program and internationally through Star TV. Those costs will be picked up through the naming rights sponsorship by the South Australian Government. I believe that it is an opportunity we cannot afford to give away. It is an opportunity for us to put South Australia on the map, an opportunity with which I believe the previous Government should have done more. I think that one of the tragedies of the previous nine Grands Prix is that Adelaide and South Australia was not focused enough on the Grand Prix in marketing our State. There is no question that it did put Adelaide on the map in terms of the running of the event, but that was only for four days of the year. In my view we should have been using the Grand Prix to extend the tourism opportunities of Adelaide and the Grand Prix over a much longer period of time.

**Mr FOLEY:** I am glad the Minister has put on the record his acknowledgment that there were other forces involved in South Australia's losing the Formula One Grand Prix, none other than the fact that there was intense competition. To quote the Minister himself, at some point another Government or player would have bought the race. I think that was an important concession from the Minister. I was pleased to see the Minister also acknowledge that the Grand Prix is essentially a profitable organisation, if you exclude the year-by-year costs of the FOCA agreement, etc. If I can remind the people in this Chamber, the former Government for many years had to defend the Grand Prix in this very forum (Estimates Committees) from accusations of the then Opposition (now Government) that the Grand Prix was in fact a loss-making enterprise. I note the changing roles of the Minister and the Government; they are quoting back to the Opposition those very same points.

The skills developed by the Grand Prix Board, and in particular the skills developed by the Chief Executive Officer, have been a major contributing factor in the success of the Grand Prix over 10 years. That person was subject to some very strident criticism from the previous Opposition and other players. What measures is the Government taking to ensure that this State does not lose the skills of the said person and his team? I hope that the Minister and the Government will

see a future role for the Chief Executive and the team, and the skills that have been acquired.

**The Hon. G.A. Ingerson:** I cannot let the honourable member get away with believing that it was only external forces that caused us to lose the event. I think there was a fair amount of carelessness right through from the previous January to the final signing of the event with Victoria by Ecclestone. I am not here to apportion blame but, if I were going to, it would be 70 per cent the fault of the previous Government and 30 per cent other factors. That was yesterday, and there is no value in our going back to yesterday.

As I mentioned earlier, the Events Corporation will be set up in the next few weeks. We intend to use the skills of the Grand Prix Board to enable us to set up that corporation. We in South Australia should make sure that the skills of everybody, whether they are in the Grand Prix Board or the general community, stay in South Australia. The only way we will do that is to turn around the economic mess that we were left and end up with an economy that enables people such as those employed in the Grand Prix Board to stay in South Australia and to be part of the development of future events, local or imported, of a similar ilk to the Grand Prix. In saying that, I recognise that there is probably no one single event in the world that rates as highly as the Grand Prix. However, we will not have it in two years' time, and we need to prepare ourselves as a community to make sure that we have future events and that we do not lose the talent that has been developed here in terms of the Grand Prix.

**Mr CAUDELL:** With reference to the generator effect attributed to the Adelaide Convention Centre, can the Minister further explain what that means to the South Australian economy in money terms?

**The Hon. G.A. Ingerson:** Information has been provided by the KPMG Peat Marwick economic impact study of 1993 which indicated the net economic impact of international convention delegates to South Australia is \$2 948 per delegate, whilst that of a national association delegate is \$1 047 per delegate. In both cases, it excludes the air fare and transport component. It is estimated that on average less than 10 per cent of the delegates' total expenditure is spent within the convention venue in the form of registration fees, with the bulk of what they spend going into accommodation, shopping on Sundays (I wonder how that got in there!) restaurants, entertainment, etc. Another interesting statistic established by a survey conducted by the Australian Tourism Commission is that the average convention delegate spends five times the amount of the average tourist. This would largely be as a result of convention delegates being sponsored by their company or association to attend the convention, or as a private operator attending and receiving a taxation concession on their business related component of the convention. In either case, a delegate has more available dollars to spend if some of their total costs are absorbed.

It is also important to note that we achieve some 14 per cent of the national market in this area, and it is due primarily to the management and the board of the Convention Centre over the years to be able to get out in the market and make Adelaide an attractive venue. The major attraction to it is the fact that everything is so close in relation to the Convention Centre, with the Hyatt, the Hilton and all the other major hotels not being far away from the Convention Centre. They can also spend some time on North Terrace looking at our Museum, the Art Gallery, and so on. When we get Sunday trading, we will also have an extra benefit of having the city, which is only a dropkick away, open seven days a week. I

expect this \$2 948 per delegate to increase considerably when they have an opportunity on Sundays to leave behind more of their tourism dollars.

**Mr CAUDELL:** What operational efficiencies have been created at the Adelaide Entertainment Centre?

**Mr Ashman:** As far as operational efficiencies are concerned, we attempt to operate as commercially as possible. We are always out to make as good a profit as we can on all functions. Of course, with conventions the main role in our place is to get the delegates into Adelaide and South Australia. As the Minister mentioned, they would spend only 10 per cent of their overall expenditure in the venue. So, the main role of the Convention Centre is to get the delegates into Adelaide so that they can put money into the economy. Having said that, we intend to operate as profitably as possible and be as efficient as possible.

**The Hon. G.A. Ingerson:** Last year, we had an annual turnover of \$11.3 million, with an operating profit of \$1.79 million, and that is the highest profit the Convention Centre has made. There has been a significant increase in the usage of the centre, and it is our Government's direction to the board to continue to improve the overall efficiency by use of enterprise agreements and such like. The honourable member opposite would note that the STA has an enterprise agreement with the Convention Centre, and I understand that that agreement is about to be renegotiated. I am quite sure that the current secretary will be keen to make sure that that new agreement stays within the State system.

**Mr FOLEY:** For obvious reasons, there is a Government subsidy or allocation to the operating of the Convention Centre. This year we have seen an increase of nearly \$1 million, which is a substantial increase in the grant to the Adelaide Convention Centre. Why is this grant increasing at such a significant rate, well in excess of the prevailing inflation rate? Does the Government have any intention of seeing whether it can in any way reduce the operating deficit or the grant that has to be applied to the Convention Centre? Are programs in place to try to rein in that funding?

**The Hon. G.A. Ingerson:** Unfortunately, one of the problems that we have inherited is that the lease is what we could be described as an index balloon lease. It highlights some of the negotiations of the previous Government in terms of leases for some of what I call social infrastructures. In my view, that cost ought to have been picked up by SAFA or by State Treasury and then written off as a social benefit to the community. In essence what is happening is that, because this social investment by the previous Government is being brought to account in this area, we are experiencing a huge increase in the lease appearing on the accounts, and that almost makes the centre look as though it is bankrupt, whereas in reality it is a cost of the Government's having decided to invest in the Convention Centre in the first place.

We are currently negotiating with Treasury to have the accounts changed so that it will reflect purely and simply the operating costs, expenses and income of the centre and to have noted at the bottom of the accounts the amount of money required to meet the debt entered into by the Government when it built the Convention Centre. That is the only fair way to represent the effective operating nature of the Convention Centre. Negotiations are currently proceeding with Treasury.

**Mr FOLEY:** I refer to the Entertainment Centre. The Minister and Treasurer are both on the record, one saying that it is for sale and the other saying it is not for sale. Will the Minister clarify for us who are concerned about the future of

the Entertainment Centre: is it for sale or are you categorically ruling it out as an item for sale?

**The Hon. G.A. Ingerson:** It is not the Government's intention to have the Entertainment Centre up for sale. That was the comment I made in the House a week or so ago and that stands.

**Mr FOLEY:** If that is the case, why is the Government continuing to negotiate in good faith with the Basketball Association?

**The Hon. G.A. Ingerson:** It is discussing with the Basketball Association the use of its own centre, the Clipsal Centre, negotiating on any future financing and changes that they may desire to their current loan on their own building, and negotiating with the Basketball Association generally about where it sees entertainment going in South Australia. No discussion is going on with the Basketball Association at the moment in relation to the takeover or management of the Entertainment Centre.

**Mr FOLEY:** The Netball Association of South Australia has no doubt had talks with the Government and that may well include the Minister. It is of the view that it should have its own free-standing stadium. What is the Minister's opinion and is the Government inclined to consider the building of a further facility for the Netball Association?

**The CHAIRMAN:** I am intrigued as to which line this is on.

**The Hon. G.A. Ingerson:** As I am not the Minister responsible for the Netball Association or for sport, I have had no negotiations with the Netball Association as to any future stadium. We will be talking to the Netball Association with my responsibility as it relates to the Adelaide Entertainment Centre if it wants to use it as a possible alternative. At this stage there has been no discussion from me or the Entertainment Centre management in relation to netball.

**Mr FOLEY:** I meant that clearly the Entertainment Centre is an under-utilised facility, and it appears that better use could be made of that centre; one way of doing that would be to encourage the Netball Association, for example, to become a participant in the Entertainment Centre.

**The Hon. G.A. Ingerson:** I understand that some time ago, under the previous Government, discussions were held in relation to netball using the centre, but I have not had any. Since the honourable member is so enthusiastic about it, we could pass over that information to the Minister for Recreation, Sport and Racing and ask him to take it up with me to see whether it is a possibility.

**Mr BROKENSHIRE:** I have heard mention of the impact and worth of international conventions. Will the Minister provide details of any particular international conventions, referring to the number of delegates and the countries they represent?

**The Hon. G.A. Ingerson:** The Australian Association of Convention Bureaux has conducted a statistical report on the scope of the meetings industry. In particular, it surveyed the International Nutrition Conference held at the Convention Centre in September 1993. The following details were collated from the survey: the total number of delegates was 2 789, made up of 814 Australians and 1 975 international delegates. Total countries represented were 105. Major countries represented were, from Japan, 394; USA, 321; United Kingdom 118; India, 82; Thailand, 71; and Indonesia, 43. The number of accommodation establishments used were 34, with an average stay of five nights. Tours undertaken whilst in South Australia included the Clare Valley, Barossa, Cleland, Adelaide Hills, Warrawong Sanctuary, Southern

Vales, Adelaide City, Koorong, Kangaroo Island and Flinders Ranges.

The net economic impact to South Australia was assessed by this body as \$7 million from 2 789 delegates. These survey results graphically illustrate the value, particularly of international conventions, to the State's economy.

I now refer to one of the things we are doing in this area: along with ACTA, we are currently in Singapore and Hong Kong this week attempting to negotiate a 1997 convention here in relation to the Hong Kong Entrepreneurs Association. In Singapore we are attempting to encourage a group of Singapore entrepreneurs to come also in 1997. The importance of international events at the Convention Centre is enormous. There are almost two and a half times the amount of dollars spent per delegate on international visitors to international conferences than there is on the ordinary tourist visitor. It is an area which we will continue to promote. The Government has put an extra \$100 000 into ACTA this year to ensure that it has adequate funds. It now has a grant of \$450 000 a year as the convention bureau to ensure that this sort of dollar continues to come to South Australia.

**Mr BROKENSHIRE:** What was the outcome of the Hindmarsh and Woodville City Council rates and taxes issue?

**The Hon. G.A. Ingerson:** It is my understanding that the Hindmarsh and Woodville City Council has now withdrawn its demand for the centre to pay rates and taxes at the local government level.

**Mr CLARKE:** I refer to the Grand Prix Board. To preface my question with a few opening comments, like the member for Hart I have certainly enjoyed the Grand Prix over the past 10 years and believe that the work of the former board, in particular the Chief Executive Officer and staff, have given outstanding service to this State. Unlike the previous Opposition we will not engage in a question time of carping, whingeing and complaining, which did so much damage to our retaining the Grand Prix in South Australia.

Having read the press recently, I agree that the Minister has shown that he is man enough to admit that he made a mistake and that he had learnt some lessons with respect to the whingeing and carping of events past surrounding the Grand Prix and the part it played with respect to the loss of that event to South Australia. With respect to the Minister himself scoring a coup such as gaining the Grand Prix for Adelaide, as did the former Labor Government, he may be in a position to crow far more loudly than he does now.

After that bipartisan approach I have taken, I note that along with his past hatchet-like approach to union appointees on boards, the Minister has sacked the Assistant Secretary to the Miscellaneous Workers Division, Mr. Noel Stait, from the Board of the Grand Prix. Mr. Stait had been on the board for at least a couple of years, and prior to him Mr. Barry Schultz was probably the inaugural board member from the time the Grand Prix commenced some 10 years ago. The union representative on the board has played an instrumental role over the years in ensuring that the Grand Prix was held in Adelaide free of any industrial disputation. Where problems arose they acted swiftly in ensuring that those industrial disputes, when in the offing, were quickly squelched and a satisfactory resolution arrived at. Why has the Minister again shown his penchant for sacking people irrespective of their merits—just simply because they hold a union ticket or are an official in a union?

**The Hon. G.A. Ingerson:** I thank the honourable member for his question and I note the fair number of tongue-in-cheek comments he made. I suppose that if we wanted to expose



skeletons in the closet we could do so, but this Government does not want to do that. We clearly recognise that the event has to go on. Irrespective of the failure of the previous mob to understand what has to be done in the signing of contracts, we cannot do anything about it. That is the reality of the whole exercise.

Mr Stait was not sacked: his time as a member of the board had expired, and I asked Mr Michael Brock to take over that position. As I understand it, the Act does not in any way provide that there needs to be a representative from any group, whether it be a union or an employer. It is again important that we get on the record that his time on the board had expired and that he was replaced, not sacked.

**Mr CLARKE:** Are there any members of the board, as currently constituted, who have any particular expertise in handling industrial relations matters, in particular liaising with the range of unions involved in getting the events under way?

**The Hon. G.A. Ingerson:** Baulderstone's handles the on-site industrial relations as the principal contractor, and other consultants help us to ensure that the compulsory unionism clause remains in force on the Grand Prix site.

**Mr CLARKE:** Has there been any increase in payments made to board members in your time as Minister and, if so, what are the amounts involved?

**The Hon. G.A. Ingerson:** Board members are not paid; no contribution is made to board members.

**Mr CLARKE:** Difficulties were reported in the press earlier this year, with some promoters threatening boycotts of the Entertainment Centre because of the VIP boxes and the fact that they were not getting what they believed was a share of the takings from VIP guests attending the centre. How have those difficulties been overcome and have promoters been able to get their sticky fingers on any additional proceeds beyond that to which they were already previously entitled?

**The Hon. G.A. Ingerson:** The Adelaide Entertainment Centre is now recognised as the most cost efficient entertainment operation in Australia. The venue cost to promoters at other Australian venues averages between 18 and 22 per cent as a percentage of ticket sales compared to 15 per cent in 1993-94 for the Adelaide Entertainment Centre. This is principally due to the fact that over the past two years very substantial productivity increases have been achieved in all sectors of the centre's operation. Fixed staff costs have been reduced by 56 per cent and are now 69 per cent lower than in the first year of operation of the centre under the previous Government. Total overheads were down 25 per cent in 1993-94 as compared to 1992-93. In essence, instead of having 22 full-time staff, we now have eight full-time staff. Any events that we now run are calculated on the number of casual staff we need to bring in to make the operation work.

The whole corporate box saga came about last year because our fixed costs were so high, and also because the previous Government was not prepared to sit down and work its way through the resolution of that issue. It is all based on costs. Once the costs came down the issue of the corporate boxes disappeared. At the moment there are no problems in relation to corporate boxes because when a promoter comes in he or she is getting the centre so cheaply relative to other States as a percentage of their sales that there is no longer an issue. It is a pity the previous Government did not look at that instead of jumping up and down and creating the problem of the corporate boxes.

**Mr CLARKE:** I refer to the centre's projections, and I am not sure how far out the centre goes in relation to occupancy—whether it is 12 months or even further. There has been some criticism, and I have not been a party to that. I am just interested in knowing—

*Mr Caudell interjecting:*

**Mr CLARKE:** The member for Mitchell misunderstands: I am not a knocker and a whinger, like you lot were when you were in opposition.

**The CHAIRMAN:** Order! You cannot refer to the honourable member as 'you'.

**Mr CLARKE:** I want to see these things take off. There was some criticism as to there being a number of vacant time positions for promoters to be able to utilise the centre, and it was subject to some criticism by the current Minister when he was in opposition. What is the position today?

**The Hon. G.A. Ingerson:** The general improvement in the centre means that we have a significant increase in bookings. However, for those details I will ask Mr Fraser, the manager of the centre, to give a more detailed answer.

**Mr Fraser:** The centre is expecting to stage 61 events by Christmas, which is a very significant increase in events occurring at the centre. It represents more events in this first six months than for the full year in 1992-93. Forward bookings are very substantial indeed. We can talk about 200 event day bookings. However, the more important statistic is that of contracts held, where promoters have actually signed on the dotted line and paid their deposit. We are currently holding 30 event day contracts, which is five times the number of event days contracted this time last year.

**The Hon. G.A. Ingerson:** There has been a very significant turnaround. It is due to two things: the reduction in costs and the very significant push by the management of the centre to get better utilisation. Again, I put on record the significant input that the management team at the centre has had in a very difficult environment. One of the things that needs to be put on the record is that in the past three years the number of international shows coming to Australia has significantly dropped. It is my advice that we have not missed any of the shows coming to Australia that would normally have come to Adelaide. We need again to put into context the fact that the Entertainment Centre is working in an environment that is not as hopeful as that which was projected when the centre was developed.

Again, I make the point that if the previous Government had had any heart we would not have had the basketball centre and the Entertainment Centre. When comparing our two-arena scenario with the situation interstate, one sees that basketball is the foundation of the use of entertainment centres and the like. The previous Government here allowed basketball to move away from the Entertainment Centre and did not ensure that we had only one centre. Unfortunately, that history will live with us for some time. Again, we cannot do anything about it; we have to live with the fact that we have two centres and must make sure that they work together and are compatible.

#### **Membership:**

Mrs Geraghty substituted for Mr Foley.

**Mr CLARKE:** I am pleased to see that the Minister has found the road to Damascus much more quickly than on other issues and has decided that the Entertainment Centre will not be sold. However, the Treasurer has indicated that that is still an open issue as far as he is concerned. The Minister has

made quite a strong statement here today, but I want to be more particular about it, given that the Treasurer on a previous occasion when in opposition replaced the now Minister as Deputy Leader of that Party. I would like to know the strength of the Minister's statement. Is it a decision of the Cabinet that the Entertainment Centre be off the 'for sale' list of assets?

**The Hon. G.A. Ingerson:** You need to put into context the two statements that were made by me and by the Treasurer. The Treasurer said in the House the other day that, as far as he was concerned, the Entertainment Centre would be sold at a realisable and realistic value. When you put that into context with what I have said, that there is no intention of the Government to sell the centre, the two comments are very similar. The reason why the two comments relate is simple: we believed in opposition that the Entertainment Centre had a commercial value of about \$20 million to \$25 million. On coming to government we realised that the profitability of the centre, if it were a commercial operation after tax, would be about \$800 000. If you multiply that by 10, which is about the realisable value you would get it for in the marketplace, that places a value of about \$8 million on the Adelaide Entertainment Centre.

My advice is that the land value and the building value are about \$8 million. So, you would have a Government in the marketplace attempting to sell an asset at its current realisable value, whereas the previous Government had paid \$55 million to build that centre plus the cost of the land, making it about a \$60 million venture. If, in the next five or 10 years, the realisable value of that property reaches somewhere between \$20 million and \$25 million, I suspect the Treasurer will probably have his way. In the meantime, it is just not a commercial or logical proposition. Clearly, there is no intention by the Government to sell the Entertainment Centre, because it is just not commercially logical. And it is as simple as that.

**Mr CLARKE:** As a supplementary question, is that a Cabinet position?

**The Hon. G.A. Ingerson:** I do not remember its being discussed in Cabinet. As the honourable member would know, even if I did remember, Cabinet discussions are not public.

**Mr CLARKE:** The decision, not the discussion.

**The Hon. G.A. Ingerson:** Neither is the decision public.

**Mr CLARKE:** It must be. Cabinet decisions are always public unless the members decide not to do something, I guess, because then the public does not know what has happened, but if a decision is taken to do something, obviously it ultimately becomes public, because executive Government should be accountable. My concern is that we have the Minister responsible for the Entertainment Centre saying 'It will not be sold', the Treasurer saying 'If it gets a realisable value'—and I appreciate the Minister's explanation of that point—so, in so far as the Government's position on this issue is concerned, there is not one; there are just two differing views between two Ministers. What the final result is, nobody yet knows. Is that an accurate summation?

**The Hon. G.A. Ingerson:** It is not an accurate summation, and all I can say is that I believe the honourable member is just on a witch-hunt to which he will not find the end, because the position is that it is commercially just not saleable. As I very clearly said, it is the Treasurer's view that, until it is realistically commercially viable, it will not be sold. So, I think the two situations are consistent.

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

*[Sitting suspended from 12.48 to 2 p.m.]*

Department for Building Management, \$13 069 000

#### **Membership:**

Mr Wade substituted for Mr Caudell.

Mr Ashenden substituted for Mrs Hall.

Mr Bass substituted for Mr Brokenshire.

#### **Departmental Advisers:**

Ms Anne Howe, Chief Executive Officer,

Mr David Mitchell, Director, Human Resources and Marketing,

Mr Barry Miller, Director, Finance and Systems,

Mr Peter Hankinson, Director, Design, Maintenance and Construction,

Mr Roger Frinsdorf, Director, Other Accommodation Division,

Mr Barry Griffin, General Manager, Office of Government Employee Housing,

Ms Mary Patricia Marsland, Acting Director, Client Services, Department for Building Management.

**The CHAIRMAN:** I declare the proposed payments open for examination and I refer members to pages 85 to 89 of the Estimates of Receipts and Payments and to pages 209 to 227 of the Program Estimates. Does the Minister have a statement he wishes to make to the Committee?

**The Hon. G.A. Ingerson:** Thank you, Mr Chairman. This is the first presentation of the finances of the Department for Building Management. Currently under way is a major reorganisation of the Department for Housing and Construction (SACON) to create a new Department for Building Management. The department will have responsibilities in three key areas:

- policy and advisory support to government on asset management and building and construction issues;
- the provision of project risk management services to agencies for capital procurement; and
- commercial services (retaining the SACON trading name) which are competitive with the private sector.

This direction reflects developments in other States, such as Victoria, Tasmania, Western Australia and New South Wales, where there has been a radical reorientation of the role of State construction agencies to focus on asset management as a core function.

The Government believes that the new department, with its separation of policy advice functions from the provision of services, will enhance the State's management of its built assets and ensure that necessary public infrastructure is procured in a manner that minimises the risk to government. The creation of the Department for Building Management will be accompanied by the progressive 'untying' of SACON's traditional client agencies from the requirement to use the department's services except for the project risk management of works in excess of \$150 000 in value. In addition, it will continue to be mandatory for State Government agencies to use the services of the Office Accommodation Division and the Office of Government Employee Housing. An interagency implementation committee will oversee the untying process.

With broad future directions established for the Department for Building Management, work is now progressing on determining details of its structure, size and levels of business activity. A review of SACON's existing commercial services is being undertaken to determine their viability and identify options where appropriate. The services will only be retained where it can be demonstrated that they can compete in an untied environment with the private sector or provide a non-financial benefit to Government.

Furthermore, there is considerable potential for the department, as the Government's public works agency, to participate actively in the economic recovery of South Australia. It will offer a cooperative and supportive environment for the building and construction industry within which economic development can occur. By transferring functions from the public sector that may be more efficiently or more appropriately carried out by the private sector, the department will provide a stimulus for development. We will continue to rationalise and sell houses from the Government Employee Housing stock. In 1993-94 the department sold \$12.5 million worth of housing to repay \$7.8 million of debt, and a further \$4.5 million will be sold in 1994-95 to repay debt of \$4.2 million.

In this budget, the department's recurrent funding draw will be reduced from \$10.6 million in 1993-94 to \$7.8 million, producing savings of \$2.8 million for 1994-95, and it is expected that savings will progressively increase to about \$4 million in 1996-97, by which time the operating profit is expected to have turned around by about \$5 million. In addition, savings to operating agencies through efficiencies are projected to be between about \$4 million in 1994-95, rising to \$8 million in 1995-96 as more work is contracted out. Spending on heritage work for the restoration of historic buildings will increase from \$850 000 to \$1.35 million.

As the agency is restructured the level of the work force is expected to be reduced to around 600 FTE positions over the years to 1996-97. The workforce level, however, will be subject to the final structure of the agency and its range of activities. At 30 June 1994 there were 822 FTE positions, and over 1994-95 further reductions of at least 110 positions are expected. Most of the people surplus to requirement are expected to accept offers of separation packages, with the remainder being redeployed to other positions. I commend the report.

**The CHAIRMAN:** Does the member for Ross Smith wish to make an opening statement on behalf of the Opposition?

**Mr CLARKE:** Thank you, Mr Chairman. My statement in this area will be brief. Obviously the Opposition is very concerned with respect to the winding down of SACON's activities under the present Government. We do not support the wholesale contracting out of the business of the State with respect to its construction services to private industry, for reasons which will become apparent to Minister over time with respect to questioning. Ultimately we believe it will lead to false economies and shortage of skills within the Government sector and then the Government sector will be left to the vagaries of the private sector to fill that particular vacuum, and at a price which we believe will be dearer than had the Government done the work itself. In particular, of course, we are concerned at the huge reduction in the work force of SACON and the resultant drop in the morale of the employees within SACON, of those who are remaining, as to what their continued future within the Government service will be. My first question to the Minister is: what is the present level

of occupancy of Government owned office accommodation and what strategies are being put in place to maximise the occupancy of Government owned accommodation rather than privately owned buildings?

**The Hon. G.A. Ingerson:** Government owned and leased accommodation under the management of the Department for Building Management currently has an average uncommitted vacancy rate of 2.1 per cent, compared with a BOMA vacancy rate for the Adelaide CBD of 19 per cent. 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 practical, 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, which was started by the previous Government. Vacant space in leased accommodation is minimised through backfilling with new tenants or by direct negotiation with the landlord. The coordinated and centralised approach in 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 CLARKE:** With respect to competitive tendering, how will the Government ensure that the quality of the work that is contracted to and performed by private sector contractors is up to the Government's standard?

**The Hon. G.A. Ingerson:** All tender documents have listed within them standard procedures and quality levels as far as the Government is concerned. Any tenders that involve the private sector obviously include those quality standards. There will be no reason and there is no need for the Government to back off that. The major advantage for the Government in going to the private sector is price; the quality side of it has to be part of the contract.

**Mr CLARKE:** Will the Minister have sufficient inspectorial staff in SACON to visit the work sites for the jobs that are tendered out and won by the private sector to ensure that whatever is written in the contract is actually performed?

**The Hon. G.A. Ingerson:** Generally the answer is 'Yes', and we would be insisting that that be the case. I will ask Anne Howe, the Chief Executive, to give more detail on that question.

**Ms Howe:** We will employ a couple of strategies. As the Minister has already pointed out, the department will retain its responsibility in the procurement and management of contracts through its risk management function. Part of that process is ensuring that we get the right contractors in the first place. We are talking to industry about having a contracting consultant register whereby contractors are pre-qualified. That register would be drawn upon to invite expressions of interest from companies that we are assured have been through a quality assurance program.

Therefore, we will be making the right choices for contractors; then we will vigorously oversee the fulfilment of contracts. That may include inspectorial services on site, if necessary. The other aspect of the procurement of services for contracts under \$150 000, which ultimately will be the responsibility of individual agencies, is that we will be working with those agencies to ensure that their tendering procedures and contract management are in line with Government policy.

**Mr ASHENDEN:** The Financial Statement, Financial Paper No. 1 (page 2.7 under 'Public Works'), refers to the establishment of the Department for Building Management.

What are the reasons for this initiative? What possible financial and economic benefits might accrue from such a decision?

**The Hon. G.A. Ingerson:** It is widely understood within Government that there is a need for Government to move away from asset creation to asset management. The Audit Commission established that existing building infrastructure is ageing and that there is insufficient data as to its state of repair. Government agencies should be accountable for their assets and should have the choice of selecting the service for the maintenance of those assets. I think that it can be clearly seen that the role of the public works authority in relation to building assets is different today from what it was 10 years ago. Its core function should be asset management and expert advice to Government on the building, maintaining and disposal of building assets. The role of the former Department of Housing and Construction has therefore been changed to provide building asset management advice and manage the Government's risk in relation to building assets.

The agency was renamed the Department for Building Management, and the revised structure and mandate provided for a central policy and advisory capacity, risk management capabilities and a small service function undertaking only those competitive activities that could be justified in the commercial environment. The Government also believes that the Department for Building Management can contribute to economic growth by providing efficient and effective capital works budget and planning, making dealing with the Government easier for business, helping establish partnerships with the private sector and transferring low-risk activities to the private sector. The economic benefits from this decision are substantial. The business case estimates that the proposed changes will save the Government \$70 million over the next 10 years and will allow a substantial transfer of activities to the private sector, which is in line with Government policy.

**Mr ASHENDEN:** The Program Estimates, Program 5, under 'Maintenance and Construction Services', refers to workshops and construction. I understand that over the past few months SACON has been refurbishing a number of Department of Road Transport offices. How did SACON perform on these projects?

**The Hon. G.A. Ingerson:** SACON did a total of 14 Department of Road Transport offices: Adelaide, Port Pirie, Murray Bridge, Mount Gambier, Christies Beach, Prospect, Tranmere, Port Lincoln, Oaklands Park, Marion, Port Adelaide, Elizabeth, Berri and Modbury. All the work was performed during weekends working around the clock to ensure that the project was completed on time and that offices would be open for normal business hours without any inconvenience to the client, customer and the public. Letters of appreciation have been received from several offices regarding our workmanship, assistance and the attitude of the officers involved.

**Mr ASHENDEN:** I refer to the Program Estimates, Program 3, Office Accommodation. Given that private sector office accommodation vacancy rates are currently running at about 19 per cent, how successfully has the Government contained vacancy rates in its own portfolio of office accommodation buildings?

**The Hon. G.A. Ingerson:** We have an uncommitted vacancy rate of 2.1 per cent compared with 19 per cent in the Adelaide CBD. Generally our office accommodation is very well managed by the department. The Government is very happy with the results because, when you compare it with the

private sector, there is a very significant difference. As most of us would know when walking around the CBD and some of the inner suburbs, a lot of buildings are vacant and the same is not occurring in Government buildings. We are happy about that.

**Mr CLARKE:** In answer to an earlier question the Minister said that the Government's tendering procedures were that, for a value of \$150 000 or less, it would be left to each agency to determine where they got the work. How many individual groups of \$150 000 might be tendered for work during the next 12 months? How will the department ensure, if each agency goes about picking its own builder or contractor, that the maximisation of Government savings through, if you like, a bulk-purchase type plan is not lost by each agency going on its own?

**The Hon. G.A. Ingerson:** I will give a general reply and ask Anne Howe to give a more specific reply. The view of the Government is that if we untie some of the agencies we will reduce significantly the administrative costs. However, the Government is concerned that two things do not happen: first, that people with few qualifications are not involved in decisions as to accepting and managing the contracts; and, secondly, that we do not get many SACONs developing within agencies which might be part of the untying proposition. We will be monitoring that very closely. A section within the Department for Building Management will monitor smaller proposals in the early stages. We acknowledge the concern of the honourable member. The department will be keeping an eye on it.

**Ms Howe:** The individual agencies will work within a policy framework which sets procedures for the way that they can go about purchasing, and they will not be untied until those procedures are in place. The untying inter-agency committee is also reviewing the agency's skills, capacities and procedures in order to assess their preparedness to take those on. Again, they will not be untied until they are in place. At present we have a group of building services officers which at the local level manage many of these transactions, and there are well over 100 000 individual transactions. Predominantly those transactions are around \$139, and they are associated with breakdown maintenance.

However, with regard to the capacity to bulk up and purchase at a level that creates efficiencies, in the department we already have an asset management group which will be developing long-term maintenance plans for Government buildings on behalf of agencies and putting those out to tender. We have a number of pilot programs involving putting 15 schools into a cluster in which the maintenance plan for all those schools has been turned into a contract, and that contract is then let so that you get efficiencies on a larger scale, taking your point of the inefficiencies both in administration and potential loss of opportunities by individual jobs at a very low rate all having to be administered individually.

**Mr CLARKE:** With respect to inspectors—and I do not know whether that is the terminology used in the department now—going out to inspect the work that has been tendered for by the private sector, how many inspectors has the department to undertake that work, and how many did it have prior to the latest rounds of TSPs?

**Ms Howe:** We can take on notice the exact number, but it has been a small group for quite a while, because increasingly we are relying on setting contract outcomes where the outcomes are clearly set and then monitoring those contracts throughout the period and having clauses in the contract for work to be redone and the contractor taking responsibility

over a period after the contract has finished for any work that is inadequate. So through the contracting process we are attempting to deal with that, rather than employing armies of inspectors to go out and check.

**Mr CLARKE:** With regard to the Government employee housing area (Program Estimates, page 212), the estimated capital expenditure is \$5 million for 1994-95. In what areas of Government employee housing will that \$5 million be spent over the next 12 months?

**The Hon. G.A. Ingerson:** It is estimated that the money will be spent in the following areas: the purchase and construction of new houses, \$2 million; purchase of furniture and fittings, \$200 000 dollars; and the modernising and upgrading of the existing houses, \$2.8 million, giving a total of \$5 million.

**Mr BASS:** I refer to Program Estimates (page 212), 'Office accommodation and property services'. With the impending move of the Department of Environment and Natural Resources from the historical and heritage listed old Treasury building, what action is the Government taking to ensure ultimate uses of the building are determined within keeping of the building's history?

**The Hon. G.A. Ingerson:** A public registration of interest for possible joint Government and private use or totally private use is about to be issued on this building. This is expected to be completed to enable action to be planned when the Department of Environment and Natural Resources vacates the building in April 1995. The registration of interest has been prepared, and the background on the heritage aspects of the building, which are quite significant and which go as far back as 1839, has already been prepared. An extensive report by consultant Lothar Brasse, with advice from heritage areas of the Department for Building Management, has been prepared to identify the important heritage aspects of the building.

Also an extensive building audit has been carried out to determine the current condition and estimates of cost to bring it back to a standard befitting its character. Any prospective registrant of interest will have access to these documents and will be expected to consider them in their independent proposals. The Government is committed to the preservation of the building and intends to restore and better manage the significant cost of maintaining this important historical asset in partnership with the private sector. The registration of interest is expected to be issued in November this year.

**Mr BASS:** In the Program Estimates (page 212), there is a subprogram, 'Government employee housing—acquisition and disposal'. How many houses were sold during the 1993-94 financial year, and what were the net proceeds from the sales?

**The Hon. G.A. Ingerson:** During the 1993-94 financial year, a total of 211 properties were sold. This comprised 209 houses and two blocks of land and equated to 7 per cent of the total stock. Of these houses, 36 were sold to tenants under the home purchase scheme, and 175 were disposed of by the Department of Environment and Land Management, through public auction, after being identified as surplus to operating requirements. The net proceeds from sales totalled \$10.46 million, with a profit of \$1.484 million being realised. As a consequence, a debt repayment, paid from the capital receipt on disposal of \$7.8 million, was made to Treasury, equating to 10 per cent of the office's total debt. During 1994-95, a further 100 properties are earmarked for sale, with forecast net proceeds on disposal of \$4.815 million and a profit of approximately \$600 000. In addition, a debt

repayment of \$4.155 million is forecast. One of the reasons for the significant profits in the sale of these houses is that some of these houses are in excess of 20 to 25 years old and, consequently, the purchase price was very low when they were purchased.

**Mr WADE:** I refer to Program Estimates, page 220, under the program 'Government employee housing'. One of the broad objectives of that program was to provide housing assistance and housing services to eligible Government employees, etc. Has any assistance been given to tenants to help them maintain the gardens of these rented homes, particularly in relation to the recent reduction of water allowances?

**The Hon. G.A. Ingerson:** In 1992, a decision was taken to reduce water allowance available to employee housing tenants. This reduction was to be phased in over three years, with reductions from the previous allowance of 500 kilolitres per year to the community standard of 136 kilolitres being applied. To assist tenants to manage the grounds of houses they rent with less water, a garden improvement program has been introduced. The program, which was developed in conjunction with the Department of Primary Industries, State Flora Division, is aimed at helping tenants to adapt gardens to low water usage and to adopt practices which will reduce their water consumption. The program includes the provision of a range of advice and, in some cases, grants to assist conversion of garden areas to low maintenance gardens.

**Mr De LAINE:** With the drastic cuts in the seemingly unplanned method currently being used to give separation packages to public sector employees, what guarantee is there that adequately qualified inspectorial staff will be available to perform satisfactorily the task of inspecting work done by the private sector contractors?

**The Hon. G.A. Ingerson:** It is part of the general restructuring and the role of the chief executive, and management in particular, is to keep all staff fully informed of the direction the Government is taking. We have just undertaken a study on the services we give and the relationship that bears to other clients. We are also doing the commercial viability study, which is also looking at the short and long term operations of SACON. During that process, and once the studies are fully documented, we will be talking with staff to show them the direction in which we are going. During that process all future requirements of staff will be handled. In that process, as it unfolds as to the number of inspectors or advisers in terms of building management, we will be able to advise staff and consequently attempt to keep the best staff as we go through that process. There is no guarantee in any downsizing that all the staff you want will remain with the organisation, but by keeping the staff informed, which is the process we have taken, we hope to maximise those who want to stay with us.

**Mr De LAINE:** In answer to a previous question, the assessment of private sector companies to do contract work was mentioned. With that assessment and accreditation of private sector companies, who or what organisations will do the assessments?

**The Hon. G.A. Ingerson:** I thank the honourable member for the question. The Department of Building Management will do that assessment as it does now. In any private tendering in which we are currently involved there is always a list of preferred clients to use. I do not see that practise changing but, as more private operators get into the field, I see that list becoming broader and longer and the options of which people we use in particular areas will be expanded.

Having said that, the quality, requirements and standards that the Government sets will be a requirement for anybody who gets a Government tender.

**Mr De LAINE:** When looking at tender prices, will the Government maintain properly qualified staff to check the accuracy of the tender prices?

**The Hon. G.A. Ingerson:** Yes, as part of the restructuring, once the final make-up and direction is established by the Government (and that should be very quickly), all people needed within the new structure will be required to come up to concern qualifications. As an example, if we maintain the engineering section, we will obviously have qualified engineers within it. If we stay in the design process we will obviously have qualified people in relation to design. In terms of the cost accounting, if we are still in the area of construction, we will obviously need cost accountants. Whatever the final structure, we will need highly qualified and dedicated people to support the Government in making sure that its role is continued.

I make very clear that the Government has no intention of backing right out of its responsibility in terms of the management, particularly the risk management, of any major construction building projects in which we are involved. All we are doing in essence is saying that if it is not economic for the Government to do it we ought to be letting the private sector do it. In reality, at the end of the day the Government has to accept the responsibility for the expenditure of taxpayers' money with any building assets, whether it is maintenance or the building of new buildings, and we will need a highly qualified and dedicated group of people to ensure that the Government is continually protected.

**Mr WADE:** In program 5, maintenance and construction services, page 221, reference is made to enhanced customer service. I understand the maintenance and construction service has a phone-in hotline service to meet urgent client needs. On Saturday 25 June 1994 the Hallett Cove R-10 school was badly vandalised. Will the Minister respond to my question of how SACON's enhanced customer service reacts to this urgent maintenance need?

**The Hon. G.A. Ingerson:** There is a fair amount of detail in this. At 12.4 p.m. on Saturday 25 June 1994 policy security contacted SACON's van coordinator regarding obscene graffiti at Hallett Cove R (reception) through year 10 school. At 1 p.m. the van coordinator arranged for a painter employed by SACON and highly experienced in graffiti removal to attend the job. At 1.15 p.m. the painter arrived on site to find that every building had graffiti on the walls, windows and doors. The graffiti was extensive, obscene, abusive towards certain members of the teaching staff and overall a very bad graffiti attack.

At 2.30 p.m. the painter contacted his supervisor to request assistance for Sunday 26 June as he would not finish by start of school on Monday. At 7 a.m. on Sunday 26, the painter and his colleague (SACON's other graffiti removal expert) commenced work on the site. At 3 p.m. all graffiti had been removed and doors, windows, and walls had been restored to their original condition.

The reason for giving all of that detail is that clearly in these emergency situations and in this area of maintenance and removal, the SACON people concerned have done an excellent job in making sure that the school was back in working condition virtually within 48 hours of any notification taking place.

**Mr WADE:** In Program Estimates, program 5, maintenance and construction, page 221, reference is made to

construction services. I understand that the concept of partnering was used in the building of the Seaford Rise Primary School. Will the Minister explain the outcome of this partnering in relation to the building of the primary school?

**The Hon. G.A. Ingerson:** The total cost of the project was \$4.5 million. It was designed and built by SACON under the concept of partnering, which is an arrangement between the designer, client and builder to work cooperatively for each other's benefit. In the case of Seaford Rise, the project was completed under budget and two months ahead of schedule. The site had nil industrial problems and zero lost time injuries. Feedback to date is that the client is extremely happy with the way the project was handled. We are happy with the resultant school buildings. It is the sort of principle we would want to continue in any future contracts into which we enter.

**Mr WADE:** At page 212 in the Program Estimates, program 2, coordination of building management policy, I noted that 17 staff have been applied to the new program. Are they new staff, transfers or a mixture of both?

**Ms Howe:** At the moment we are interviewing for a Director of Policy, which position has been advertised externally and internally within Government. We have a number of people transferred from the Department for Building Management into that unit at the moment working on priority issues; for instance, the planning that needs to be undertaken to untie agencies.

The policy unit will fall into three main categories. There will be the internal services in the setting of the framework and policies for Government to guide the individual department's behaviour from a whole-of-Government point of view in the management of their assets, in the procuring of services and in the tendering processes. There will be a unit very involved in working with industry to ensure not only that we have a very competent bias of services within Government but also that the industry is developing and giving us very competent suppliers. The third group will be working at lifting the skills of individual agencies as they take on more responsibility for their asset management. That third group ultimately will reduce in number. The figure of 17 is really an expression of the need for very intensive, up-front work to get all of this off the ground and the agencies prepared to take on their responsibilities.

**Mr CLARKE:** My question to the Minister follows on from an answer he gave to the member for Price. What specific plans has the Government developed to put into place a procedure by which to identify and maintain a sufficient range of skills within the work force of the department to ensure that the Government will not be held hostage to private contractors over time? I refer, for example, to stonemasons, heritage restoration and other such essential work?

**The Hon. G.A. Ingerson:** As part of our restructuring, one of the issues on which we have spent some time is the role of the Heritage Unit. It is probably the only division within SACON that everyone believes should be retained, irrespective of whether it is a private or public sector view. Obviously, if that is the case—and it certainly is—the Government will require a group of people to be maintained not only in the actual job function at the workplace but also in the design and general control of the heritage building area. So, in that particular program, the Government will be maintaining all the skills and all the people that it currently maintains.

As it relates to other skills programs, as part of the restructuring, once that final decision is made as to how the

department will shape up, as I said earlier, we will be attempting to maintain all of the skills necessary and at the highest possible level.

**Mr CLARKE:** On page 89 of the Estimates of Receipts and Payments under the heading 'Non-business Activities' there is a reference to asbestos removal work and an estimate of \$750 000. Is that the total sum that has been allocated for the removal of asbestos from Government buildings within the State and, if so, how does the Government view the progress over time in relation to the complete removal of asbestos from all Government buildings, and are there sufficient inspectors within SACON to ensure that the work is conducted in a safe manner?

**The Hon. G.A. Ingerson:** The \$750 000 is the estimate of the possible program in the next 12 months. As the honourable member would have noted, the figure was \$897 000 last year. It is an ongoing process within Government and that is the figure that we believe will be required. I will ask the Chief Executive Officer for any further detail that she would like to add.

**Ms Howe:** In terms of office accommodation, audits for asbestos have all been done and asbestos has virtually been removed from all those buildings. Other Government buildings are being progressively audited and a plan for removal undertaken. There is no intention at the moment for there to be any change in that function as it stands or in the funding of that function.

**Mr CLARKE:** Does the department have a time frame for the removal of all the asbestos that has been identified, for example, in the former offices of the South Australian Tourism Commission on King William Street?

**The Hon. G.A. Ingerson:** The Tourism Commission building is up for sale and part of the sale conditions and contract price is that the asbestos be removed. So, anyone purchasing it will obviously have the removal price and the Government will supervise to ensure that that occurs.

**Ms Howe:** I will take on notice the honourable member's question about how far we have to go, and I will bring back an answer.

**The Hon. G.A. Ingerson:** The Tourism Commission is a special case and that is the position.

**The CHAIRMAN:** Are you satisfied with that, Mr Clarke?

**Mr CLARKE:** Given that the question is on notice, yes. I am unsure whether Government employee housing rents actually fall within the Minister's prerogatives, but I will soon find out. In particular, I refer to the basis for increasing any rents and whether the Government has determined a policy with respect to Government employee rentals. If so, will it approach the market rent theories as propounded in the Housing Trust?

**The Hon. G.A. Ingerson:** The Government has had a study done in relation to the whole area of Government housing and is obviously looking at the rental position, the rents being paid, the level of concessions and also whether it should enter into housing lease-back arrangements with existing employees. We will be working on the review of that whole area over the next two or three months.

There is a public employee advisory committee, through which we will be working if there are to be any changes at all in this whole area of rent being paid, subsidies and whether market rents are used or whatever. That process will go before that advisory committee, as has always been the case.

**Mr ASHENDEN:** I take up a point raised by the member for Ross Smith in his opening remarks. Does the Minister

care to comment on statements made by the honourable member in relation to the 'winding down' of SACON and the alleged cost increases that will supposedly flow from that decision? The Minister might like to place on the record the aims behind the steps that he has been taking in that area.

**The Hon. G.A. Ingerson:** Clearly, the Government, when it came to power, sat down and looked at a whole range of departments that were doing things the Government believed the private sector should be doing. There are a couple of prime reasons why we believe the private sector should be undertaking such activity. First, in almost all instances history has shown that the private sector can produce the goods more cheaply and at the same quality. Secondly, we had a whole range of employees within the Government sector who, unless there was a continuing Government building program, would basically have been idle because they could not be employed doing the work that they had traditionally done in the past.

The Government, as everyone would be aware, has inherited a mess and, in attempting to straighten out that mess, we have to make sure that we get the maximum return on all future investments, both recurrent and capital. In taking over, it was the view of the Government that some of the processes in which SACON was then involved should have been done by the private sector. It was with that in mind that we approached the department and said 'There are a few areas we believe you need to look at.' A very large number of people within SACON have chosen to take a TSP package, as has happened in many other areas of Government. As a consequence of that, there has been a more rapid downsizing in SACON than was initially anticipated.

**Ms Howe:** Already, SACON handles on behalf of Government a few hundred million dollars worth of work, or a little more than that, 70 per cent of which is already contracted out through SACON to the private sector. The reducing of numbers of particular employee groups really does not create the kind of risk some people may assume, because all we are doing is extending a process that is already under way. What is important is that we retain the skills and the people who are expert buyers of services, not necessarily expert providers of those services. To ensure that we get value for money, we need to have people in SACON who understand the industry and understand how to get value for the money the Government is using to purchase those services. That is what we are concentrating on through the policy unit and the risk management function.

**The Hon. G.A. Ingerson:** One of the issues that has been peddled around by the Opposition is the fact that SACON's functions are being dramatically wound down. The reality is that we are still controlling \$140 million worth of capital works and in excess of \$100 million in maintenance and client services, and a division of that magnitude cannot possibly be wound down to nil. The only thing that is changing is that we will not in the future do as many things as we did in the past. As the Chief Executive has rightly pointed out, already 70 per cent of these projects are going to the private sector. So, a fair amount of nonsense has been spoken over the trend that suddenly occurred, because that trend of 70 per cent was there before we came into government. It was the previous Government's policy to use the private sector in the building construction area as much as possible.

**Mr ASHENDEN:** In relation to the role that SACON will be playing in terms of being more supervisory and ensuring that works being undertaken meet standards, as Chairman of

the Public Works Standing Committee I would appreciate a comment as to the contribution that either the Minister or Chief Executive sees SACON playing in providing support to that committee.

**The Hon. G.A. Ingerson:** SACON will provide a very significant role to that committee. Because we are still the prime manager of contracts in the public area, there will be a very significant involvement in all the projects that will come before the Public Works Committee for review and support. Obviously, we will also be prepared to act as an adviser to the committee on request at any time, because the department will have significant expertise in the area of building management, particularly in risk management, and the committee will have the opportunity to use that expertise purely and simply by asking. As the honourable member would know, the committee does have a fair amount of power in its own right, but the Government is very supportive of the committee and very supportive of any information we can transfer.

**Mr ASHENDEN:** Page 71 of the Auditor-General's Report shows the reduction in salaried employees and weekly paid employees within the Department for Building Management, and it is quite noticeable that there has been a greater reduction in the number of weekly paid employees than in salaried employees. Is this a reflection of the fact that it is in the salaried employee area that the greatest expertise will be retained to provide the sort of support the Minister has talked of to the department and to the Public Works Committee?

**Ms Howe:** In the first instance, it reflects the ratio of weekly employees to professional administrative staff from the point where this downsizing started. The history, really, is a halving of the department's size every five years since 1980 when there were well over 3 000 people. It also reflects the risk assessment over that time as to what kinds of services you could get more efficiently and as well from another source rather than having those services provided in-house. In a sense, because there was a predominance of weekly paid people, it naturally led to that group's reducing significantly in size. More lately, the reduction has been about fifty-fifty, which again reflects reduction in overheads, administrative people and supervisory people at the same time as the weekly paid groups focus more on the sorts of services that are in demand that they can manage to do reasonably well and reasonably efficiently.

I expect that what you will see over time is a continuing decline as we reorganise to become more efficient, but I believe that will probably be equal weekly paid professional and administrative, probably with more administrative people coming down as we attempt to reduce our overheads so that we can be reasonably competitive. Overall, though, we will see some time in the future that the department will be concentrating on the highly skilled people, people with much experience in the business, who can contribute to that process of being expert buyers on behalf of Government from this industry for the kind of work that we need for maintenance and capital construction.

**Mrs GERAGHTY:** Previously, comment was made about the approximately 211 properties that were sold, which included a couple of vacant blocks of land. Have any substantial tracts of land been sold or is it likely that there will be any?

**The Hon. G.A. Ingerson:** I am advised that the two blocks were housing blocks, and we are not personally involved with any large tracts of land. We do not have any,

in essence. My advice is that the Urban Land Trust manages those and that the only land we have is housing land.

**Mrs GERAGHTY:** How many heritage listed buildings are managed or owned by the Government? My concern is the protection and safeguards on these buildings by way of specialised maintenance.

**Ms Howe:** At last count there were 300 State Government-owned heritage buildings on our list that we know of, many of which are owned by the Minister responsible for the given department, such as the Department for Primary Industries, Health etc. Our heritage unit provides a support and a service in that it undertakes an analysis of the maintenance and upgrading needs, then plans a budget over time to ensure that there is an upkeep, in conjunction with the individual agencies that have that responsibility. This year there has been an increase in the budget that will enable us to do a little more than we have in the past, but our role is really to provide the expert advice to those Government agencies that have responsibilities for those buildings, and to do the forward planning for their upgrading and their maintenance.

**The Hon. G.A. Ingerson:** In answer to a previous question I said that we do not hold any large tract of land, but it has been pointed out to me that we own Netley. So there is a large tract of land there, and there is quite a lot of vacant land there. Apart from that, all the other properties we own are housing, other than these heritage buildings that we hold on behalf of other departments.

**Mrs GERAGHTY:** In relation to the tract of land at Netley, are there any plans for its sale in any particular form?

**Mr Frinsdorf:** The Netley land, which is now called Netley Commercial Park, was commercialised a couple of years ago, with the result that we have created a management plan for the site and we are using that as the consolidation site for the sale of a whole lot of peripheral properties in the State that have an industrial or warehouse focus. At the moment, there is a very high occupancy rate in the existing buildings, and the plan has also identified a tract of land (I think it would be about 30 or 40 per cent of the site) that could be sold. The current market conditions are not suitable for sale so it is being held until market conditions improve and also to see whether there are particular activities that can maximise the use of that land. But at the moment it is being treated as commercial holding and is producing commercial returns.

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

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Department for Industrial Affairs, \$30 292 000

**Departmental Advisers:**

Ms M. Beasley, Chief Executive Officer.  
 Ms J. Taylor, Director, Corporate Services.  
 Mr P. Case, Director, Industrial Relations.  
 Mr C. Carter, Director, Planning and Review.  
 Dr M. Lewis, Director, Occupational Health Division.  
 Mr B. Apsey, Director, Regional and Technical Services.  
 Mr T. O'Rourke, Manager, Corporate Services.  
 Mr W. Cutts, Senior Finance Officer.

**The Hon. G.A. Ingerson:** The Department for Industrial Affairs is a relatively new agency formed in 1993 following



the Government's election to office. We considered that there needed to be a new focus for the implementation of key initiatives in industrial relations and occupational health and safety, which were priority areas of policy reform. The department now consists of the Industrial Relations Division, the Regional and Technical Services Division, the Occupational Health Division, the Corporate Services Division (which includes the Government Occupational Health and Safety and Compensation and Rehabilitation Unit) and the Planning and Review Division.

From the outset I was conscious of the need to ensure that the operations of the department were not duplicating functions carried out elsewhere either in the public or private sector and, if they were, there was justification for doing so. The Chief Executive Officer, with my approval, established a small review team to look at the department, in particular to investigate and report on its functions, operations and organisation. The review team was asked to address the role and objectives of the Department for Industrial Affairs within the context of Government policies, the most appropriate organisational and staffing arrangements for the efficient and effective performance of these functions, the functions of and relationship between WorkCover, the then Occupational Health and Safety Commission and the department, and to provide an outline for the best organisational structure for the department.

Since December 1993 the department has developed into a key agency in the implementation of major reform policies of the Government. I refer to the implementation and ongoing administration of the new Industrial and Employee Relations Act and key initiatives in occupational health, safety and welfare in the public sector. The department's role as espoused in its newly released corporate plan is to promote and encourage effective occupational health, safety and welfare and industrial practices in South Australia by informing and educating employers and employees of their responsibilities, rights and obligations and, where appropriate, enforce compliance with the relevant legislation.

The department's charter is to contribute to the economic development and sustainable growth of the State by working with the private sector, the public sector and the community to promote good industrial relations practices, promote and protect the health, safety and welfare of people at work, promote the introduction of enterprise bargaining and promote the better management of workers compensation in the public sector.

The department's responsibilities fall mainly into two areas: industrial relations and occupational health, safety and welfare. The first area of industrial relations reform is particularly important in setting the agenda for key economic and social reforms in industry across the State. Our industrial initiatives will make it possible for South Australian industry to compete with interstate and overseas industry on an equal footing unfettered by unnecessary red tape and associated Government costs. The new Industrial and Employee Relations Act, which came into operation on 8 August 1994, has become the central focus of activities of the department. This Act establishes a new State industrial relations system which provides an unprecedented opportunity for the development of real enterprise agreements in both union and non-union sectors of industry. This new Act presents choices and challenges to both the private and public sector in South Australia. Already the department is meeting these challenges by working closely with employers and unions in explaining

these key reform initiatives, particularly the small and medium size business sector and its work force.

Within the public sector one of the main focuses for the department has been and will continue to be the implementation of enterprise bargaining. The Government has, through the department, extensively consulted with unions about ways in which the Government's policies can be introduced within the framework of enterprise bargaining. The Government has been most concerned that this consultative process be undertaken and continue in the context of the clear mandate of the Government to introduce industrial reform to our public sector. The department plays a key role in negotiating with all parties in the public sector and also providing advice on industrial relations in the private sector.

The department is responsible for the administration of shop trading hour laws in South Australia. The department has played a key role in assisting the Government to implement its policy reform agenda in relation to shop trading hours. In particular, the department provided secretarial support to the independent committee of inquiry into shop trading hours which I established in February this year. That committee reported to the Government in June, and on 9 August I made a ministerial statement which outlined the Government's reforms in this area.

This Government is also concerned about the spiralling cost of workers rehabilitation and compensation. Within Government, the Premier and I directed that all Chief Executive Officers must reduce the incidence and cost of compensation and rehabilitation by 30 per cent over the next three years. Each Chief Executive Officer has been required to include in their performance agreement with their Minister and the Premier measurable objectives designed to achieve this requirement. The department has developed a range of initiatives designed to assist agencies and to make them more accountable for rehabilitation and compensation and to be more directly responsible for ensuring the implementation of improved occupational health and safety practices.

All major indicators show that the number of claims and associated cost of Government workers rehabilitation and compensation are reducing. As far as new claims are concerned, there has been a marked decline since 1989-90 from the high of 6 888 to 5 962 in 1993-94. During this period claims where time off was required were reduced from 3 826 to 2 375. The number of claims made where there was no time lost at all has conversely increased from 3 062 to 3 587. The department is also actively involved in the development and implementation of some major projects that will assist in the reduction of stress as a major cause of compensable injury in the public sector. Two key projects relate to the early identification of potential stress problems with a view to reducing and eventually eliminating them as an issue, and the other directed towards the early return to work of employees where stress has been identified as the issue.

As far as the latter project is concerned, it is now being piloted in four diverse departments which have a range of experiences with stress and the administration of the associated processes. In 1992-93 stress accounted for 9.3 per cent of all claims lodged and 32.8 per cent of the total compensation cost. It is pleasing to note that in 1993-94 stress claims decreased and accounted for 8 per cent of all compensation claims, and more importantly the cost of stress claims accounted for only 27.1 per cent of the total. The department will continue to provide all agencies of Government with the

tools to further reduce the incidence and cost of rehabilitation and compensation.

The Government regards it as a policy priority to ensure that employers and employees work in a safe and healthy workplace and understand their mutual responsibilities in this regard. This results in fewer absences by employees either on compensable or other types of leave, reduces the cost of employment, assists in increasing productivity and consequently assists in the sustained economic development of the State. Not only are Government agencies under increasing pressure to improve markedly their occupational health and safety practices, but the focus is also on the private sector.

It has been shown in the past that simply adopting a punitive or legislative approach has not had the desired result in reducing injury in the workplace. The department, together with WorkCover, will introduce a range of measures to target specific industries and also specific sections of industry to provide educative and advisory services as a first priority.

**Mr CLARKE:** The Opposition, as is well known to the Committee and to the general community, is utterly opposed to the amendments that have been made with respect to the Industrial Relations Commission in South Australia, believing that they have seriously compromised the independence and integrity of that body and hence the flight of tens of thousands of employees, including many of the Government's own employees, to the Federal award arena to seek protection. Likewise, the Opposition is opposed to the changes recently made to the Workers Compensation Act and that which is mooted in February next year when proposed amendments will be made to the Act. I will not further take up the time of the Committee other than to say that there is no bipartisanship with respect to this matter, as would be well known, and I look forward to getting into the nitty-gritty of Committee questioning. Looking through the accounts, I did not see any figures placed as to the value of the targeted separation packages given to the former President of the Industrial Court and Commission (Justice Brian Stanley) or to Commissioner Perry. What were the values of those TSPs for each of those two gentlemen?

**The Hon. G.A. Ingerson:** As Minister, I was not involved in any of the negotiations. The Commissioner for Public Employment was involved in that negotiation and, as I have no responsibility to him, I do not know the answer.

**Mr CLARKE:** Is the Minister saying that he, as a member of the Cabinet, does not know what the Government paid to former President Stanley or former Commissioner Perry with respect to their targeted separation packages?

**The Hon. G.A. Ingerson:** I am aware of the total figure, but I cannot tell the honourable member the exact figure because I cannot remember what it is. As a member of Cabinet, I was aware that a targeted separation package was given to those two people concerned. As it was a recommendation of the Commissioner for Public Employment, Cabinet made the decision accordingly.

**Mr CLARKE:** What is value of the TSP packages, either in total for the persons concerned or individually?

**The Hon. G.A. Ingerson:** I cannot provide that information, but we will get it and provide it to the Committee.

**Mr CLARKE:** How does the Government, particularly the Minister, justify the payment of TSPs to these office holders when neither was in a redundant position and when one has been replaced in clear breach of the eligibility provisions for separation packages in the Government?

**The Hon. G.A. Ingerson:** It is my understanding that there has been no breach of TSPs in either case. A fair

amount of furphies have been spoken by the Opposition and by many people in the industrial arena in terms of how those two packages came out. Initially, the President made an offer to retire to me as Minister. He then withdrew that offer, and the processes were then picked up by the Commissioner for Public Employment and proceeded with after that comment. I had no involvement at all with Michael Perry; that was handled by the Commissioner for Public Employment.

**Mr CLARKE:** I take it then that, when the Minister said he was not involved in discussions with former Commissioner Perry or directly involved with Justice Stanley, he had no personal contact or discussions with either of those gentlemen with respect to their resignations from the commission?

**The Hon. G.A. Ingerson:** I repeat that Judge Stanley came to me and my chief adviser and said to us that he was prepared to retire, provided that certain conditions were met. Shortly after that, he withdrew that offer. From that time on, I had no involvement at all in the retirement package of Judge Stanley, with him personally, or with the Commissioner for Public Employment. I was not involved at all in the negotiations at any stage with Commissioner Perry; in all circumstances that was handled by the Commissioner for Public Employment.

**Mr CLARKE:** How can the Government justify the payment of targeted separation packages to two persons who are occupying positions which were not and are not redundant now, and where replacement people are being sought to fill those vacancies? That is in clear breach of the eligibility provisions with respect to targeted separation packages everywhere else within public sector employment.

**The Hon. G.A. Ingerson:** Judge Stanley's package and his retirement from that position was supported by the Chief Justice, and I am aware of that fact because I was advised of that by the Attorney-General. Any inference that the Government might have acted without the involvement of the senior Chief Justice is incorrect. He was fully aware of the retirement procedures and endorsed them. As far as Commissioner Perry is concerned, that was negotiated by the Public Employment Commissioner, and I had no involvement in that at all. I would have thought that, if any commissioner or judge decided to retire and guidelines were set by the respective heads, in this case with the judge by the Chief Justice, the Government should not interfere with that.

**Mr BASS:** I refer to Program Estimates (page 193). The estimate for the 1993-94 expenditure for the Department for Industrial Affairs was \$44 million and the 1993-94 actual expenditure was \$48 million. What grants or other funding or resource allocations are currently provided to trade unions and employer associations through the Department for Industrial Affairs, and what is being done to assess the objectives of any such grants against current Government policy?

**The Hon. G.A. Ingerson:** This is probably the area that has given us the most surprise because, for the past eight years, the department has provided grants to the United Trades and Labor Council of South Australia from departmental funds including the department's risk management budget. Since 1985-86, the UTLC has been provided with grants to allow the UTLC to employ and pay salary and expenses of a safety information officer based at Trades Hall. A total of \$492 000 has been paid to the UTLC for this purpose from departmental funds since 1985-86 with a year-by-year breakdown being as follows: 1985-86, \$50 000; 1986-87, \$50 000; 1987-88, \$50 000, 1988-89, \$52 000;

1989-90, \$55 000; 1990-91, \$58 000; 1991-92, \$59 000; 1992-93, \$59 000; and 1993-94, \$59 000

Since 1989 the department has also provided the UTLC with a further \$364 000 towards the annual running cost of the Migrant Workers Centre based at Trades Hall, which included the function for promotion of injury prevention for workers of non-English speaking background. The grants have been provided as follows: 1989-90, \$66 000; 1990-91, \$75 000; 1991-92, \$77 000; 1992-93, \$73 000; and 1993-94, \$73 000. Since 1987 the department has also provided further grants totalling \$683 000 to the United Trades and Labor Council of South Australia for occupational health, safety and training.

The grants have been provided as follows: 1987-88, \$75 000; 1988-89, \$80 000; 1989-90, \$85 000; 1990-91, \$90 000; 1991-92, \$92 000; 1992-93, \$88 000; and, interestingly, in an election year, 1993-94, \$173 000. The 1993 grant of \$173 000, based on a base grant of \$88 000, was supplemented by a further \$85 000 for similar purposes. All those grants were made to the UTLC with the approval of the then Minister of Labour.

The 1993-94 grant of \$88 000 was approved by the then Minister, despite the UTLC having a surplus of approximately \$56 000 from the previous year's grant for this training. A special additional grant of \$85 000, paid to the UTLC in 1993-94, was a decision by the Minister of Labour, and the funding of this grant came directly from the department's risk management budget.

All the grant moneys for 1993-94 were paid by the Minister to the UTLC before the December 1993 State election, making it impossible for the new Government to recall any of these funds. Incredibly, \$88 000 of this money was paid on 2 November 1993, during the election campaign, despite the sums of \$59 000, \$73 000 and \$85 000 having been paid to the UTLC in the previous four months.

In total, the department has provided the UTLC with a total of \$1.539 million since 1985-86 by way of grants towards occupational health and safety. Of this amount \$305 000 was paid in the four months before the election last year. As if grants totalling \$1.539 million were not sufficient, in 1993 the Minister also authorised the payment by the department of \$3 678 towards the cost of the UTLC attending an occupational health and safety conference.

The Government considers that the annual practice of cash grants to the UTLC from departmental funds at this level is completely unacceptable. In particular, the payment of an additional \$85 000 out of the risk management budget to the UTLC in an election year was an outrage against public finances and the taxpayers of South Australia.

Never in previous years had the initial grant to the UTLC been supplemented by a further annual grant as happened in the lead-up to last year's State election. The authorisation by the then Minister of \$173 000 for training grants, including the \$85 000 in July last year, when the UTLC had an unspent balance of \$56 000 from the previous grant, was incredible. Payment of the \$88 000 during the election campaign was evidence of how desperate the former Labor Government was to get its funding to the UTLC.

The payment of all these moneys before the State election made it impossible for the new Government to recall any of these grant moneys. However, we are now currently reviewing all these grants, given that this information has now come to light.

**Mr BASS:** By way of a supplementary question, will the Minister inform me of any money that was paid to employer organisations?

**The Hon. G.A. Ingerson:** I thank the member for Florey for his question because the answer is that no money in any form was paid over that period of time to any single employer association from the funds of the Minister of Labour. Here we have a situation where, over that period, \$1.53 million was paid to the UTLC which, in essence, is an affiliate of the Labor Party and, on the other side of the coin, not a single dollar was paid in the area of training or occupational health and safety schemes for the employers.

That suggests that the employee associations are the only people with any interest in occupational health and safety and/or training and that the employer associations do not have any involvement at all. That is where the scam of the whole exercise lies. All that money—\$1.53 million—went to the UTLC, with no funds at all going to employer associations in an area in which both sides—employer and employee—are very vital in the functioning of the whole deal.

**Mr BASS:** Will the Minister explain what changes are intended in the services of the Department of Industrial Affairs and, in particular, the Industrial Inspectorate as a result of the Government's policy and legislation?

**The Hon. G.A. Ingerson:** There is a deliberate intention in the new Industrial and Employee Relations Act that employers and employees become more involved and take more responsibility for setting work place standards and agreements in the Government's new industrial relations system. This character of the Government's reform agenda aims to shift the industrial decision making process closer to the direct participants and needs to be understood by all staff working in the Department for Industrial Affairs. This is the context in which the Department for Industrial Affairs will be expected to perform additional functions involving informing and encouraging employers and employees to access new opportunities presented by the new Act.

This will necessitate cultural change as well as structural change within the department in order to produce an orientation towards the provision of a service rather than the policing of regulations. This should not be taken to mean that the Department for Industrial Affairs will pay any less attention to the important task of ensuring compliance with relevant industrial legislation and regulations. Of course it will continue to perform this function as it has before. But it will mean that under the new system departmental staff will need to combine the roles of regulator with facilitator in a professional way. It will be expected, for example, that the Industrial Inspectorate, through its regular work place visits and/or investigations, will exercise judgment in complementing its prosecution responsibilities with education, advice and promotion of better industrial relations.

In many respects the new demands on the department's inspectorate will necessitate those staff having a wider appreciation of the department's services and adopting a role which may be better described as an industrial liaison officer.

The establishment of the Office of Employee Ombudsman is also expected to become an important contributor to industrial relations services in South Australia. The Employee Ombudsman's principal functions of providing an independent advisory and investigative service to employees must be clearly understood by departmental officers in order that respective roles are not confused or duplicated. Only in this way will the Ombudsman be able to properly perform his

function and maintain integrity and credibility with his principal clients—employees.

The major task for the Government's industrial relations reform effort is to create lasting and substantive opportunities for enterprise and industry development in the private sector. The Government is committed to this task and so must be the work of the Department for Industrial Affairs.

A measure of the Government's success in this respect will be the degree to which small and medium sized businesses are able to benefit from the new industrial relations framework. As part of initiating the changes required for the Department for Industrial Affairs in this context, shortly after accepting my responsibilities as Minister I requested the department to undertake an organisational review. While initially looking at the relationship between WorkCover, the Occupational Health and Safety Commission and the department, this review also addressed structural and organisational issues best suited to these priorities.

The resultant departmental corporate plan, which is available here today for anyone who wants a copy, clearly recognises the combination of regulatory and educative roles to be performed by departmental officers and, in particular, the inspector. Further examination of existing programs, local level organisational structures and resource allocation will occur on an as-needed basis.

As part of the process of encouraging discussion by staff about the most appropriate structures and arrangements for the department to deliver services under the new system, I have personally undertaken visits with the Chief Executive Officer to various regional offices and spoken to staff about the Government's expectations for the department and the new legislation. The result of these visits has been pleasing and I have been encouraged by the enthusiasm with which the Government's desire to provide educative, advisory and promotional service to industry has been received.

**Mr BASS:** Further to the member for Ross Smith's comments about Federal awards, what approach is the Government taking through the Department for Industrial Affairs to enterprise bargaining in the public sector, what departmental resources are dedicated to this function and what effect has this had on threats by unions to seek Federal awards to cover State Public Service employees?

**The Hon. G.A. Ingerson:** On attaining office last year, the Government was confronted with three major barriers to progressing enterprise bargaining in the public sector. All these barriers were legacies of the former Government. First, we were confronted with the greatest level of State debt ever faced by a South Australian Government. Secondly, there was the mischievous signing of a framework agreement with the public sector unions only days before the election that everyone knew the Labor Party would lose. Thirdly, there was a public threat from the unions that they would do everything they could to force South Australian public servants into Federal awards.

Notwithstanding these serious difficulties, the Government successfully steered a course which now places us close to achieving enterprise bargaining within the Government sector. The following is the basis of the current situation. The unions have now accepted that enterprise bargaining will be able to proceed in the public sector on an enterprise-by-enterprise basis where the enterprise will be an agency, group of agencies or a public sector industry. Changes are being sought to the framework agreement which will give non-unionists the ability to participate in the bargaining process, to introduce a more streamlined consultative procedure and

allow for the review of the timing and/or method of calculating and distributing productivity benefits.

The State Cabinet has determined that there will be no supplementation of agency budgets and any wage increases under enterprise bargaining will be paid only provided budget targets are met and the overall parameters of the Government's wages policy are satisfied.

Without productivity offsets there will need to be job cuts to sustain any wage increases at the rate of 700 jobs for every 1 per cent increase across the sector. Yet, as part of such an agreement, the Government is prepared to give Public Service employees guarantees in relation to non-retrenchment, long service leave, voluntary separation packages and levels of wage outcome.

This contrasts starkly with the attitude to its own staff taken by the Public Service Association which, as a result of the removal of automatic employer-assisted payroll deduction of union fees, has reduced its staff numbers by redundancy and retrenchment.

The majority of South Australia's public sector employees are currently regulated by State awards and/or industrial agreements, and it is the Government's view that enterprise bargaining in the public sector should operate under the State industrial system. Federal award coverage in the public sector is currently limited, in the main, to nurses, metal trades employees, carpenters, firefighters and marine and port services employees, employees of ETSA, TransAdelaide and the Pipelines Authority.

Unions seeking to forum shop have served logs of claims in some areas with the purpose of obtaining a hearing with the Australian Industrial Relations Commission. These are: the Australian Education Union (AEU) for teachers and TAFE lecturers; the State Public Service Federation for all public sector employees eligible to be members of the union; the Australian Liquor, Hospitality and Miscellaneous Workers' Union in respect of the water supply industry, Government property services, laundry and dry cleaning employees, health ancillary workers, workers in children's services, research and health institutions and car parking and food and beverage employees at the Adelaide Convention Centre; the Australian Services Union in respect of TransAdelaide, the Passenger Transport Board and the Department of Transport; and the Construction, Forestry, Mining and Energy Union in respect of timber workers. All the logs are being dealt with by a common Full Bench of the AIRC, which has reserved its decision in respect of the abandonment of certain logs.

No genuine disputes in respect of terms and conditions of employment are evident in any of the foregoing areas and it is considered that the logs of claims are merely an attempt to evoke the jurisdiction of the AIRC with a view to establishing Federal award coverage for the employees concerned.

All these applications are being imposed by all available means, including a High Court challenge in respect of constitutional and jurisdictional matters which, if successful, would limit the powers of the AIRC to make awards covering State Government employees. As a result, to date no new Federal awards have been made covering public sector employees since the Liberal Government came into power.

The principal reason, as I understand it, for shifting is not because of a better coverage under Federal awards but that the Federal awards guarantee compulsory unionism which the State awards do not.

**Mr CLARKE:** There are several inaccuracies in what the Minister just said, but we will come to those later. I refer to

the grants to the UTLC referred to in answer to the dorothy dixer from the member for Florey. All those grants every year are subject to independent auditing by the UTLC. I take it that the Minister is not suggesting that any of those grants have been used other than for the purposes for which they were granted to the UTLC, namely, the training of thousands of occupational health and safety representatives throughout South Australia, which is to the benefit of the Government, employers and the community generally in having fewer accidents on the job.

**The Hon. G.A. Ingerson:** The Government has asked the UTLC for an audited account as it relates to last year, but has not yet received that. It is my information that on all previous occasions that has been the case and an audited position has been put. I would like to point out to the honourable member that last year, when the grant of \$173 000 was made, \$56 000 was in that account to start the year that had not been used in the previous year.

It is my view and that of the Government that the funds used should be supplemented only to take the amount up to the level that should be used and not continually to enable any organisation, in this case the UTLC, to accumulate funds granted by the Government.

The point that we made clearly was that \$1.5 million had been granted to the UTLC previously and not one single dollar had been granted to the employer organisation, which at exactly the same time, in the same time frame, had also been training both employers and employees. The UTLC is now charging Government agencies for training at the same time as getting the grants.

**Mr CLARKE:** Does the Minister know whether any of the employer organisations specifically requested any grants or funding from the State Government during those previous years?

**The Hon. G.A. Ingerson:** I am not aware of that, but I will find out. However, the point I make is clearly that, irrespective of that, the reality is that in the very last year—the year of the election—some \$173 000 was paid to the UTLC, double what had ever paid in any other year and paid on 2 November, within a few days of the election. One would have to ask oneself why double the amount was given in the previous year when there was no justification, as I can see, nor any justification from the union movement at this time, as to why it needed double its grant in the short period of time before the election.

I am also informed that the UTLC has refused to provide training for managers in the private sector. Yet, the Government is subsidising the UTLC to provide training. You cannot have it both ways: if you are going to get \$1.5 million for training it ought to be available to everyone, whether they be employers or employees. It is a bit of a lark on one side and not much gain on the other.

**Mr CLARKE:** The Minister provokes me into supplementaries, because he knows very well that the Employers Chamber, the former South Australian Employers Federation and the Chamber of Commerce and Industry specifically run health and safety programs for managers of members of their organisations and charge accordingly.

**The Hon. G.A. Ingerson:** They do not get Government grants.

**Mr CLARKE:** They never asked, apparently.

*Members interjecting:*

**Mr CLARKE:** The Minister does not know the answer: let him find out whether they ever asked. Coming back to the TSPs of Commissioner Perry and Justice Stanley, the

Minister, perhaps deliberately, misunderstood my question to him. Is he aware of any other circumstance in the State Government where employees of the Crown have been given TSPs when their positions were not redundant at the time they were granted the TSPs and are not redundant now and who, indeed, have been replaced, as has been the case with respect to Commissioner Perry, who was replaced by Commissioner Huxter, and with respect to the vacancy that currently exists for a President of the Industrial Relations Commission and the Government's frenzied search for someone to take that position?

**Ms Beasley:** Yes, there have been TSPs given to people whose jobs have not become redundant, but that has been done on the exercise of cross-agencies within the Government, where other people have not wanted to go but where their job has become redundant and their skills and expertise have been able to be transferred from one agency to another. There is very good cooperation from the Commissioner for Public Employment. We have done a number of these within our own department for those people. Some have not wanted to go when the jobs have been redundant and we have tried to get cross-agencies for them.

**Mr CLARKE:** As a supplementary question, with respect to that answer, Commissioner Huxter was not a member of the Public Service, was recruited from outside the Public Service, was not surplus to requirements and replaced an existing commissioner, and at this time there is a vacancy for President of the Industrial Relations Commission, unless there is a fifth wheel somewhere within the Public Service structure who is appointed President of the Industrial Relations Commission. Whoever fills that position will undoubtedly come from outside the Public Service.

**Ms Beasley:** I was just talking generally for the honourable member about TSPs and how they were being arranged. The other part of the question I believe my Minister will answer.

**The Hon. G.A. Ingerson:** First, I have been advised that the department would not be aware of any application made by the employer associations because all the applications were made to the previous Minister. As I do not have the ability to obtain that information from the previous Minister, the question becomes redundant. I would like to be able to answer it, but I am advised that it is not within the power of the department to obtain that answer for me. Secondly, I understand that Commissioner Perry retired from his position, and I should have thought that the decision to retire was the decision of the individual. I have never ever known anybody in any position, whether it be a commissioner, whether in the private sector or in the public sector, who should not be able to choose his or her own retirement. Surely, the honourable member is not suggesting that every person in the public sector must retire at a particular age, whether it be 60, 65 or whatever.

I should have thought that Commissioner Perry exercised his personal right to retire. Having accepted that that is the case, I find it quite amazing that the member for Ross Smith would not understand or does not want to understand the traditional appointment structure within the commission. So that his memory is jolted a little, I will tell him how it occurs, and it is a position that this Government and the previous one have always respected. When a member of a particular ilk (that is, either employee or employer) retires, that vacancy is filled by a person of exactly the same background. The fact that Richard Huxter has accepted the position and was asked by me as Minister to consider that role is in line with all

previous practices; that is, that as an employer representative retires or dies, or whatever, he or she is replaced by a person of exactly the same ilk. In this case, that is exactly what has happened. Michael Perry has retired as commissioner and as the person who retired—

*Members interjecting:*

**Mr CLARKE:** That is why he is dodging it.

**The Hon. G.A. Ingerson:** I am not dodging anything. The vacancy has occurred, and it is normal practice of both the Labor Party and the Liberal Party to fill those vacancies from the same type. Unless I am badly informed, Richard Huxter was a person nominated by the employers to fill the position vacated by Michael Perry. I would also like to point out that it is normal procedure (and has been for as long as I have been involved in industrial relations) that there be two commissioners from the employee side and two from the employer side. I understood that both the employee commissioners wished to go on, so both the employee commissioners were reappointed by the Government. One of the employer commissioners, Michael McCutcheon, also chose to go on, so he also was reappointed.

Every one of the commissioners who wished to continue has been reappointed by this Government in line with tradition. There has been no breach, no move away in the Industrial Commission from the traditional position. This nonsense that is said about the stacking of the commission is exactly that, because all the appointees who wished to go on have been reappointed. I might add that all the appointees were nominated by the previous Labor Government. None of the appointees who has been reappointed by us was appointed by the Liberal Government. The only new appointee is due to the fact that Michael Perry resigned.

As the honourable member is aware, because we set up a new division called the Enterprise Agreement Division we required a new commissioner, and we have appointed a person who, I am informed by both the employer and employee associations, is very well respected and who will do an excellent job in that position, and that is Peter Hampton. I find it quite amazing that this nonsense of politicising of the commission is even brought up, when three of the appointees were Labor appointees.

**Mr CLARKE:** Going to the legal challenges that have already been referred to, the Government has brought together a unit to fight applications by unions that seek to go from State to Federal awards. Is that unit located within the Minister's department and, if not, where is it? What is its budget for this year?

**The Hon. G.A. Ingerson:** It is not located in my department; it is in the Attorney-General's Department. The exact figure I am not aware of but I think is of the order of \$800 000. We will obtain the exact figure for the Committee and advise it accordingly.

**Mr ASHENDEN:** Will the Minister advise the steps that have been taken or are planned to be taken by him through the Department for Industrial Affairs to communicate the advantages of South Australia's new industrial relations system to the business community and, particularly, to the small and medium sized businesses in the Adelaide metropolitan area and regional South Australia?

**The Hon. G.A. Ingerson:** The department has recently initiated a major publicity and information campaign aimed at effectively marketing the features of the new Industrial and Employee Relations Act 1994 to South Australian employers, employees, unions and the wider community. This campaign commenced with a one day seminar jointly organised by the

department and the South Australian Employers Chamber of Commerce and Industry on 18 August at the Ramada Grand. The seminar incorporated the official launch of the new Act. This initial response to the new system and Act was extremely encouraging, with about 470 people attending. Many of these participants were from small business in the Adelaide metropolitan area, who expressed a keen interest in the new enterprise agreement provision of the Act as an alternative to the rigidity of the awards and with the flexibility to suit their individual business.

The Government recognises, however, that employers and employees in country South Australia should not be neglected in relation to any grass roots information. Importantly, the campaign will encourage a program of briefings in regional South Australia, which are being arranged in association with local regional development boards, members of Parliament, chambers of commerce and other local community based community organisations. As the role of the local regional development boards is one of stimulating and facilitating regional economic development, they must necessarily develop close ties with the business community, government and community organisations. The boards networks have therefore provided a valuable resource in the planning, advertising and arrangement of briefings. The initial response from the boards has been one of support for the briefings and offers of assistance. This has been much appreciated, particularly in view of the enormity of the program.

Peak employer and union bodies have been invited to participate, and I am delighted that the chamber and the UTLC have agreed to be involved in these country briefings. Regional briefings will commence the week beginning 26 September and will conclude on 6 October in the following centres: Port Lincoln, Whyalla, Port Augusta, Port Pirie, Kadina, Clare, Renmark, Murray Bridge, Victor Harbor, Mount Gambier and Kingscote. Speakers at the briefings will include me as Minister, Mary Beasley, Chief Executive Officer, Peter Anderson, Chief of Staff, Peter Hampton, Enterprise Agreement Commissioner, Gary Collis or James McCabe, representing the Employee Ombudsman Office, Nicholas Wilson, Manager of Employee Relations, Employers' Chamber and Andrew Murray, Industrial Officer, UTLC.

The briefings are being structured to provide a practical overview of the new industrial relations laws and for the distribution of information to employers, managers of private and public sector organisations, industrial relations practitioners, community groups, trade union delegates and employees. They will also provide an opportunity to introduce the new Enterprise Agreement Commissioner and Employee Ombudsman and present an overview of the services provided by the department. An 'information folder' will be available to all who attend the briefing, which will include speaker documentation and a set of feature brochures. This type of grass roots campaign is crucial to the success of our new industrial relations system. The Government has not simply established a legislative framework, but now believes that it needs to be clearly explained to employers and employees—particularly those who have not actively participated in the industrial relations system.

I am advised that an intensive regional campaign of this type by the South Australian Government has not previously occurred in relation to industrial matters. The willingness of the Government to give priority to these briefings is evidence of our good faith in making our industrial relations reform agenda accessible to all employers and employees at their

workplaces. Further briefing sessions are planned for the Adelaide metropolitan area towards the end of the year. It is important in this area that we do take the Act out into the real world and get it out of the legislative process. It is my view that with the two divisions, that of deciding to be in awards or going to enterprise agreements, it will take sometime for both employers and employees to decide which way they want to go. It is our view as a Government that we should be out there encouraging employees and employers to recognise the significant advantages by negotiating their own enterprise agreements.

**Mr ASHENDEN:** The second question I would like to ask the Minister is: what arrangements are currently in place for the deduction of union membership fees from the payroll to public sector employers and does the Corporate Services Division of the department have any details of the current levels of reduction of union membership fees?

**The Hon. G.A. Ingerson:** On 15 February this year the Government announced that automatic deduction of union membership from Public Service employee payroll would continue, provided that each employee provides an annual authorisation for that practice. At the time of announcing the decision the UTLC was advised that if administrative problems were encountered by the unions in meeting the reauthorisation deadline of 1 April then the deadline would be extended as a transitional arrangement. On 2 March the UTLC requested an extension, and on 7 March the Government advised them that the deadline had been extended by two months to 1 June as a transitional arrangement. The legal challenge by the public sector union to the Government's decision was made in the Supreme Court on 18 March. On 19 April the Supreme Court dismissed the legal action, refused to grant any injunctions and ordered costs against the unions. An appeal by the unions against this decision was subsequently withdrawn.

The Government is pursuing this order for costs against the public sector unions, and the total cost being claimed by the Government amounts to \$17 788.71. This futile and costly challenge by the public sector union was a gross misuse of union members' money by a number of key officials of public sector unions in South Australia. The Government's decision to give public sector employees freedom of choice in automatic union deductions has been well received by Government employees. The Department of Industrial Affairs has maintained a summary of automatic deductions of union subscriptions from the payroll in Government agencies. These figures indicated that only 42 per cent of employees who had union subscriptions deducted from payroll as at 1 April 1994 had submitted renewal forms as at 31 May 1994.

It is estimated that a further 20 per cent of public sector employees have arranged for union subscriptions to be deducted by direct bank debit. This means that approximately 35 to 40 per cent of public sector employees in South Australia have exercised their freedom of choice not to maintain their union membership or automatic union deduction of membership fees in accordance with the State Government's decision. In the Department of Industrial Affairs, only 27 per cent of employees who previously authorised automatic deduction from payroll of union subscriptions have reauthorised those deductions.

I would also point out to the Committee that in an affidavit put before the Supreme Court the Public Service Association admitted that they had already lost an income of in excess of \$1 million. That was a public statement made before the courts. I think it is worthwhile noting that, as a result of that,

the public sector unions, and the PSA in particular, had to significantly restructure their organisation and, as I said earlier, continually criticises the Government for redundancy and retrenchment but very quickly did it themselves.

**Mr ASHENDEN:** There is one other matter that is of considerable importance in view of what has happened recently in New South Wales. I would like to ask the Minister, in the light of the recent assassination of a member of the New South Wales Parliament, which obviously raises the issue of security for members of all Parliaments, whether he could advise the steps that have been taken to ensure the safety of this State's elected representatives?

**The Hon. G.A. Ingerson:** Mr Chairman, in answering this question I think members would recognise that there are certain public issues that do not need to be commented upon, for everyone's security. But there are two specific areas of security, and that is the residential security, which is obviously made available to the Premier and all of the Ministers and also to members of the Opposition, and the obvious electorate office security, which is available to all members of Parliament. In making that very clear I think we need to make the public aware that that security is for many reasons, because, particularly in the electorate office area, our assistants quite often are by themselves for a long period of time and it is essential that they have absolute protection and security. The other obvious form of security is within Parliament itself, and most of us members who use it often do comment that it has now gone over the top. There is a view that there was a need for improved security in the Parliament. They are the three principal areas. It is security that hopefully the public is aware of but security that does not create any major problems for us by making any further comments than that.

**Mr CLARKE:** I refer to the legal challenges that the Government is facing with respect to the transfer of employees to Federal awards. The Government has gone to extraordinary lengths to mount a campaign against the Teachers Union moving its award to the Federal arena. As I understand it, the Government has gone to the extent of hiring a Sydney based QC to represent the Government in this matter. How much has been spent on this case so far? Who is the Sydney QC? Why was it deemed necessary to go outside this State to obtain legal representation? What is the Sydney QC charging the Government? What has been budgeted for this financial year with respect to that case?

**The Hon. G.A. Ingerson:** I will give a general reply and then ask Mr Case to give a detailed reply. The principal reason we are having to use a QC outside of South Australia is that the commissioner is not prepared to hear the case in South Australia. Therefore, we are required to go to New South Wales to put our defence. We believe that it is in our interest, as a Government, to have the best defence. As a consequence, we made the decision to employ senior counsel in Sydney to represent us. That is basically because the case cannot be held in Adelaide. It is totally out of our control. If it were held in Adelaide we would be able to do it. I will ask Mr Case to fill in the detail of the payments and who the person is.

**Mr Case:** The person retained to deal with this matter is a Mr John Trew QC from the Sydney bar. As the Minister says, Mr Trew was urgently retained when the Senior Deputy President of the Australian Industrial Relations Commission adjourned the teachers' matter in Sydney at very short notice. All available Queen's Counsel in South Australia were contacted but none were available as a result of the short

notice of the hearing. The accounts received for counsel to 6 September 1994 (which is the latest information we have) in relation to the teachers interim award application were \$106 918.62; and in relation to the teachers revocation of dispute finding they were \$47 917.63.

**Mr CLARKE:** What is the projected cost to the State Government with respect to its proposed High Court challenge to the Commonwealth's Industrial Relations Act?

**The Hon. G.A. Ingerson:** We do not have that information here, but we will get it. Again, that cost is initiated out of Crown Law. Obviously we are responsible for it in terms of payment, and we will get that for the Committee.

**Mr CLARKE:** I again deal with legal costs, in particular the comments that were made by the Minister yesterday I believe with respect to the Shop Distributive and Allied Employees Union gaining a dispute finding in the Federal Industrial Relations Commission, and the Government's statement that it would go to the High Court on that matter. How is the State Government involved in this matter? I understand that it is an issue between a union and a private employer. Why should the Government be subsidising the employer's case by representing the employer's position in this matter? What is the estimated cost of going through the entire procedure, of going through an appeal of the decision to find a dispute to a High Court challenge? Will the employer be represented in these court proceedings or will the employer be relying on the State Government to undertake the carriage of the case at taxpayers' expense?

**The Hon. G.A. Ingerson:** The principal reason why the Government is there is that a union has decided to take a traditionally State-based employer into the Federal arena on what is considered to be a matter of trivia and is deliberately attempting to take it out of the State system into the Federal system, so that compulsory unionism in essence can be guaranteed. In the case of the SDA, it is interesting to note that the only two major employers in South Australia that it has taken out of the State system are Coles and Woolworths, and both of those were done on the basis of a compulsory union agreement as part of the process. We are involved because the employer, the Foodland group, asked the Government whether it was prepared to intervene on the basis that it believed it was a ridiculous claim and a deliberate attempt to take the Foodland group into the Federal arena so that the same controls as the union was using over the Coles and Woolworths group—that is compulsory unionism—could be part of the Federal deal in relation to wages and conditions. It was one of the reasons why Foodland believed we ought to intervene. The second reason was that it thought it was an absolutely trivial pursuit and it wished, as employers, to stay within the State system.

So it said to us, as a Government, 'We want to stay. What role are you prepared to play?' Our role is purely and simply one of intervention; it is not one of supporting its claim in any form. Any legal cost generated by the Foodland group is met by the Foodland group. There is no subsidy at all from the Government, nor has there ever been any intention for that to be the case. We are purely and simply arguing the right of an employer to stay within the State jurisdiction if they wish. I am not aware of those costs, but we will get an estimate and forward it to the Committee in due course. We are using Crown Law, and I will get an estimate of that cost for the Committee.

**Mr WADE:** Page 204 of the Program Estimates and Information under 'Broad Objective(s)/Goals' states:

To facilitate the development, preparation and passage of the Government's proposals for change in industrial legislation and publicise, monitor and review the implementation thereof.

What publications have been developed by the Minister for Industrial Affairs through the Department for Industrial Affairs to raise awareness amongst the community to promote generally an understanding of South Australia's new industrial relations system?

**The Hon. G.A. Ingerson:** The Government believes that it has a major responsibility to promote the new industrial relations system, as it is so significantly different from the old one. This is particularly the case where the old Act weighed heavily in favour of associations, whereas the new laws encourage employers and employees to become directly involved in setting the industrial arrangements for their own enterprise. I am acutely aware that to undertake this task effectively employers and employees need advice and support about the new Act. To this end, the department has recently initiated a major publicity and information campaign aimed at effectively marketing the features of the new Industrial and Employee Relations Act to South Australian employers, employees' unions and the wider community.

The campaign has the theme 'flexibility with fairness,' a phrase which recognises the increased flexibility afforded to business within a framework of employee protection. Along the lines of this theme, a series of brochures and publicity posters have recently been released by the department as part of the campaign. Two catch phrases have been adopted for the campaign, namely, 'Have we made our enterprise agreement yet?' and 'Doing business together.' The first of the two phrases acknowledges the Government's commitment toward the creation of enterprise agreements as an alternative to industry based awards for determining wages and conditions of employment. The second phrase typifies the partnership between employers and employees leading to business success. Both phrases will feature on the poster and will appear on all feature brochures.

The brochure topics cover the major features of the new laws, namely, minimum conditions of employment, enterprise agreements, membership of unions and associations, Employee Ombudsman, termination of employment, equality of the workplace, awards and industrial disputes. Summary brochures have also been produced which provide an overview of the eight feature brochures. Consideration is also currently being given to producing a step by step ready reckoner for establishing an enterprise agreement aimed particularly at small businesses. The union movement will also be involved in developing this step by step ready reckoner.

In the development of these brochures, every effort has been made to make the language and presentation easily understood and accessible to employers and employees alike. The department intends to monitor the need for further publicity of the new Act and, should issues arise which may be alleviated by supplementary brochures, further brochures will be produced on an as-needed basis.

**Mr WADE:** With regard to the new South Australian Industrial Employee Relations Act, has the Employee Ombudsman commenced in this role? How has the Employee Ombudsman's independence been recognised by the Department for Industrial Affairs? Has the Department for Industrial Affairs provided administrative support to this important statutory position?

**The Hon. G.A. Ingerson:** Mr Garry Collis, the Employee Ombudsman, took up the new appointment with the com-



mencement of the Act on 8 August. For some years, Mr Collis had been a senior official with a major trade union which was affiliated with the United Trades and Labor Council. While Mr Collis' appointment was made purely on merit, his background should be seen as clear evidence of the Government's commitment to creating a truly independent point of contact for employees to obtain information and advice on industrial matters. The department is aware of the independence that is afforded to the Employee Ombudsman by the new legislation through his appointment by the Governor. The requirement upon the Minister is to consult widely with unions, employer groups, representatives of both Houses of Parliament and the Commissioner for Employment prior to making a recommendation, a specific provision prescribing ministerial control and direction, his access to the Legislative Review Committee on questions affecting the administration of his office and the requirement that he report annually on the work of this office to both Houses of Parliament.

The department has arranged for the Employee Ombudsman's office to be located separately from its own offices. It will be located in the COMCARE building in Pirie Street. Further, Mr Collis has been delegated complete autonomy in the appointment and control of his ministry of support, the appointment of secretarial support and a project officer has already been made by the employee ombudsmen. I am advised that a cooperative relationship has also developed between the department's award advisory service and Mr Collis' office in relation to referral of inquires to each respective area, which is expected to be an ongoing area of liaison between the department and Mr Collis' office. I am assured by Mr Collis that all administrative arrangements and dealings with the department have, to date, been acceptable to his office. Last week in excess of 100 inquiries had been made of Mr Collis in relation to enterprise agreements. More than half of those came from employers wishing to sit down with their employees to help them set up their own enterprise agreements.

**Mr WADE:** I refer to Estimates of Receipts (page 82), program 2—Industrial conciliation and arbitration. In relation to the workers compensation tribunal and medical review committee, why does the estimate for 1993-94 of \$55 000 have an actual of \$5 614, yet the estimate for 1994-95 has been set again at \$55 000?

**The Hon. G.A. Ingerson:** The decreased 1993-94 expenditure reflects the decision of the Industrial Commission to debit all general purpose operating costs to the administration expenses budget. As a consequence, those operating costs normally associated with the running of the tribunal and committee were not separately identified. The 1994-95 budget has been maintained at \$55 000 to reflect the return to the normal accounting practices of identifying all the costs associated with the running of the workers compensation tribunal and medical review committee.

**Mrs GERAGHTY:** I refer to Program Estimates (page 203). Under the 'Equal opportunity' section, I note that the increased budget allocation to this line has increased due to funding for the Working Women's Centre being transferred to this line. However, there is no breakup of the funding. Will the Minister ensure that the total funding of State Government sources to the Working Women's Centre is maintained in this financial year? What will be the funding to the centre from the Department for Industrial Affairs? What changes will be made to the staffing and funding of what was known as the Women's Adviser?

**The Hon. G.A. Ingerson:** There is no breakup: a grant goes to the Working Women's Centre. The figure will be maintained, and there has been no change to staffing. We will provide any further details that are required.

**Mrs GERAGHTY:** What is the Government's position on officers of the WorkCover Corporation who breach the WorkCover Act? I specifically refer to a recent letter from the Chief Executive Officer.

**The Hon. G.A. Ingerson:** The code of public employment principles applies to public sector employees. WorkCover employees have their own enterprise agreement and are not covered under that same code.

**Mrs GERAGHTY:** To what reason does the Minister put down the reduction of stress claims that we were discussing earlier? Would that involve a reduction in staff numbers or concern of employees in making a claim?

**The Hon. G.A. Ingerson:** Two principal areas are involved: one is TSPs. Quite a few members of the Education Department, in particular, where most of the ongoing claims were, have taken TSPs, but that is not the only reason.

There has also been improved awareness by employees and employers on the role of stress in the work place, with training provided to executive and managers on physiological stress having begun; encouraging agencies to develop their own psychological health policies; and, encouraging agencies to provide employee assistance programs.

Whilst I would like to take all the credit for that, some of those programs had commenced under the previous Government. We have put more emphasis on them and we are starting now to get quicker results. There is no doubt that management has had an important role to play in the changes. Let us cross our fingers and hope that the existing trend continues because the cost of compensation in this area is very high relative to any other accidents and workplace incidents that occur.

Currently we are working on some pilot studies in the Education Department with WorkCover. Police, Primary Industries, and Mines and Energy, and our own department also has studies going on in relation to stress and how the claims can be managed. Education has a study being done with WorkCover directly to try to isolate whether it is management or the teacher environment that is creating the problem. All we can do is continue to try to improve the way in which management and the workplace handle stress.

**Mr ASHENDEN:** The member for Ross Smith has made great play of the fact that the South Australian Government is pulling out all stops to ensure that our employees do not move from State awards to Federal awards. Is the Minister aware that it is not just the South Australian Government as an employer that does this but also that all employers in South Australia are extremely concerned about any possible move of their employees to a Federal award because of the impact that such an award would have on the South Australian Government as an employer if conditions such as wage rates in New South Wales become applicable because of the implementation of Federal awards?

**The Hon. G.A. Ingerson:** I thank the member for his question. First, it ought to be made clear that we are not the only State that is concerned. Victoria, Western Australia, New South Wales and Tasmania, interestingly, are all Liberal Governments and are all involved in the challenge against the Industrial Reform Act federally in several different areas. In all the States a strong view exists that, if the Federal Government is fair dinkum about having a long-term universal system, in the short term there ought to be choice for

individuals to choose the best system and not have their mates able to rope in companies to the Federal award system without their having any choice.

There are several reasons for employee unions wanting to go into the Federal system. One is the fact that most of the agreements in the Federal arena require membership of the union; most are tending to go towards compulsory unionism, but all require membership of a union. They all require a union to vet their enterprise agreements and, as the honourable member rightly points out, in most instances wage rates are consistently above what is occurring here in South Australia.

If we are to be competitive, we need to ensure that our system is more flexible and enables employers and employees, whether or not in an union, to be able to enter into an agreement. It seems that the principal reason the unions are frightened is that, if by chance employers happen to sit down with their employees, the employees might enter into an agreement with the employer that is in their best interests without the unions being used as the intermediary. It seems that a few union heads are frightened that they might lose their job, more so than being concerned about the principle of its being in the best interests of employers and employees.

We will continue to argue that the State system out to be there as a matter of choice. We are not saying in any comments publicly that it should be the only system, but if one of the parties wishes to stay in the State system they should not have to be dragged into the Federal system by the other Party, whether it be employers or employees. In this case it is only the employee unions that are attempting to drag small businesses in particular into the Federal arena.

As a Government we intend to support the small business sector in this State as we believe that it is our best future. We need to have a system that guarantees them the best opportunity to get reasonable wages and conditions for their employees, so that everybody can benefit from the process.

**Mr ASHENDEN:** To take it one step further on the issue of the Federal arena, I am sure the Minister is aware that the unions were moving in South Australia, long before this Government came to power, to take employees in South Australia away from State awards into Federal awards. I know this from first-hand experience in that I represented my previous employer before the Federal commission in Melbourne in an attempt to ensure that our employees remained under a State award. So, what the unions are doing is nothing new, but they are trying to cover it by putting it under another guise.

Will the Minister point out to the Committee the impact on the South Australian Government if South Australian Government employees were to come under a Federal award that resulted in substantial increases in wages and improvements in working conditions?

**The Hon. G.A. Ingerson:** There is no question that this move into the Federal arena has been there for some time. It has been there for some time because it is convenient and comfortable for the unions to be in an arena where their mates dominate the scene and where you are almost guaranteed of a one-sided result. We are saying that, if you believe that as an employer, you ought to have the right to stay with a system that is fair and reasonable. There is no question that that is the reason why many employers want to stay in the State system.

It is interesting to note that in recent days two of the biggest unions in South Australia in State awards have come to see me advising that they want to stay in the State system

and that the noise being made particularly by the representative member opposite in Opposition in the industrial arena is not the view of the majority of unions in the State system. It is purely and simply a political stunt being carried out by the member for Ross Smith to get himself a bit of notoriety and perhaps to enable him to be seen as a future Leader of the Labor Party.

*Members interjecting:*

**The CHAIRMAN:** Order!

**The Hon. G.A. Ingerson:** We should continue to help him get that notoriety because he would be a very good Leader of the Opposition and would enable us to have a much longer term in Government than we envisage at this stage.

The other question asked by the honourable member related to what impact would result. Whilst we are concerned about losing control of our employees, there has been no study of which we are aware that shows the exact impact. Our main concern is that the move into the Federal arena guarantees that if a union has one member out of a staff of 1 000 it can intervene in an issue in which it does not have the majority of members' rights. I think that is fundamentally wrong. This Government believes it is fundamentally wrong, and we say to the union movement, as I have said to John Lesses and Chris White on numerous occasions, 'The challenge for the union movement is to get out and get members instead of having a few highly paid union officials running around and stamping their feet saying that they represent all employees, when the statistics show that the number of people in unions is falling daily.'

So, the challenge is for unions to get membership, and they are encouraged by this Government to do that. If they do not, they should not have the same rights before the commission as those which apply if they have a majority of members.

**Mr ASHENDEN:** The member for Ross Smith mentioned the South Australian Government's intervening in relation to the South Australian Institute of Teachers. Could the Minister point out to this Committee, and again for the benefit of the honourable member, what the impact will be if the South Australian Institute of Teachers is successful and a wage increase flows on to teachers? What will be the impact as far as future employment opportunities of teachers in South Australia is concerned?

**The CHAIRMAN:** Minister, does that come under your line?

**Mr ASHENDEN:** It is certainly to do with industrial relations, and I am tying it in to the question asked by the member for Ross Smith, when he specifically mentioned the South Australian Institute of Teachers. He queried why the Government was allocating funds to defend the move against a Federal award. I am asking the Minister purely and simply to confirm the impact on the teaching profession in South Australia if a wage increase were to flow through.

**The Hon. G.A. Ingerson:** First, the Government, as the employer, would lose the control of its own employees in terms of wages and conditions. We are in a position that, instead of its being a State system and the Government's being able to work within that system, control is lost and we then have to go through the Federal system where the rules are not the way that we believe they should be.

Secondly, in terms of impact, the claim made so far by the teachers does not include any wage impact. It is purely and simply a dragging of us into the Federal Commission. We are concerned most of all about losing control of our staff. That is the principal reason for challenging in the High Court at the moment. The challenge has been taken on not only by South

Australia but also by Western Australia, Victoria, New South Wales and Tasmania. Interestingly enough, even though Queensland is not involved, it is a very interested bystander.

**Mr CLARKE:** The Minister is entirely wrong, of course, in relation to compulsory union membership under Federal awards, unless the High Court decision of 1949 in *R. v Wallis*, which established once and for all that the Federal Commission has not got the power to award compulsory unionism is wrong. The Minister has—

**Mr ASHENDEN:** I rise on a point of order, Mr Chairman.

**The CHAIRMAN:** The honourable member can make remarks before he asks the question. That is quite acceptable.

**Mr CLARKE:**—again got his law entirely wrong. With respect to Victoria, the Kennett Government introduced a \$50 application charge for workers lodging unfair dismissal papers. Is the South Australian Government considering charging a fee for lodging unfair dismissal papers in the State jurisdiction and, if so, how much?

**The Hon. G.A. Ingerson:** No.

**Mr CLARKE:** On page 201 of the Program Estimates a number of performance indicators are listed for the safety inspectorate. They include a new listing for this financial year in relation to advice and education visits and occupational health and safety presentations. What extra resources will the inspectorate be afforded to carry out these functions, is the Government considering charging for these services and, if so, how much?

**The Hon. G.A. Ingerson:** There is no charge, but within the restructuring of the department, which was mentioned earlier in my general presentation to the Committee, clearly more money will be available to the inspectorate if we wish it to carry out extra services. That money will be reorganised within the department's existing budget.

However, as far as I am concerned as Minister, it is a priority that we ensure that we change the perception that the inspectorate is there in a policing role rather than an educative role. I make a very strong point in relation to the perception, because in visiting the regional offices I have found that the inspectors feel that they have been carrying out an advisory and educative role for some time. As all members would be aware, there is a perception that the inspectorate's major role is that of policing. We will make available whatever funds are required to help the inspectorate to change that role.

One of the special areas is workers' compensation, where we intend to ensure that the officers have all the up-to-date information. We are also intending to look at new technology methods, for example, laptop computers, and so on, so that the regional officers will have access to this technology so that they can better service the client in that enterprise.

**Mr CLARKE:** With respect to the industrial conciliation and arbitration line on salaries, the remuneration that has been set down by the Remuneration Tribunal for the Enterprise Agreement Commissioner and the Deputy Presidents of the commission is, I believe, about \$108 000, if I read my Government *Gazette* correctly. What was the Government's submission to the Remuneration Tribunal with respect to the salaries being set for those positions, which is significantly in advance of that for the other commissioners of the State commission and with respect to the remuneration of the President of the Industrial Relations Commission? Has the Government taken a position with respect to what level of remuneration is applicable to that position and, if so, what will its submission not be to the Remuneration Tribunal and

what factors have been taken into account assessing what the rate of pay should be?

**The Hon. G.A. Ingerson:** The Government submission in relation to the Deputy Presidents' salary was a figure of \$105 000, and \$108 000 was granted. The figure for the commissioners had already been set as before. In relation to the Employee Ombudsman, we made a submission of \$70 000, \$71 000 was granted, and that put him in an executive level position, which also granted him a car. In relation to the President, because that position is vacant no submission has been made. As the honourable member would be aware, there is an acting appointment which carries with it Judge Stanley's package in terms of salary.

**Mr CLARKE:** With respect to the six-year term of office for commissioners and Presidents of the commission and the like, has the Government given any consideration to the superannuation scheme of which they currently would be members and which is designed around a longer term appointment than six years and, if so, what is the Government's proposal to deal with superannuation for these appointments for six-year terms?

**The Hon. G.A. Ingerson:** At this stage there is no scheme for the new members and the Government is currently reviewing that position.

**Additional Departmental Adviser:**

Mr L.W. Owens, Chief Executive Officer, WorkCover Corporation.

**The CHAIRMAN:** I understand that we will now deal with WorkCover.

**The Hon. G.A. Ingerson:** Yes. The Government has made a number of significant changes to WorkCover in the past year, including: the appointment of a new nine person board; the creation of two advisory committees covering workers compensation and occupational health and safety (OHS); the absorption of the former OHS Commission within WorkCover and an expansion of WorkCover's role in OHS; and legislative changes to benefits including journey claims, commutation and stress. To ensure widespread public consultation on possible changes to the scheme and its administrative arrangements, two discussion papers have recently been released seeking comment from key stakeholders and other interested parties. These comments will be considered by the Government later this year in framing its position on legislative and administrative changes to the scheme. These changes are necessary if the scheme is to meet the targets set by the Government of being price competitive with interstate schemes inside two years.

Preliminary advice from the corporation on the June 1994 financial position of the scheme is disturbing. The early indication from the corporation was that the unfunded liability would be around \$75 million. However, further preliminary indications from the corporation's actuary are that the unfunded liability could now exceed \$100 million, a turnaround of the order of \$120 million. The final actuarial assessment of the corporation's outstanding claim liability, together with an audit certificate from the corporation's external auditors on the corporation's 1993-94 financial results, are expected to be presented to the corporation's board in early October 1994.

Parliament must assume responsibility for correcting this situation, so that only those with demonstrably incapacitating injuries remain on benefits. If not, the cost of workers compensation in South Australia will always remain well above that in other States. The Government has made a major

commitment to OHS in South Australia in the past year, with nearly \$1 million devoted to activities to raise community awareness about workplace injury and what can be done to stop it. In addition, I have requested WorkCover to commit an extra \$2 million per annum on OHS initiatives, including: advice to small business; an OHS resource centre and bookshop; a new workers program; major hazards/high risk injury consultancies; expanded OHS training (in conjunction with the South Australian Employers Chamber, the UTLC and the department); and an expanded safety achiever bonus program.

This major commitment to OHS will assist to reduce the number of injuries (and the first six months of 1994 saw reduced claims to WorkCover compared to an 8 per cent growth in the last half of 1993). The corporation's new focus on injury prevention has been highlighted by a major public awareness campaign, 'Stop the pain'. The campaign involved expenditure of approximately \$300 000 in 1993-94 on radio, TV and newspaper advertising to encourage both employers and workers to adopt safer work practices and ensure the safety of their workplaces. Similar expenditure is planned for 1994-95. It is envisaged that the 'Stop the pain' campaign could become an ongoing initiative like the road safety campaign. Every year in South Australia there are 60 000 claims for compensation and it is estimated that work injury costs the State \$1.25 billion in lost productivity each year. The 'Stop the pain' campaign has widespread community support, receiving endorsement from major union and employer groups, the State Government, COMCARE and the Self-Insurers Association of South Australia.

WorkCover's administrative budget in 1994-95, as approved by the board in July 1994, was \$44.2 million, a reduction of 3 per cent on the 1993-94 levels. However, additional expenditure on OHS in 1994-95 recently approved by the board will result in an increase to over \$45 million. The number of employees fell by 7 per cent between June 1993 and June 1994, as a number of productivity measures achieved reductions. Whilst the Government is committed to securing further administrative cost savings, it should be recognised that these are of little relevance compared to the cost of benefits. The only way that the cost of the scheme can be reduced significantly is by legislative changes, and the Government will bring proposed amendments to Parliament later this year after extensive public consultation. It will then be up to Parliament to decide whether it wishes the WorkCover scheme to be cost competitive with interstate practices.

**Mr CLARKE:** I will make a very brief statement, given the time. Basically, the Opposition's position with respect to the amendments to the Workers Compensation Act is well known. We are totally opposed to it. We know what the Government is about with respect to its proposed amendments in February next year, which is to cut benefits to injured workers. We do not believe that the economic health of this State should be built on the backs of those least able to do it, in particular, injured workers. In 1986 the then Labor Government entered into a compact with industry, employers, trade unions and the Government that saw the introduction of a WorkCover scheme to provide for income maintenance at the expense of the rights of workers to pursue common law claims for economic loss. The Government's decision constantly to downgrade WorkCover and to degrade it from its original position is a betrayal of that compact and we will have nothing to do with it.

With respect to the Government contributions that the department makes of about \$15 million, I believe that a reduction of about \$3 million on payments is expected to be made on workers compensation claims for Government employees. Can the Minister identify where those savings in particular are going to be made, some \$3 million with respect to journey accidents and stress claims, to name just two, and a third one would be, with those recent amendments, changes to authorised absences from work—accidents involved there?

**The Hon. G.A. Ingerson:** Last year, because of TSPs there was an increase in the scheme of \$3 million and we do not expect much difference in changes in costs this year. In relation to the question on stress and journey accidents, we do not have that information here and if we are able to dissect that we will get that information for the Committee.

**Mr CLARKE:** Minister, you have been on the public record on a couple of occasions saying that it is the Government's intention to reduce the average WorkCover levy rates to 1.8 per cent of payroll, from its current 2.86 per cent. Would you please identify how you intend to do it and, in particular, the level of benefits that would be paid to injured workers?

**The Hon. G.A. Ingerson:** The Government in its policy statement at the last election believed that if we are to be competitive with the other States we need to get down at least to their competitive level and that is where the figure of 1.8 per cent comes. That is about the average levy in Victoria and New South Wales, particularly New South Wales. We put out a whole range of points where changes need to be made, and they include the second year review and the process leading up to that. As part of the second year review there is a whole range of disabilities, which vary from a very low percentage of disability through to 100 per cent, and it is in that area that we believe legislative change needs to take place. There is an overall need to reduce the number of claims, and as part of reducing the number of claims we believe that the very large sums of money, nearly \$3 million this year, that are being spent on occupational health and safety will go a considerable way to reducing the number of claims.

We recognise, however, that those claims cannot be reduced by just throwing money at them in one year. There needs to be a long term program, and, as I mentioned in explanation to another question earlier, it is my view that it needs to be financed in a similar way to the way that the road safety program has been financed over the years. It is a long-term issue. Unless claims come down, it does not matter what the benefit levels are; we are in trouble, so we have to reduce the number of claims overall. We need to make sure that the medical costs of the scheme are brought under more control than they are at the moment. We will be consulting with the AMA and all of the other medical and paramedical groups to look at what needs to be done legislatively to control that explosion. The legal costs are an area of significant concern, and also the forum shopping that is occurring at the moment through a number of legal companies, where they are stretching the definitions under the Act to unbelievable levels, needs to be controlled, and again that is a legislative issue. Also, generally, the administrative costs—another issue, which is non-legislative—need to be pruned in. In mentioning the administrative costs, it is important to note that even if we halve the administrative costs we would only reduce the cost of the scheme by \$20 million a year. So whilst that is obviously significant, the real savings to the scheme will only occur if second year review and some of the outrageous benefits that occur in the scheme are curtailed.

**Mr CLARKE:** Supplementary to that, with respect to the last part of the Minister's answer, which gets to the kernel of the problem, to achieve a target figure of 1.8 per cent, which you say the Government is committed to, would you not agree with me that the only practical way for the Government to achieve that figure of 1.8 per cent would be to in fact dump injured workers after 26 weeks on income maintenance, the same as in Victoria and New South Wales, that to achieve that sort of quantum leap you are effectively saying that you are going to have to cease income maintenance at the end of 26 weeks?

**The Hon. G.A. Ingerson:** I do not agree with that, and the member has never heard me say that. One of the things that was studied at length in the select committee—and one of the tragedies of this Parliament is that it did not pick up the recommendation of the select committee—was the second year review, and there is no doubt that the long tail that we have in our scheme is the principal reason for the turnaround in these amazing cost blowouts again. That is because there are people on the scheme for two years and longer with disabilities of less than 15 per cent, and those numbers are rising significantly. What that means is that you have a person with a 15 per cent or less disability getting an 80 per cent for the rest of their life, and yet they are quite capable of going back to work of some type; but they are locked into the scheme because they choose to be so. We need to make some significant changes, too, in that area.

I would be surprised if the member for Ross Smith, when given the information, does not understand and be more receptive to change of that long-term area than just across the board cuts to benefits. It seems to me that unless we attack the real issue, and that is this long term benefit issue, the scheme will have to reduce benefits right across the scheme. At no stage has the Government ever suggested that that should be the position. So we will be putting out to the public for public discussion the need to look at that tail, to look at how we can reduce the claims significantly by getting better work practices, and I have no qualms in saying that some of the management practices and understanding of occupational health and safety in this city are not as good as they should be. Some of the unions are very good in occupational health and safety and others are not. But the reality is that we need an attitudinal change in the workplace to accept that both partners, the employee and the employer, have to have a bigger role in reducing the number of claims. So the long term tail and the reduction of claims are the two principal keys in changing the direction of our scheme. If that occurs, it means that we will still be able to maintain reasonably high benefits for those with short-term injuries.

**Mr CLARKE:** I take up the point that the Minister raised about injured employees who may only have a 15 per cent disability and be receiving 80 per cent of their pre-injury earnings. Would the Minister agree that, for example, someone in the building industry who suffers a back injury (which is not uncommon in the building industry) and who is not permanently incapacitated by any stretch of the imagination, and cannot get a job back in the building industry because builders do not want them once they have an injury, because of limited training or other educational opportunities, their chances of applying for and winning jobs outside the building industry are significantly limited? No doubt the Minister has had, as I have had, representations from a whole range of long-term injured workers who would dearly love to get off the scheme but are not able to find alternative employment. The Minister is suggesting that the

long tail, as he terms it, will consign those people to economic poverty.

**The Hon. G.A. Ingerson:** We could debate this issue for hours and get all sorts of extreme views and examples. The example the honourable member gave is extreme, but it is an example that could be considered. You also have the other situation of people with a 5 per cent to 10 per cent disability staying in the scheme because of their age, and they are purely and simply using the scheme with a very minor disability to maintain an 80 per cent pension. All I am saying is that, if we genuinely are serious about having a benefit system that is fair and gives long-term benefits to the majority of employees who deserve to get it because they are injured at work, we have to get rid of the nonsense in this tail. Any person who genuinely sits down to study the scheme should not look at it from the political ramifications point of view, that is, whether or not your mates down at the union movement will be happy. If you genuinely look at the scheme you will see a lot of anomalies in this long tail that could easily be fixed, and you would get a much better return to work and have less roting of the system by people staying in the scheme.

I will give another example of what is wrong with the scheme at the moment. Recently a company closed because it was no longer profitable, and the majority of employees, because they had previous injury claims with WorkCover, automatically came back into the WorkCover scheme and were able to use it as a pension scheme, getting more payment than they would if they were on social security. Other workers cannot do that. That is a flaw in the scheme. It is not a rort; it is a flaw. You can hardly blame someone for wanting to do it, but it is not right. You should not be able to come back into the scheme after 18 months of not being in the scheme. Those sorts of issues are causing massive blowouts in the scheme.

Let us be absolutely honest. We had a surplus of \$5 million just over 12 months ago, and we now have an estimated deficit of in excess of \$100 million in 12 months. The cost of benefits has caused that, because the number of claims have not risen at anywhere near the proportional rate. We have to recognise, as we did in Opposition, even though the Government was not prepared to listen, that the scheme is too highly geared for certain accidents—and that is the long-term accidents in which the disability level is not very high. We intend to target that and bring it back to Parliament and show clearly that if those who are genuinely injured are to get benefits in the long term we have to do something about the scheme.

**Mr ASHENDEN:** Has the Government met its election promise of an additional \$2 million funding for occupational health and safety initiatives, and how are these funds allocated?

**The Hon. G.A. Ingerson:** We have requested that the corporation invest in the future of the scheme by making available \$2 million out of its funds. That is all it is as far as the Government is concerned, because those funds are, in essence, employer funds or funds that have been levied from employers and are part of the long-term cash reserves of the scheme. It is our view that that sum of money ought to be invested to try to reduce the number of workplace accidents and, consequently, the number of claims. If we can get the number of claims down by 25 per cent and fix up that tail we have virtually solved the problems of the scheme. When you remove all the hysteria from the scheme and get a few people

on both sides to sit down and recognise the problem, it is my view that we will be able to fix it up.

The \$2 million in the budget of the corporation has been suggested to go into the following areas: publicity and promotion (an awareness campaign which would be targeted at small and medium business), \$590 000; targeted programs which we would pick up because of the records that WorkCover have, about \$180 000; 'Stop the Pain' campaign, \$300 000; information and services centre, \$356 000; training grants of \$400 000; and a set-up cost of \$173 000 in the resource centre. Those funds would be allocated and spent in conjunction with the UTLC, the Employers' Chamber and any other professional association of either side, to get the best value out of the most difficult problem areas. The money will not be across the board but will be targeted specifically at the problem areas that WorkCover can identify.

**Mr ASHENDEN:** Will the Minister inform the Committee of WorkCover's investment performance to June 1994?

**The Hon. G.A. Ingerson:** Over the past five years to June 1994 the investment performance was 12.3 per cent per annum, which is 10.7 per cent above CPI and 2.8 per cent per annum above the benchmark. This is a strong performance and has been achieved by a very conservative low-risk policy. The corporation has shown strong performance above the benchmark and CPI as mentioned. One of the important facts in this whole investment strategy is that WorkCover, as a corporation, has been considered one of the better investors of large cash funds in Australia for some time. The corporation has been using a range of professional advisers, and those advisers were there under the previous Government. We are continuing to use them because they have brought an excellent result to the corporation. The fact that we have been able to continue to have an excellent investment performance means that the figures we were talking about earlier—the unfunded liability—are able to be kept lower than they would be if you had the same investment program of some of the other workers compensation schemes in Australia. It is because of that good performance that we are able to have less of a deficit.

It is a bit of a risk though because it means that the corporation has to continue to perform better than the benchmark in its investment policy when its expenditure is continuing to blow out because the legislative reform has not been introduced. It is a high risk problem. If we fall back to normal, to the average, we have a real problem. At the moment we are doing very well and the investors and the corporation need to be congratulated.

**Mr ASHENDEN:** How many workers have taken up the new Government's WorkCover levy subsidy scheme?

**The Hon. G.A. Ingerson:** For the seven months ended July 1994, 1 289 workers have taken up the scheme; long-term unemployed, 914; school leavers, 360; in the RISE program, 15. To date, the levy subsidy is \$257 386.68. The main industries involved are: manufacturing, 370; wholesale/retail, 302; construction, 173; community services, 123; and agriculture, 119. Of those 1 289 workers, 942 are in the metropolitan area and 347 are in the country.

**Mr CLARKE:** How successful has WorkCover been in placing persons back into the work force after they have been on benefits beyond two years? What are the principal reasons why some of these workers have not been able to be placed back into the work force? Dealing with the tail, as the Minister termed it, what are the figures for the number of employees who have been on WorkCover benefits for periods

of more than two, three and five years? What is the extent of the injuries of those persons?

**The Hon. G.A. Ingerson:** We do not have the information in relation to the second part of the honourable member's question, but we will take it on notice. In relation to the RISE employer incentive scheme, as at 31 July 1993, 77 per cent of workers have remained in positions found in or have voluntarily moved to other work; 5.3 per cent of workers placed have returned to income maintenance due to aggravation of previous injuries; and 9.4 per cent of workers placed have returned to WorkCover benefits due to economic factors affecting the new employer or an inability to perform the new position. Generally, there are very few cases where workers may have been arbitrarily terminated by their new employer after the period of support ended. These terminations have been fully investigated, and employers who are believed to be abusing the scheme will not be eligible for future RISE benefits. The figures are: for 1991-92, 206; 1992-93, 281; and 1993-94, 243.

**Mr CLARKE:** I want to deal with the journey accident coverage as per the amendments to the Act effective from 1 July. In July this year, I was at a Farmers' Federation function which the Minister attended. He said that it was up to the employer of the day to deem whether an employee was covered for journey accidents. The Chief Executive Officer of WorkCover was there also. He said that, notwithstanding the Minister's interpretation of the Act, the WorkCover Board had taken the decision that no journey accidents would be covered. On 5 August I became aware of a circular issued by the Department of Primary Industries to its export grain inspectors who frequently leave directly from home to go to the various outputs to service the rural community for the export of the grain, in particular wheat. They have been advised that any journeys they undertake from home to any of these outports directly will not be covered by workers' compensation. Instead, they have been advised that they will have to take the far longer route of going from home to their Port Adelaide location and thence from Port Adelaide to whichever outlying area they have to perform their work. Who is right, the Minister or the CEO? Will the Minister instruct the other Government departments on the status of journey accidents?

**The Hon. G.A. Ingerson:** In answer to a similar question, I advised the House that the Chief Executive Officer and I have had a discussion about this issue. Some of the claims will be accepted, as pointed out under the legislation and the majority, which is about 85 per cent, will be rejected in line with the interpretation of the legislation. If that administrative decision of interpretation is not agreed to, there will be the usual process of review and, if that is not accepted, consequent involvement in the workers' compensation tribunal will proceed as normal. In relation to primary industries, if the employer's decision as part of employment is to designate where work begins and ends, it is my understanding clearly that that is what the Act provides. The issue then is not of workers' compensation but of industrial relations between the employer and the employee to establish the beginning point of work. If the employer has made that decision, it is in their interest and the employees' interest for that to stand. If it does not, it is an industrial relations not a workers' compensation decision. The Act and the workers' compensation legislation clearly provides that whatever the definition, either under an award or an employment condition, of where work begins and ends is what compensation will be paid on.

**Mr CLARKE:** Has the Minister advised other Government agencies as to his discussions with WorkCover's CEO as to the definition of what claims will or will not be accepted by administrative cover of Workcover of journey accidents and, if not, will he do so promptly?

**The Hon. G.A. Ingerson:** I have asked for an opinion from the Crown Solicitor, and I understand that that opinion has been sent to the departments and definitely to the WorkCover Corporation. That opinion is principally in line with the comment that I made at the conference to which the honourable member referred. I understand that the Government's workers' compensation office has circulated that comment.

**Mr CLARKE:** Have attendance fees been set with respect to the WorkCover Board? If so, have they been increased in comparison with the fees covered by the previous WorkCover Board under the old legislation and, if so, what are the new fees and what are the increases?

**The Hon. G.A. Ingerson:** Yes, they have been increased: they have gone from \$10 000 to \$15 000 for members and from \$16 000—the exact figure we are not sure of—up to approximately \$25 000, for the Chairman which is positive.

**Mr CLARKE:** With respect to the increase in fees, when the Minister introduced legislation to change the WorkCover Board he specifically stated—and, indeed, it is carried out in the amendments—that the policy making role of the board had ceased.

The policy making was to be firmly rooted in the Minister's office, the WorkCover Board was to be purely carrying out the machinery and implementing Government policy and, in the investment side of things with respect to WorkCover, it no longer had anything to do with policy making decisions. Given that premise, how does the Minister justify an increase in the sitting fees for the Chairperson and board members when there has actually be a diminution in responsibility under the Act, and how does that sit with the Government's enterprise bargaining position, which is basically to say to the Public Service as a whole, 'We are increasing your responsibilities and your flexibility, but you have a wage freeze for the next two years.

**The Hon. G.A. Ingerson:** It is important that I explain to the member for Ross Smith, before he jumps out of his jacket, that last year the cost to the board was \$180 000. Under the new sets of fees it is \$145 000, so there is a \$35 000 reduction in the cost of the board.

*Mr CLARKE interjecting:*

**The Hon. G.A. Ingerson:** Of course there is a reduction in numbers but there is also a cost reduction for the board. That is the overall cost. As most people know, when you run a business—and very few union secretaries understand this—at the end of the day—

*Members interjecting:*

**The CHAIRMAN:** Order!

**The Hon. G.A. Ingerson:**—you are required to reduce the overall expenditure of an organisation and not just play flim flam with a set of figures. It is an \$700 million business in terms of investment and, on advice we have received from board members running similar types of business in the private sector, the payment of \$15 000 a year for any board member is very low indeed. I am surprised that the people who were prepared to do the job were prepared to do it for so little.

In relation to staff within the public sector, there is no direct responsibility or relationship to any employees in the public sector. I point out, as I did at the start, there has been

a \$35 000 reduction in the cost of the board. That is a positive move.

The other comment that was made in relation to policy from the Minister's office, as the member for Ross Smith probably already knows, I have made a visit on several occasions to the board. On my last visit I clearly pointed out to the board its role in terms of policy, and I have made very clear to the board that, because it is running the business, there will be many occasions on which they would like to have an input into policy, but it is purely and simply one of input; however, they would continue to be encouraged to have that input because they are involved with the day to day function of the whole scheme.

Clearly the board understands that its position is to run a massive business in terms of investment. We have 200 claims a day or 1 000 claims a week, so it is a significant management business, and the board is there to run that very big business. We have no qualms as a Government in heading up a more professional board, albeit smaller in number, and believe that over the next two years the new board will deliver some very important changes to the scheme in terms of management and in terms of cost to the employer but without very significant changes in benefits to the majority of employees. We merely want to get rid of the tail, and if we do so we can solve the whole problem for WorkCover.

**Mr BASS:** What initiatives have been taken by WorkCover to introduce a scheme for self-managed employers?

**The Hon. G.A. Ingerson:** We set up a self-managed pilot group early in the year and a pilot scheme will commence on 3 October. The following companies, 10 of them comprising registered employers, have accepted and they are: Brambles, including the Brambles Security Services, Brambles Industries and Wreckair; Coles Supermarkets Australia; Smiths Snackfood Company Ltd; Samuel Smith and Son Pty Ltd, including S. Smith and Son Pty Ltd; and Western Mining Corporation, including Western Mining and Olympic Dam. The contracting process is under way and the September board meeting will approve the execution of contracts and delegations.

An administration rebate of 4 per cent of industry levies has been approved for employers participating in the pilot. The rebate will take effect from January 1995 for the duration of the pilot. It is proposed that the three month period of no levy rebate will apply for future participants. Training of pilot employer representatives will occur in the first and third weeks of September. A broad range of subjects in case management administration will be covered, and shop steward training will occur in the last week of September.

Consultation with both the employers chamber and the UTLC is ongoing. Three case managers and a clerical officer will be appointed in a special unit to support employers in the day to day process.

It is believed that this situation is a half way house between the totally exempt and those in the scheme. It will be interesting to see whether this turns out to be a practical option. At this stage most of us are interested in the scheme and hope it is successful. If it is not, they will purely and simply return to part of the standard scheme.

**Mr BASS:** How many staff at WorkCover have corporate credit cards and how are they used?

**The Hon. G.A. Ingerson:** There are 24 current Westpac corporate cardholders and four American Express corporate card holders. The audit for a three month period from December 1993 highlighted no breach in procedures. The

Westpac corporate credit card was an initiative approved by the State Government as a means of improving purchasing and accounts payable performance within agencies. It was first introduced in the Federal Government and the South Australian Government took up the initiative and awarded the tender to Westpac. Generally we use State Supply for stationery items and where purchases are not urgent. State Supply now accepts corporate credit cards for purchases. Corporate credit card holders have been provided with State Supply catalogues and use the State supply system in those catalogues.

Prior to the introduction of the corporate credit card, between 50 per cent and 60 per cent of corporation payment for administration expenses were less than \$1 000. Considerable costs were incurred in processing these purchases through the production of requisitions, purchase orders, invoices and recording of statements, the processing of cheques and in reconciling those cheques. It is a more modern method of paying small accounts, but it is recognised that there needs to be very tight control over their use. As highlighted earlier, the audit has shown that there has been no breach in those procedures and it helps to encourage responsibility in terms of senior executives and those issued with the cards.

The Government will continue to monitor the use of those cards, but I would have thought that, provided there are no difficulties, it is a much better system to use in managing small accounts.

**Mr BASS:** How is WorkCover responding to the recommendations of the Industry Commission report?

**The Hon. G.A. Ingerson:** The Industry Commission's final report is an important contribution to debate on future compensation in Australia. Any effective and lasting solutions in this area will require full cooperation of the States, Territories and the Federal Government. The heads of workers compensation authorities, of which WorkCover is a member, is fully supportive of a move towards greater national consistency, but recognises the difficulties in achieving this aim. The heads of workers compensation authority has developed a two year program to achieve greater national consistency in the following areas of compensation, law and practice: access and coverage for workers compensation; benefit levels, in particular, income maintenance, common law, lump sum and medical entitlements; premium structures; the distribution of costs between employers, workers and Commonwealth Government; and the resolution of standards and costs for medical services, prevention programs and fraud prevention.

A very interesting situation occurred in my first opportunity to go to what is called the Labour Minister's conference. In relation to workers' compensation, every State in Australia, including Queensland, was totally opposed to a national compensation scheme. It was probably the only time during the day at which every group was opposed to what the Commonwealth wanted to do. It is interesting, of course, that one of the biggest losers of the scheme, if there is a national scheme, is Queensland. The reason is that recipients go on to the social security scheme in terms of payment much earlier than any other scheme in the country.

*Mr CLARKE interjecting:*

**The Hon. G.A. Ingerson:** It is the earliest. Its loss would be enormous. So, we have a situation where a national scheme, in the short term in any case, is highly unlikely. The other reason for a national scheme not getting off the ground is that Queensland, along with all other States, clearly does

not trust the Commonwealth. The reality is that all the Commonwealth wants is national unity out of Canberra. We all know that, with several generations of bureaucrats now working their way up and down the hill, the advice that goes to Federal politicians, who also live in a cloistered, Canberra environment, is not of the real world: it tends to be more involved with national centralisation.

In this issue, where clearly all the States have a direct involvement in the management of a compensation scheme, they believe they can do it better themselves. However, there are some areas where there needs to be uniformity: the transfer of compensation across the States needs to be recognised.

In some areas of common law, lump sum payments and medical costs there should be some standard procedures for charging. In those areas we are prepared, as a State Government, to sit down and work with the Commonwealth to produce a more consistent national policy. However, we have no intention of handing over the compensation scheme to the Commonwealth so that it can ruin it like it ruins everything else, particularly this Federal Government.

**Mrs GERAGHTY:** What is the Government's position on officers of the WorkCover Corporation who breach the WorkCover Act? I specifically refer to a recent letter from the Chief Executive Officer of WorkCover, Mr Lewis Owens, who released specific details of WorkCover claims of Homestead Homes. Does this mean that the Government is taking a position of disclosing the names of those companies with excessive claims?

**The Hon. G.A. Ingerson:** Section 112 of the Act enables the Chief Executive Officer to release that information. So that the Committee is fully aware of what section 112 is all about, I will ask the Chief Executive Officer to explain it.

**Mr Owens:** Section 112A, which is an amendment passed by the previous Government a year ago, allows the corporation to release information about an individual employer's claims and their costs. There is a board policy which provides for the details on when and how such information can be released. It is not something we do as a matter of course, but the board has approved a policy that, where an employer initiates publicity in the media which is detrimental to WorkCover, I am entitled to release information in defence of our position. This was a clear case where an employer provided misleading advice that it had had no claims. It had eight claims and they had cost the scheme \$150 000. In those circumstances, under section 112A, I was quite entitled to release that information.

**Mr CLARKE:** I refer again to the 'tail', as the Minister refers to those on benefits beyond two years. How does the Minister envisage the workers' compensation scheme looking after a worker such as a constituent who came to me with back injury and who, in order to sleep at night, has to kneel alongside a Jason recliner chair because he cannot lie straight on his bed? If you get rid of the tail, you get rid of him. What happens financially to that person who, through no fault of his own, was injured at work?

**The Hon. G.A. Ingerson:** As I said earlier, the area we are concerned about is those with 15 per cent and less disability, and disability that can be measured in that sort of area. There is a whole range and a very large number of claims in that less than 15 per cent disability area that we are concerned about. Obviously the position put forward by the honourable member would not fall into that 15 per cent category. If it did, we would say that it should not be on the scheme and that they should be paid out.



So that that is not misinterpreted, I want to make it clear to the Committee that it is our view that a lot more work needs to be done in relation to the exact percentage, whether it is 20, 15 or 10 per cent. We should be working out how we should get this group out of the scheme. We are not saying that they should not be getting some compensation: we are saying that they should not be getting 80 per cent for life, because that is the area of large costs.

In the case that the honourable member mentioned, I would have thought that that was a fairly serious case and I would not expect the worker to be paid off straight out of the scheme. As I said earlier, this is one of the areas in which more work needs to be done. I would hope that the honourable member does not rush out immediately and say that every person under 15 per cent is to be taken out of the scheme. It was used as an example and as a point at which we should be looking.

The WorkCover Corporation has been asked by me, on behalf of the Government, to give us a breakdown of all the injuries that fall within that tail and some examples of what it believes are areas within the scheme that should be coming out of the scheme much earlier than they do. It is with those particular numbers that we will be going to the UTLC, the Labor Party, the Democrats and to anyone who has an interest in this area to show them that we can clean up the scheme with a pretty simple change to the Act that would enable the majority of benefits to continue. However, we would remove from the scheme this very significant anomaly of getting long-term benefits when in fact the recipient had only a minor disability.

**Mr CLARKE:** There has been a great deal of speculation about the introduction of private insurers for some time since the change of Government. Can the Minister give some advice as to how he sees private insurers being able to come into a situation where there is any long-term tail, and I appreciate the Minister's saying that some should come out of the long-term tail? However, from his earlier answer, he accepts the fact that there will be a category of employees who will be in the long-term tail, as he describes it, when private insurers in other States—Victoria and New South Wales—have shown an absolute inability to manage claims which are not finite. In particular, I refer to our own experience in South Australia, when the SGIC handled the claims for WorkCover and it was an absolute shemozzle for three years.

**The Hon. G.A. Ingerson:** The shemozzle was under the Labor Government, and it was the Labor Government's inability to set up the scheme in the initial stages that caused most of the problems. Having said that it was going to have a single insurer, it then used SGIC as the interim provider, first, without giving it the computer backup to enable it to do it properly and, secondly, without even knowing itself how it wanted to manage the scheme.

It was not until about 18 to 24 months into the scheme that the Government realised that the SGIC was incapable of producing the goods it wanted and it went to a monopoly. So, most of the problems in the initial stages were Government created, because it had no idea how to handle the problem. We have recommended to WorkCover that it look at the New South Wales model as the basis for involving the private sector insurers, because in my view it is the New South Wales model that has the more middle of the road approach to return to work and to managing the finances of the scheme. It is far too early to decide whether the Victorian scheme is the best way to go, and this Government does not support the

total opening up of the scheme to the private insurers. The New South Wales model, where the authority remains in control of funds and has significant input into occupational health and safety and the inspectorate and the management of the scheme generally, is the way we believe it ought to go.

I do not believe there is any evidence to show that the New South Wales scheme is not working reasonably satisfactorily. There are some examples, but there are examples in every scheme. Overall, it is my view that the New South Wales scheme is the best way to go. The Federal IAC report recommended strongly that we needed to have competition in the area of return to work and management of claims. We believe that the way to do that is to bring back into the management of claims area and return to work the private sector insurers, so that you get the best benefit for the scheme. I do not believe the employers in this State would support a total return to private insurers, and there is no question about that. There is no intention for this Government to go down that track. We think the New South Wales model, where the authority has the overall control of the scheme, including the private insurers, is the best way to go.

**Mr WADE:** What is the Government doing to reduce the risk of injuries to our inexperienced workers?

**The Hon. G.A. Ingerson:** Approximately 30 per cent of all claims lodged with WorkCover involve workers who have been with their current employer for less than 12 months and, as employment opportunities increase in South Australia, obviously the number of new workers will increase. Just after coming into office we launched a new workers' occupational health and safety kit, which has now been distributed throughout the State to target employers. I understand that we are starting to have some effect with that program. As with the overall occupational health and safety program, it is not a scheme that can be done just once and walked away from. As part of our long-term strategy, we need to make sure that all employers who bring new workers into the workplace clearly explain to those new workers the problems in that workplace, because they are there.

Many members would understand the problems that will not go away in the production line, because of the mechanisation of the particular industry. We need to make sure that the management and the employee representatives are aware of those problems and actually do something about them. It is the Government's philosophy to work with both the employers and the employees to make sure that we get safer workplaces. The young people who go in for the first time are at most risk, and we need to make sure that all employers are aware of that. We will be continuing to make sure that this program is very much part of the occupational health and safety program in future.

**Mr WADE:** What is the WorkCover Corporation doing to ensure that stress claims are being managed effectively?

**The Hon. G.A. Ingerson:** The AMA and WorkCover jointly have produced a protocol for assessment and treatment of work related stress disorders that will assist medical practitioners to manage these claims. This was launched in August this year and is being distributed to psychiatrists, psychologists and general practitioners this month. It emphasises the need for sound information, professional accountability, early intervention and communication between the parties. The protocol requires that doctors provide a diagnosis of the claimant's condition and completion of an early report, for stress will not be acceptable as a diagnosis. It also provides for early investigation of claims

and, where appropriate, mediation by independent consultants. Nineteen such consultants have been selected.

Finally, a mandatory independent assessment will be initiated where claimants have not returned to work within six months of the receipt of a claim. In opposition, in discussions with the AMA, this whole area of intervention was a major area of concern for me and for our backbench committee. It is my view that there is a need in this whole medical arena to get specialist treatment into the system much more quickly than currently occurs, so that, if there are difficulties with the treatment, the general practitioner can be helped to make sure that the person is quickly returned to work. There is plenty of evidence around to suggest that the longer a person is off work, irrespective of the level of claim, the more difficult it is to get someone to return to work. Any program that enables that to occur within medical bounds—and I am not suggesting at all that there should be a forced return to work—but any system that enables people to return to work more quickly under medical supervision, the better off we will be.

**Mr WADE:** Why is WorkCover investing time and effort into marketing its information technology products interstate and overseas?

**The Hon. G.A. Ingerson:** To the end of August 1994 WorkCover had received in excess of \$3.9 million in revenue from sales of information technology product. This commenced in 1992. First, sales to the Commonwealth Government's COMCARE of the insurance package Wise gave \$1.675 million; sales of employer reporting systems for workers' compensation analysis and levy management brought \$113 000; licensing of the facility management arrangement with the South Australian Health Commission, for it to use WorkCover's Wise application and management information systems, brought a revenue over four years of \$2.084 million; royalties from the sale of WorkCover's application Development Environment Origin, first royalty payment from Japan, \$48 000 dollars, with the initial contract with Matsuita of Japan being for two years.

While marketing is not a core activity within WorkCover, it takes the approach that, if there is an opportunity, WorkCover will promote its products. It is our intention in government more widely to use the computer programs that have been worked out by WorkCover, because it seems to me that if we have exceptional products we should be using them and not reinventing the wheel. We will be using them far more often, as the Health Commission has already done.

**Mr CLARKE:** The CEO was answering a question from the member for Torrens in relation to companies which, in the view of WorkCover, have excessive claims which, of course, is a drag on the rest of community with respect to companies that are not serious about health and safety issues. Fortunately, they are only a minority, albeit an expensive minority. Will the Minister agree to release the details of those companies that WorkCover believes have excessive claims and who are not seriously addressing the issues of workplace safety?

**The Hon. G.A. Ingerson:** I think it is very important that that has been asked, because there is no doubt that there are some companies that do not want to play the game, whether it is a legal game or whether it is a moral game in relation to their employees. The policy process at the moment is initially to try to cooperate, and by that I mean that WorkCover will go out to the corporation concerned and attempt to convince them that WorkCover can help them in attempting to improve their workplace practices. As the member would be aware,

I have mentioned the extra \$2 million that will be part of that program to target those employers. As part of that process all consultancy is free, so there is no cost to the employer; the only cost is one of cooperation in attempting to do something about it. We then offer a financial inducement as well to try to encourage them to improve their occupational health and safety practices. As a last resort we would then consider that situation. The Government's policy is that we should not be putting that position in the public arena, but I hear what the member says and if there were any extreme cases I am sure that that is an issue that ought to be taken to Cabinet for a final view. It is the Government's very strong view that management has a very big role to play in this whole area of workplace safety and we do not believe that there are any instances in which any company should deliberately flout occupational health and safety at all.

**Mr CLARKE:** Dealing with claims in the Public Service itself: the Minister has already pointed out (and I refer to the Auditor-General's Report, pages 260 and 261) the significant reduction in the last five years in the actual number of claims made for workers compensation but that nonetheless there are a number of claims still at a significant cost. The Minister has made some reference to exhortations from himself to other Ministers and agency heads about the need for the Government as an employer to address issues of safety very seriously. I know that has been done by previous Ministers as well, with mixed success. I know that the Minister has answered in part, from an earlier question that was put to him, but I ask how he intends to address, for example, the Department of Education which has seen claims in costs go out from \$10 million in 1990 to \$17 million in 1994. There are a number of other Government departments as well, but that is one of the more spectacular examples, where the Government itself through its own management is imposing higher class sizes on school teachers and a number of other problems that are associated with work related stress as a result of decisions outside a teacher's own control.

*Mr ASHENDEN interjecting:*

**The Hon. G.A. Ingerson:** I thank the member for his question, and I take up the comments made by the member for Wright, because there was a very significant reduction in the number of teachers under the previous Government. I point out to the member for Ross Smith that those are the figures that are currently being reflected in our claims. Any reductions made by this Government would not, of course, be reflected in any claims at this stage because the numbers have not started to break down. So I thank the member for Wright for pointing out that important point. The audit levels as far as workers compensation concerning all the departments, other than about three, is unacceptable, and those audit levels in the performance of the departments have been long term ones. I just do not accept the fact that previous Ministers have genuinely gone out to attempt to solve the problem. I think they have all written notes to their chief executives and to their relative Ministers, but I do not believe there has been any significant attempt to try to do something about it.

This Government has done that. It has had written into the performance agreements of all chief executives that there is a requirement for them to get a 30 per cent reduction in workers compensation in their departments over three years, and that will be monitored as part of their performance agreements. As part of writing it into the agreements it is our view that you have to actually go out to the chief executives and sit down with the human resource people and ask, 'How are you going to achieve it?' It is the easiest thing in the

world to write into an agreement that you must improve it by 30 per cent, and then feel good about it, but do nothing about it. So our approach, through the Department of Industrial Affairs, is to continue to work with all the human resource people in all of the departments to work on this whole problem of workplace safety, and consequently compensation costs.

In particular, in the Education Department, as I mentioned earlier, there is now a joint pilot study being done with WorkCover and with the Department of Industrial Affairs to try to do something about stress claims in particular. But the results of that pilot study will have far wider ramifications than purely and simply the management of stress claims, because they will highlight, I suspect, the way that management of compensation generally is taking place in the Education Department. I do not believe it is necessarily any different in that department than it is in all of the other departments. The only difference is that because of the number of teachers the cost of claims is more obviously reflected as a blowout. I believe that we have the same problem as all of them, but they are much smaller and are not recognised as much.

The other thing that the Government has done is that we have made the chief executives personally responsible for occupational health and safety and for workers compensation, so they do not have the ability to delegate that responsibility. There is no doubt that those companies in the private sector

that have had the best occupational health and safety records have been those in which the managing director has been personally involved with the whole issue of safety. Probably the best example in South Australia was Frazer Ainsworth when he was Managing Director of SAGASCO; safety was the very first issue they talked about at a board meeting and it was the last issue they talked about.

Over a period of time SAGASCO was able to improve its bottom line by an estimated \$3 million a year, purely and simply by improving the workplace safety practices. I have had many discussions with Frazer about how to do it, and he keeps on coming back to the same comment: that unless the chief executive is totally committed and responsible for workplace safety nothing will happen. That is the direction we have put out to all our chief executives. We hope, again, that we will get short term change, but in my view occupational health and safety is not a short term program. It has to be a lifetime commitment of the company, the managers and the workers to make sure that no-one gets injured. I know that that is impossible, that no-one will get injured, but if we have a culture which says it is not acceptable any more, it is my view that we will get some significant changes.

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

#### ADJOURNMENT

At 6.20 p.m. the Committee adjourned until Wednesday 14 September at 11 a.m.