

## HOUSE OF ASSEMBLY

Wednesday 18 February 1998

The **SPEAKER (Hon. J.K.G. Oswald)** took the Chair at 2 p.m. and read prayers.

### ASSENT TO BILLS

His Excellency the Governor, by message, intimated his assent to the following Bills:

Development (Building Rules) Amendment,  
Electricity (Miscellaneous) Amendment,  
Gaming Machines (Gaming Venues in Shopping Centres) Amendment,  
Gas (Miscellaneous) Amendment,  
Gas Pipelines Access (South Australia),  
Guardianship and Administration (Extension of Sunset Clause) Amendment,  
Land Tax (Land Held On Trust) Amendment,  
Local Government (Holdfast Shores) Amendment,  
Motor Vehicles (Heavy Vehicles Registration Charges) Amendment,  
Road Traffic (Speed Zones) Amendment,  
Roxby Downs (Indenture Ratification) (Aboriginal Heritage) Amendment,  
Stamp Duties (Miscellaneous No. 2) Amendment,  
Statutes Amendment (Ministers of the Crown),  
Unclaimed Superannuation Benefits.

### OPEN SPACE

A petition signed by 761 residents of South Australia requesting that the House urge the Government to implement a planning system in consultation with the community and local government ensuring an equitable distribution of open space throughout the community was presented by Mr Hill.

Petition received.

### SCALLOPS

A petition signed by 167 residents of South Australia requesting that the House urge the Government to ban commercial scallop harvesting in Coffin Bay waterways was presented by Mrs Penfold.

Petition received.

### QUESTIONS

The **SPEAKER**: I direct that written answers to the following questions on the Notice Paper, as detailed in the schedule that I now table, be distributed and printed in *Hansard*: Nos 12, 13, 15, 23, 35 and 40.

### PAPER TABLED

The following paper was laid on the table:

By the Minister for Government Enterprises (Hon. M.H. Armitage)—

Corporate Affairs Commission—Report, 1996-97.

### EMPLOYMENT

The **Hon. J. HALL (Minister for Youth and Employment)**: I seek leave to make a ministerial statement.  
Leave granted.

The **Hon. J. HALL**: The challenge of growing employment is certainly one of the most important being faced by Governments of all persuasions around the globe and, clearly, South Australia faces these same challenges. Unemployment and employment related issues are too important to trivialise or politicise. Employment issues are very complex and the community, quite rightly, expects the Government and all politicians to handle these issues in a mature and serious manner. No-one in the western world has a magical solution to employment issues, as witnessed by the vast array of commentary that exists on employment figures, trends and estimates.

However, this does not absolve the Government from committing itself unreservedly to the twin tasks of reducing unemployment and providing the right environment to stimulate quality jobs for South Australians. When the Liberal Government first came to office, we were confronted by years of Labor mismanagement. It was the previous Labor Government which took unemployment in this State to over 12 per cent. Jobs were being lost at record levels. Labor was not willing or able to face the issues confronting our State head-on; it budgeted on the basis of a limitless credit card and ran up a mountain of debt.

We are still living and dealing with the mountain of debt. All Labor could offer, and all it continues to offer, were simplistic quick fixes. It is Labor's quick fixes that have left South Australia with long-term headaches. In contrast to Labor, the Government, during its first term, has steadily and successfully worked at reducing unemployment through a broad revitalisation of the State's industrial and commercial base, and through continued support of a wide range of world-class primary industries. In addition, the Government has created a more positive and optimistic investment environment which has been much welcomed by the private sector.

Recent examples of new and additional investment in South Australia are evidence of this and include:

- The joint venture between Microsoft, PBL and EDS to develop an Asia Pacific Internet Data Centre in Adelaide; an investment of \$40 million to establish the largest centre of its kind in the southern hemisphere, placing Adelaide alongside Tokyo and London as only the third location for such a facility outside the United States.
- The investment by Holdens in its new Vectra model to be built at Elizabeth, which will create over 700 new jobs for South Australians.
- The moving of Sheridan's manufacturing operations from Sydney and Hobart to Adelaide, creating a further 70 jobs for South Australia.
- The massive investment by Western Mining in the Olympic Dam facility that will generate around 2 500 job opportunities in South Australia.
- The investment announced last year by Teletech International to establish its Asia Pacific Call Centre in Adelaide, creating up to 1 000 jobs over the next four years.

The Government is in the business of creating the right conditions for employment growth and development for the long haul. Employment programs, such as Kickstart and the new Small Business Employer Incentive Scheme, are proving successful and are placing many South Australians, particularly the long-term unemployed, in real and lasting jobs. In addition, the State Government is directly helping many young South Australians through the recruitment initiative and youth training scheme.

An additional 1 500 South Australians are getting the positive starts they deserve this year as a result of these Government programs. The strategy of this Government is, put simply, to generate real long-term employment opportunities for South Australians. That is what the community expects, and that is what the Government is doing. Today I would like to inform members of further measures being taken by the Government to strengthen its ability to respond to the constantly changing work requirements of a modern community and to generating real jobs.

On advice from the Chief Executive of the Department for Education, Training and Employment I have approved the formation of a new employment and youth affairs group within the department. Currently, advertisements have been placed in State and national media for an executive director with experience and expertise in both areas to head the new group. This is an exciting development and one that is being undertaken within the existing head count of the department. As well, the new position will not increase the number of executives in the department. Within the new group a new work force strategy office will be established. This will provide the Government with significantly improved resources to improve further the Government's ability to create the right environment for growing jobs.

*Members interjecting:*

**The SPEAKER:** Order! The Chair has called the House to order on several occasions during this ministerial statement. The House gave the Minister leave to make a statement, which should be respected in silence. I would like the House to acknowledge the fact that it has given the Minister leave to make the statement and, as such, members should be silent for the remainder of the statement.

**The Hon. J. HALL:** The work force strategy office will have two main functions. The first is to develop strategically focused projects to enable important transition work to be done for key groups when there are major changes in the form and location of work. The second is to undertake work force planning and to design programs to meet identified employment needs. It is absolutely essential that the Government has the necessary infrastructure and advice to continue the task of building a better future for all South Australians through quality jobs and employment. I am very confident that the introduction of the new group I have outlined will help greatly to achieve this objective.

Under Labor the growth of exciting and new employment opportunities for South Australians ground to a halt. Jobs were being lost at record levels every day. The edifice of the State's worst financial disaster cast a long, dark shadow over everything. The action taken by me and outlined today is another important step in rebuilding South Australia as a place where quality employment and quality lifestyle go hand in hand. It is critically important that the Government has the appropriate range of expertise to provide the leadership and support necessary to tackle the very complex task of growing jobs for all South Australians.

#### LEGISLATIVE REVIEW COMMITTEE

**Mr CONDOUS (Colton):** I bring up the third report of the committee and move:

That the report be received and read.

Motion carried.

**Mr CONDOUS:** I bring up the fourth report of the committee and move:

That the report be received.

Motion carried.

### QUESTION TIME

#### ELECTRICITY, PRIVATISATION

**The Hon. M.D. RANN (Leader of the Opposition):** Did the Premier, as Minister for Infrastructure in the Brown Government, raise, discuss and seek support with ministerial colleagues for a proposal to sell all or part of ETSA?

**The Hon. J.W. OLSEN:** The simple fact is that the Government did not consider the sale of ETSA or any part of it.

**The Hon. G.M. GUNN (Stuart):** Will the Premier advise the House whether he intends to open up a dialogue with the public sector union following his announcement yesterday that the State electricity assets are to be privatised?

**The Hon. J.W. OLSEN:** Within a couple of hours of making the announcement of a change of policy by the Government in relation to the sale of ETSA and Optima—

*The Hon. M.D. Rann interjecting:*

**The Hon. J.W. OLSEN:** We have a set of changed circumstances in South Australia and, clearly, the Leader of the Opposition does not want to accept that there is a set of circumstances that his colleagues interstate (Premier Bob Carr and Treasurer Egan) have acknowledged. This is what I call almost Hobson's choice, where you really do not have a choice at the end of the day when you are looking at the interests of South Australia in the long term. As I stated in the House yesterday, John Bannon had a warning and did not do anything about it. As a result of that, we had the State Bank debacle and \$3 billion of debt that we and our children will be paying for for years to come.

There is a choice: I could sit here comfortably for the next 3½ years ignoring advice, but the more appropriate, responsible course to take is to heed the warning and do something about it. That is exactly what we have done. In the long term, that is in the best interests of South Australia. It might not be the easy choice, but it is the right choice for South Australia.

*Mr Foley interjecting:*

**The Hon. J.W. OLSEN:** I am very interested that the member for Hart has interjected, because it was in *Hansard* of 30 March 1994 that the member for Hart said:

Looking further at the various assets, I make the point again that, as one who supports asset sales, it can only ever be one element of the debt reduction strategy. I am quite happy to stand here tonight and say that I support asset sales. Given the State's excessive and severe debt situation, asset sales are an appropriate tool with which the Government can attack debt. I have no problem with an asset sales program.

That was the member for Hart.

*Members interjecting:*

**The SPEAKER:** Order!

**Mr CONDOUS:** I rise on a point of order, Mr Speaker. I did not hear the latter half of what the Premier was saying. Is it possible—

**The SPEAKER:** Order! There is no point of order.

*Members interjecting:*

**The SPEAKER:** Order! The Leader of the Opposition will come to order. There is no point of order, but the honourable member's point is quite valid, in that the interjections in the House have reached a level at which the honourable member could not hear a reply. I also point out that quite

a few members, when they read the *Hansard* from yesterday, will find that they feature quite strongly in *Hansard* through interjections. I anticipate that this afternoon will be a sensitive Question Time. I will enforce the Standing Orders, and I expect all members to be silent while questions are being replied to.

**The Hon. J.W. OLSEN:** It will be an interesting test of the veracity of the member for Hart's statements. The member for Hart now, in relation to the asset sales program, has a clear choice in the interests of South Australia to remove the debt burden, to remove between \$1 billion and \$2 billion worth of risk. That is the choice. As some have said (including members opposite and the Democrats), why would you want to sell ETSA or Optima if you have a cash flow? That is exactly the point. The Auditor-General said in the first week of December, 'You cannot guarantee that now into the future.' So whilst it has been of benefit to us thus far, it is not necessarily a benefit for us in the future.

Obviously, the unions on behalf of their members have some concerns in relation to the policy that we have announced. Yesterday afternoon I sat down with four unions representing the work force within ETSA and Optima. We had discussions with them. The Minister for Government Enterprises has written to all employees of ETSA and Optima indicating that there will be no forced redundancies in relation to this policy direction. In addition, last night, at the request of Jan McMahon from the Public Service Association, I had detailed discussions with her in relation to the other raft of opportunities which are currently being looked at and to which the Government has made no policy determination but that we will be looking at the business pace and the risk levels and making a decision on those prior to the May budget.

The dialogue with the unions has given them some reassurance on some key questions on which they were focusing and we have given a commitment to ongoing discussions and dialogue with the unions so that they know the issues which are at stake and on the table and with which we have to grapple. In addition to that, as we go forward they can put to us the views of their members regarding the conditions and circumstances that ought to be incorporated in any negotiations on behalf of their members in the future.

**The Hon. M.D. RANN (Leader of the Opposition):** Does the Premier stand by his denial yesterday that the Government was working on plans to privatise ETSA and Optima before the State election, given claims today that work on the privatisation was begun two years ago? The Opposition has been informed that the Government commissioned consultants to assess the market valuation of ETSA and Optima before the State election in preparation for sale, outsourcing or lease. Today's *Australian* states:

... Liberal sources indicated his [the Premier's] office had been working on the strategy for the past six months and that Mr Olsen had pursued the option at least two years ago as Infrastructure Minister.

**The Hon. J.W. OLSEN:** Once again, here we go: the Leader of the Opposition is not prepared to confront the critical issues facing South Australia and make a principle. We have a set of circumstances that have evolved since the Auditor-General's Report released in the first week of December.

*Mr Foley interjecting:*

**The Hon. J.W. OLSEN:** I am pleased that members of the Opposition have had 24 hours to get their act together and

to get up at least some questions because yesterday members of the Opposition could ask only two questions, so ill-prepared were they on this issue. Let me reaffirm to the House and to the Leader of the Opposition that it was the first week of December last year in which the Auditor-General reported to the Parliament. In that report the Auditor-General identified to this Parliament for the very first time the risk levels, the exposure of ETSA and Optima and, therefore, the taxpayers of South Australia. The Auditor-General went on to say that this was a risk a level of which could only be surpassed by the State Bank debacle. Any responsible Government would heed those warnings. As I said yesterday, there was one Government and one Premier who did not—John Bannon—and we had \$3.5 billion worth of loss incurred upon South Australians that will take us some considerable time to get rid of.

I will not ignore the warnings, neither will this Government. As a result of receiving those warnings and also as a result of the electricity industry's annual report being tabled in Parliament in the first two weeks in December, the first time that the annual reports had been released, what did they show? In the accounts they showed that the electricity industry had allocated \$96 million for future trading losses on the national electricity market. That had never been identified before—in the first two weeks of December. As a result of that, we then obtained some independent advice, which was collated during the December-January period. I first raised this matter on 22 December 1997—

**The Hon. M.D. Rann:** It was 1996 when you first raised it.

**The SPEAKER:** The Premier has the call.

*The Hon. M.D. Rann interjecting:*

**The SPEAKER:** Order!

*The Hon. M.D. Rann interjecting:*

**The SPEAKER:** Order! The Premier will resume his seat.

I ask the Leader of the Opposition to set some example in this place. It is most discourteous to continue to interject after the House has been called to order from the Chair.

**The Hon. J.W. OLSEN:** The first occasion on which I raised with Cabinet the gravity of the risk and the circumstances that needed to be put in place was 22 December, and that was as a direct result of the first publication of those reports quantifying the level of risk. Cabinet agreed that the matter ought to be further explored, and it was during December and January. As a result of affirmation of those risk factors by independent consultants, the Government made the policy determination it did.

Over the course of the past few years, the Leader of the Opposition has written to the Auditor-General at the drop of a hat to shore up some argument politically he is putting about. I invite the Leader of the Opposition in this instance to write to the Auditor-General on this issue, to seek an appointment with the Auditor-General, to go to the independent umpire that he talks about and to obtain from the independent umpire the advice that we have obtained. It is on the table and now on the public record. That will give clarity and certainty related to the risk. I know that the member for Hart and the member for Kaurna certainly would support the asset sales program and not the level of risk being assumed by the taxpayers of South Australia. We will see whether the Leader of the Opposition has the fortitude and the courage of his convictions to seek advice and make a value judgment on that advice in the long-term interests of young South Australians.

**The Hon. M.D. Rann:** Your honesty, that is what we are—

**The SPEAKER:** Order!

*Members interjecting:*

**The SPEAKER:** Order! The House will come to order. I call the honourable member for Elder to order.

**Mr HAMILTON-SMITH (Waite):** Will the Premier please explain why the Government is selling the State's electricity assets if they are producing healthy profits? The Government budget papers show that ETSA and Optima are expected to contribute nearly \$200 million in dividends in the current financial year.

*The Hon. M.D. Rann interjecting:*

**The Hon. J.W. OLSEN:** Inane interjections such as that by the Leader of the Opposition, when we have such a critical issue and one of the most important policy debates of this Parliament in perhaps my lifetime in this House, just indicate a populist driven, non-principle focused policy direction Leader of the Opposition. We have and are paying just short of \$2 million a day interest on this State's debt. As I indicated to the House yesterday, we have attempted—and it has been a valiant attempt—over the past four years to reduce that debt, and we have taken it from some \$9 billion down to \$7.4 billion.

Let us look at this in context as it relates to the State Bank. In August 1989, the former State Bank reported a profit of \$97 million: 12 months later, that was down to \$24 million (with a bit of creative accounting, I might add) and, just six months after that, the extent of the risk of the South Australian Government being in the competitive marketplace became apparent with the first billion dollar bail-out of the State Bank. There was a trading enterprise making a good profit and, all of a sudden, it went from \$97 million to \$24 million to a \$1 billion first payment to bail out the State Bank. That is the sort of risk we were facing. It ended up costing \$3.15 billion. For years the former Labor Government had been deluding itself with the special lending and accounting practices of the State Bank. I will quote what the now Leader of the Opposition had to say in 1989, as follows:

The Leader of the Opposition, his shadow ministry and his staff have embarked on a sustained and continuing campaign to undermine the credibility of the State Bank.

This is when we were starting to question the risk exposure of the State Bank. They criticised us for identifying the level of risk. As a result of inaction by the former Labor Government in those policy areas, we have seen the debt legacy, investment drought and job contraction in South Australia. We will not sit by and allow that set of circumstances to recur in South Australia. It would be a total abdication of responsibility of any Government to walk away from the need to make tough decisions in tough circumstances in the long-term interests of every South Australian.

#### ROYAL ADELAIDE HOSPITAL

**The Hon. M.D. RANN (Leader of the Opposition):** Why did the Premier tell this House yesterday that the State cannot afford to upgrade the Royal Adelaide Hospital without selling ETSA when this work has already been approved by Cabinet, has been announced twice by the Premier, and has already begun? On 25 May 1997, the Premier announced that \$60 million had been committed to the first two stages of the redevelopment of the Royal Adelaide Hospital, and then later distributed a pamphlet, signed by the Premier, to all South Australian households, confirming the commitment to the

upgrade. The funds were there, the money was in place. Yesterday, the Premier said:

The Royal Adelaide Hospital needs over \$120 million spent on it, and we haven't got it.

**The Hon. J.W. OLSEN:** No wonder the State got into financial difficulties with this mob looking after it. If the honourable member goes back and actually reads his explanation, he will see that it answers his question for him. We need \$120 million in the upgrade and, rightfully, we have committed the first two stages—\$60 million. That leaves \$60 million short.

*Members interjecting:*

**The SPEAKER:** Order! The Premier has the call.

**The Hon. J.W. OLSEN:** If this is the level, standard and thrust of your questions on this major policy issue, you have missed again today. Perhaps we can wait until tomorrow, which would give the honourable member's researchers another 24 hours to write more questions, so that we can get to the nub of the problem. Either you need to change your researchers—

*Members interjecting:*

**The SPEAKER:** Order! The Leader will come to order.

*The Hon. M.D. Rann interjecting:*

**The SPEAKER:** Order! The Leader will not continue to ignore the Chair.

**The Hon. J.W. OLSEN:** There is another fundamental key point in this. The Royal Adelaide Hospital upgrade will cost \$120 million. We have made a budget allocation, which has been committed and is consistent with what we have said, involving a \$60 million shortfall. That shortfall can be met only provided that we remove the risk, and there were continuing dividend flows from the Government business enterprises. If members look at the warnings given by the Auditor-General, they will see that there is no guarantee that those Government business enterprises will continue the dividend flow beyond the next three to four years. Without that flow over the next three to four years, there is no income apart from taxes.

It was the last Liberal Government that abolished death duties. Will the Leader of the Opposition pick up Gareth Evans' suggestion that we should be reintroducing death duties throughout the State? Is that what he is proposing? It was this Leader of the Opposition who said, 'No new taxes.' He is now saying, 'No asset sales.' The simple equation is, 'How will you pay for any of these infrastructure commitments for South Australians?' Will it be by the reintroduction of death duties, which Gareth Evans is suggesting every State ought to do? We are avoiding those options by making these policy decisions. We are avoiding death duty reintroduction for cash to pay for infrastructure such as the hospital upgrade. That is why we are making this policy decision: first, to remove the State Bank type of risk; and, secondly, to protect the asset base, the income base and the recurrent base of South Australia.

Whilst we might get \$200 million-plus out of these trading enterprises now, that might not be the case, particularly when they have allocated \$96 million for trading losses in the next year or two. That eats away at the \$200 million 'cash cow' that the honourable member talks about. However, if we were able to get \$4 billion, as the IPA has nominated, that saves \$400 million interest annually, and that leaves \$150 million to \$200 million a year, every year, to put back into infrastructure, into the education system, into the health system and into providing other infrastructure that South Australians

want. It comes down to this: our role as we see it is to invest in people, families, education and health services. It is not our role to invest in transmission lines.

*The Hon. M.D. Rann interjecting:*

**The SPEAKER:** The Leader will come to order! I remind members that the Chair finds it unacceptable for members to call out Christian names when identifying other members. Members must be identified by their titles or electorates. I also point out that interjections are out of order, anyway.

**An honourable member:** Just trying to be friendly.

**The SPEAKER:** Order!

### ELECTRICITY, PRIVATISATION

**Mr SCALZI (Hartley):** What feedback has the Minister for Government Enterprises received in the past 24 hours on the Government's announcement yesterday to sell ETSA and Optima?

**The Hon. M.H. ARMITAGE:** I thank the honourable member for Hartley for his question because, in fact, there has been a lot of feedback about how positive—

*Members interjecting:*

**The Hon. M.H. ARMITAGE:** There has been, and I would like to refer first to a statement that has been issued by the Adelaide Bank, whose Group Managing Director, Mr Barry Fitzpatrick, has issued a media release welcoming the Government's announcement yesterday and, contrary to views being expressed in some quarters, the Adelaide Bank believes that the Government has certainly taken the right approach, and one which provides multi-faceted advantages to the State. Relating to the sale, Mr Fitzpatrick said:

It reduces the State's level of exposure to future expense. The sale or lease of the facilities will go a long way to further reducing the State's debt and it reduces the risks associated with continued ownership in the face of dramatically increased competition. In addition, it should stimulate competition at a consumer level, ensuring that the customer should benefit through better services and competitive pricing over time. By providing an extended time structure of two years, the Government is allowing full time for all options to be explored and for the best decisions to be publicly made in the best interests of the people of South Australia.

The Adelaide Bank's media release concludes:

Further comment can be obtained from Mr Fitzpatrick, telephone 83006818.

The Leader of the Opposition delights in telling everyone that Labor listens; I suggest that he listen to Mr Fitzpatrick. On Radio 5AA this morning, State political analyst John Hepworth noted that the decision would be a good idea. He said:

Government ownership tends to be inefficient. We tend to pay more for things the Government is producing and, you know, in the current world, the argument that we needed to own certain things in order to be sure we got them, like electricity, water, roads and all of that—it just doesn't wash any more.

It is important that Mr Hepworth said—

*Members interjecting:*

**The Hon. M.H. ARMITAGE:** Mr Hepworth is right in nearly everything. On this issue, Mr Hepworth particularly used the term 'in the current world'. It is important to acknowledge that the world is changing. Mr Hepworth does, and it is time the Labor Party did as well. Graham Scott states:

Governments that own and operate assets of the magnitude of ETSA and Optima are committing taxpayers to risks that they should not and need not accept. As taxpayers we should be thankful that the national competition policy has forced our State Government to reconsider. We will be the major beneficiaries of the decision to sell.

It is important to note that Graham Scott is again talking about risk. The Leader of the Opposition is in an exalted—

*The Hon. M.D. Rann interjecting:*

**The Hon. M.H. ARMITAGE:** I am going to quote him in a minute. The Leader of the Opposition sits in a rarefied atmosphere because he is the only person in this House who was at the Cabinet table when warning after warning about the State Bank was not heeded. He is the only person who knows what it is like not to accept the warning and to see the State continually tumbling into financial disaster.

*The Hon. M.D. Rann interjecting:*

**The Hon. M.H. ARMITAGE:** It is interesting to note that the Leader of the Opposition is attempting to change the subject, but he cannot, because he is the only member of this House who had an opportunity to heed the warning and refused to do so.

Professor Cliff Walsh noted that the Government was 'finally offloading some highly risky assets'. Anyone who has not read today's *Financial Review* might like to do so, because there is a lovely article on the back page, and the editorial observes: The South Australian electricity industry will come to the market while international electricity utilities are still hot to buy Australian power assets. South Australians will be able to have their cake and eat it too.

There is a welter of positive feedback about a difficult decision that removes risk to the benefit of all South Australians.

*Members interjecting:*

**The SPEAKER:** Order! The House will come to order!

### ROYAL ADELAIDE HOSPITAL

**Ms STEVENS (Elizabeth):** My question is directed to the Minister for Human Services. Did the Premier advise the Minister that he was going to inform Parliament that the Government did not have the money to carry out the upgrade of the Royal Adelaide Hospital already approved by Cabinet? On Friday 13 February 1998, the Minister told radio listeners that the Government had committed funding to the redevelopment of the Royal Adelaide Hospital. The Minister said:

Let me give you certain assurances. Firstly, Cabinet has already agreed in principle to a very, very substantial upgrade of the RAH—\$120 million worth. We have already allocated an approved \$60 million in funds, the first of the minor works in preparation for the much bigger works already under way.

*Members interjecting:*

**The SPEAKER:** Order! The Deputy Premier! The House will come to order. The Minister for Human Services.

**The Hon. DEAN BROWN:** I commend the honourable member for answering her own question. I thought she did it extremely well, as I did it publicly Thursday last week on the ABC. In a half hour detailed discussion on the Royal Adelaide Hospital, I pointed out that the entire redevelopment as proposed and approved in principle by the Government amounts to \$120 million. Cabinet has allocated \$60 million. It has approved the allocation of \$60 million for the first two stages of that redevelopment. That answers the question.

*Members interjecting:*

**The SPEAKER:** Order! There is far too much audible conversation and there are too many interjections across the Chamber. Members have had a pretty fair go. It is a sensitive afternoon but I ask members to respect the right of members to ask questions and for the questions and answers to be heard.

## ELECTRICITY, PRIVATISATION

**Mr CONDOUS (Colton):** Can the Deputy Premier advise the House of the most recent commentary from the South Australian Centre for Economic Studies on the need for reform of the State's electricity industry?

**The Hon. M.D. Rann:** Cliff Walsh gets another go!

**The Hon. G.A. INGERSON:** It is fascinating that, when the Leader of the Opposition wants to quote—

*Mr Clarke interjecting:*

**The SPEAKER:** Order! I caution the member for Ross Smith.

**The Hon. G.A. INGERSON:** The Leader of the Opposition said, 'Oh, not the centre again.' I remember occasions in this place when the Leader of the Opposition has quoted the Centre for Economic Studies when it was convenient for him to do so. Now that it is not convenient, and now that the centre says, 'Sell ETSA', it is not convenient. So, no longer does the centre have any credibility.

*Mr Clarke interjecting:*

**The Hon. G.A. INGERSON:** The member for Ross Smith cannot even count. Look where he is. He used to be up here. He got rolled. What happened to the honourable member? He could not even count.

*Mr Clarke interjecting:*

**The Hon. G.A. INGERSON:** Graham Scott—

*Members interjecting:*

**The SPEAKER:** Order! The members for Ross Smith and Elder will come to order. I remind the member for Ross Smith that he has already been cautioned once. The member for Elder is very close to it, and I ask the Deputy Premier not to inflame the situation in his reply.

**The Hon. G.A. INGERSON:** It is interesting, because I remember the member for Ross Smith telephoning me after I had been reappointed Deputy Premier and asking me how I did it.

*Members interjecting:*

**The Hon. G.A. INGERSON:** I point out that that was the day after he lost the position of Deputy Leader.

*Members interjecting:*

**The SPEAKER:** Order! I remind the member for Mawson that yesterday a point of order was raised in respect of his displaying material in the House. I ask the honourable member to desist from doing that and point out to all members that it is a breach of Standing Orders. The Chair will not tolerate the waving around of newspapers during Question Time. Also, I ask the Deputy Premier to not inflame Question Time.

**The Hon. G.A. INGERSON:** The centre's Director, Mr Graham Scott, stated:

ETSA's value in the market place is a lot more likely to decline over the next couple of years than it is to go up. Governments, by and large, should not run businesses and ETSA is clearly a major business. To sell it, and from what we have seen in Victoria, at a very handsome price could substantially ease South Australia's budgetary problems.

As I said earlier, it is always fascinating that, when it suits him, the Leader of the Opposition wants to quote Mr Scott in respect of certain matters, yet at other times it does not suit him. Clearly, the centre, together with the Auditor-General, has recommended that the Government get out of assets in which there are likely to be long-term difficulties in terms of the return to the Government. It is pretty simple economics which can be understood by those people who run small businesses and who understand what the need is—

*The Hon. M.D. Rann interjecting:*

**The Hon. G.A. INGERSON:** It was a policy position clearly put down by the Government at that time. All Ministers work within that policy decision, and the Leader of the Opposition knows that. The Auditor-General has made the situation clear to the Government. As the Premier said today and yesterday, we are not interested in not accepting the advice of the Auditor-General. I will make a bet to this Parliament that, this afternoon, during the debate of the Auditor-General's Report, quotes from the Auditor-General's Report will be used time and again to question the Government's credibility.

It will be okay this afternoon to use the quotes of the Auditor-General in terms of credibility, but today, right now, when the Auditor-General says that we should be selling the assets and clearing any potential future debt, it is not okay. The Opposition sets an interesting set of standards in using the Auditor-General and, for that matter, anyone else it quotes. We are interested in one thing—

*The Hon. M.D. Rann interjecting:*

**The SPEAKER:** The Leader will come to order.

**The Hon. G.A. INGERSON:** We are interested in enhancing the opportunity for our community, through the sale of assets, to get better value for all the services we provide, and that includes health and education. I would have thought that every member opposite was interested in making sure that their long-term health and education policy is the best in Australia. This will give us an opportunity to ensure that that occurs.

**The SPEAKER:** Before I call the Deputy Leader, I point out that a few members are deliberately setting out to flout the authority of the Chair, and the Chair is not amused at all.

**Ms HURLEY (Deputy Leader of the Opposition):** Why did the Deputy Premier tell a national power conference in Melbourne on 1 September last year that the South Australian Government had canvassed selling South Australia's power assets, or outsourcing their management, to a private consortium, when the Premier yesterday said he had not considered selling the assets until early December? The Hon. Mr Ingerson, in a speech to the national power conference, said that the sale of ETSA was 'an option in the foreseeable future'.

**The Hon. G.A. INGERSON:** I think it would do the Deputy Leader of the Opposition a lot of good to obtain a copy of the speech.

**Mr VENNING (Schubert):** Will the Premier please advise the House whether privatisation of electricity assets is also on the agenda of other State Governments?

**The Hon. J.W. OLSEN:** I am delighted to respond to the question from the member for—

*Members interjecting:*

**The SPEAKER:** Order!

**The Hon. J.W. OLSEN:** Let us just look across the border—

**Mr CLARKE:** I rise on a point of order, Sir. In defence of the member for Schubert, I ask the Premier to withdraw his reference to his being stupid.

**The SPEAKER:** Order! There is no point of order. I remind members of the Standing Order in respect of frivolous points of order.

*An honourable member interjecting:*

**The Hon. J.W. OLSEN:** I did not say that at all.

**The Hon. M.D. Rann:** You need his vote.

**The SPEAKER:** Order!

**The Hon. J.W. OLSEN:** Members had a jocular minute or two but I did not say what—

*An honourable member interjecting:*

**The SPEAKER:** I ask the honourable member who used the expression 'scumbag' to withdraw the remark.

**Mr VENNING:** I withdraw the remark, Sir.

**The Hon. J.W. OLSEN:** Let us look across the border into New South Wales. We understand why the Opposition would want to divert the response to this question, because in New South Wales we see a push for the privatisation of electricity assets, and that is transcending Party politics. Labor Premier Bob Carr and his Treasurer Michael Egan are pursuing reform in New South Wales with vigorous determination, despite the stubborn resistance, I might add, of their Party machine. The Carr/Egan proposal, if successful, would be the biggest privatisation of State-owned enterprises in the history of New South Wales. It is a proposition—

*Members interjecting:*

**The Hon. J.W. OLSEN:** I can understand why members opposite are interjecting in respect of this issue. They do not understand the thrust of the question: it underscores the policy decision that we have made. It is a proposition which has put the Labor Premier at odds with his Party and the union movement. He became the first ALP Premier in 45 years to be defeated on the floor of a State ALP conference. One would have thought that an embarrassing rebuff such as that, with up to 25 per cent of his own backbenchers publicly threatening to cross the floor and vote against the Government if it proceeded, might deter Premier Carr. Not so—because he knows that it is the right decision. Bob Carr has said:

It is about re-investing in the future of this State. It means a more secure future for every man, woman and child in this State.

Premier Carr also said:

I want to take the capital that is locked up in the ownership of the power station and redeploy it in other areas like health, like fixing up country water and sewerage, like getting the hardwood plantations set up, generating jobs across regional New South Wales.

Bob Carr and Michael Egan know that, if New South Wales can privatise its electricity industry now, they can progress their State into the next century debt free. Not a single dollar in State debt will be left; that is their target. The effect on their budget would be an extra \$500 million a year. In Bob Carr's own words, that is a powerful argument. He has explained it in this way:

If we are to maximise the opportunities for the people of New South Wales in the future, we have to be prepared to contemplate a situation where we shift capital from one area, namely the ownership of power stations, into new areas.

Clearly, this is a thrust out of New South Wales that has consistency and pragmatism in terms of the current circumstances. Premier Carr—

**Mr Conlon:** When did he say it?

**The Hon. J.W. OLSEN:** All this has been said in the course of the past few months. I would expect the member for Elder to follow this very closely. Premier Carr says that 'it is about shifting public capital to ensure that they meet the needs of New South Wales'. Let us look at what Treasurer Egan in New South Wales had to say on this issue. Again, he points quite clearly to how government can best provide benefits for the citizens and families of New South Wales. Let us look at some of his direct quotes. As it relates to the privatisation of the electricity supply in New South Wales, Treasurer Egan said:

... a bold plan for a Labor Government looking forward to a new century. . . the choice for government is whether it regulates and oversees this industry to secure good social and economic outcomes, or whether it owns the industry, thereby risking billions of dollars of taxpayers' money in commercial business enterprises.

This is exactly the same reason that we have made our policy decision here in South Australia. He continued:

As I see it, if dogma defeats our overriding purpose of achieving a more protected and secure community, then dogma must go. Public ownership does not make sense if it actually defeats our purpose of providing better and more fairly shared public services and new social and economic infrastructure that meets contemporary needs.

The Labor Treasurer in New South Wales said this. One would have thought that having the only Labor Government in office around the country taking a policy decision—and, despite the odds and opposition within their own Party, Premier Carr and Treasurer Egan are still pursuing it—would mean that the policy is right. I would simply say to the Leader of the Opposition, who has said recently that he wants to work cooperatively with the Government to rebuild South Australia, 'Here is your chance.'

**Ms HURLEY (Deputy Leader of the Opposition):** My question is directed to the Premier. What is the total budget for the taxpayer-funded advertising and public relations campaign that has been launched to promote the ETSA sell off? When were the companies involved in this process first approached, and when were they hired?

**The Hon. J.W. OLSEN:** I will have to get the latter two dates for the honourable member. The total cost will depend upon the hotline. The hotline was originally scheduled for four weeks, and we can determine, depending on the level of interest, how long that hotline should run. As I understand it the pamphlet that will be distributed will cost about 10¢ per household. The full page advertisements in the papers around South Australia will cost approximately \$90 000. In our view, with a major policy change, it is an appropriate way to explain to every household in South Australia why that policy change has taken place.

#### NATIONAL ELECTRICITY MARKET

**Mr LEWIS (Hammond):** My question is directed to the Minister for Government Enterprises. What is the background to the formation of the national electricity market? Is it true that the national competition policy was instigated and promoted by Paul Keating, former ALP Treasurer and Prime Minister?

**The Hon. M.H. ARMITAGE:** I thank the member for Hammond for his very important question. Indeed, he is correct, because the path upon which South Australia has now embarked in terms of electricity reform did have its genesis in the days of the most recent Labor Governments at both State and Federal levels. It is very important to realise that the most recent report of the Auditor-General that was received late last year indicates specifically that the States are required to take 'all measures necessary to implement an interim competitive national electricity market as agreed at the July 1991 special Premier's conference'. In other words, the process was started by Paul Keating and John Bannon, amongst others.

In June 1993, by which stage then Premier Bannon had departed in disgrace for not heeding warnings, the then South Australian Labor Government upped the ante, committing to undertake the reforms necessary to allow a competitive electricity market to commence from July 1995. The program

was endorsed at subsequent COAG meetings, although the introduction of the national electricity market in fact has been delayed with agreement until this year. It was the former Labor Government that agreed to reforms which included generators competing for the right to supply electricity, open access to the electricity grid for new generation and, very importantly, the right of customers to choose who supplies electricity to each customer.

The proposed reforms promised then substantial benefits to Australian industry and consumers; indeed, they still do, which is why we are taking this path. But it is fair to say that the risks of the reform process to the shareholders of electricity assets have become quite dramatically more apparent only as the national electricity market has taken shape; indeed, it is still taking shape as we speak. It is these risks which are, as the Auditor-General has identified, of such enormous proportions that, frankly, we cannot pretend that we can be an owner any longer in the electricity industry. We cannot afford to lose any of the more than \$1 billion in competition payments which are due to the State.

The National Competition Council has made it very clear that it will impose severe penalties for non compliance or failure to achieve the necessary reforms in the required time frame. We cannot afford to compete in a national market where competitive factors and not Government policy will dictate the return to taxpayers. We are in a big wide world. If there is any doubt about the ability of Government to compete, I would ask the House to reflect back to seven years ago this month. That was a time when a number of sections of the former Labor Government faced up to the reality of their failed bid to be major players in the banking sector. It was a time when the then Labor Government faced up to the reality that it had a bank which was drowning in the competitive market as a result of poor decision making.

As I indicated before, the Leader of the Opposition was sitting at the Cabinet table listening to warning after warning. He was one of the people who refused to heed those warnings, and he bears a direct responsibility for the State Bank disaster. He may try to dismiss it as history, and so on, but it is factual. There were warnings and he ignored them. I think that we can learn from history; indeed, that is what the Government is doing by listening to the warnings. History has shown us that prudent controls which should have been applied in the business of banking were thrown out the window by the previous Labor Government and, unfortunately because of that, South Australia made history. We made history as having the dubious glory of the largest banking failure in Australia.

Is the Labor Opposition proud of that? Because that is what its direct forebears brought to South Australia: the distinction of the largest banking failure in Australia. The Leader of the Opposition, as a Government Minister, was sitting at the Cabinet table as the warnings came in, but he refused to listen to them. That is a history lesson for which South Australia, my children and everyone else's children will continue to pay dearly. It is a history lesson that we have to learn from. The only lesson that we can learn from it is that you have to heed the warnings in an international market place, and that is what this Government has done.

#### ELECTRICITY, PRIVATISATION

**Mr HANNA (Mitchell):** My question is directed to the Premier. Who conducted the independent assessment of the dangers in competition policy and future options for our

power utilities referred to by the Premier yesterday, and will he release the report to the public and the Parliament? In Parliament yesterday the Premier referred to 'recent independent research carried out for the State Government'. Show us the research, Mr Premier.

**The Hon. J.W. OLSEN:** No, it will not be released, but I draw the attention of the honourable member to publications that have been released such as that from the Institute of Public Affairs and the rationale behind that, and the valuations they have put on. I do not propose—and members opposite would not expect—any documentation to be released that would—

*Members interjecting:*

**The SPEAKER:** Order! The Premier has the call.

**The Hon. J.W. OLSEN:** I note that the member for Hart did not ask this question and I understand why, because at least he might apply an ounce of brain power to the question. The point is that, if you release this documentation prior to going to a tender call, a market call, identifying risks and quantifying, you are compromising the sale price you might get for it. I know that the member for Mitchell might not have much business experience, but I simply put to him that it was an inane question. If the Leader of the Opposition's staff gave him that question, they are doing him in the eye.

The simple point is that we have asked the member for Hart, as the shadow Treasurer, to access information through the Treasurer and to have discussions with him. We have made the offer to the Opposition and the Treasurer to come in for the discussions. That is the appropriate way to do it so that you do not, in the commercial sense, put at risk the trade sale price that you might want to get in maximising that price for South Australia.

*Members interjecting:*

**The SPEAKER:** Order! The honourable member is only wasting his own Question Time.

*Mr Clarke interjecting:*

**The SPEAKER:** Order! The member for Ross Smith.

#### LABOR ASSET SALES

**Mr MEIER (Goyder):** My question is directed to the Premier. Has the Government assessed the program of privatisation or corporatisation and asset sales of former South Australian Governments?

**The Hon. J.W. OLSEN:** Just coincidentally, we have done an assessment of what the Labor Party has done in terms of asset sales.

*Members interjecting:*

**The Hon. J.W. OLSEN:** Given the level of interjections across the Chamber, it is obvious that the Caucus is responding to the Leader's call in December when he said to his Caucus, 'Our task this year is to create maximum mayhem for the Government.' 'Maximum mayhem for the Government' was the message to the Caucus in December.

*An honourable member interjecting:*

**The Hon. J.W. OLSEN:** Yes, continuing maximum mayhem, then. It came out of Caucus.

*Members interjecting:*

**The SPEAKER:** Order! The member for Ross Smith.

*An honourable member interjecting:*

**The Hon. J.W. OLSEN:** They were absolutely caught out with this one yesterday.

*Members interjecting:*



**The SPEAKER:** Order! The Premier will resume his seat. I caution the honourable Leader for the second time. The next time will be a warning. The honourable Premier.

**The Hon. J.W. OLSEN:** The Labor Party itself has undertaken significant privatisation. As I said yesterday, when it suits them, members opposite can find a variety of reasons to pursue the privatisation course. Clearly, what they are looking for today in disrupting the proceedings in the way in which they have is for the news reports tonight to say, 'Uproar in Parliament today as the Opposition takes the argument up to the Government on this policy change, tut, tut.' That is the sort of approach they want in the broad media today.

But members will note from the questions of the Opposition that not one has really gone to the core of the principle of the policy. It is all this superficial issue—ignoring the principles, the difficulties and the circumstances that have now been laid before this Parliament and the public of South Australia for the first time.

We can look at SAGASCO (privatised by the Labor Government); the State Transport Authority Roadliner charter bus operators; and the Government booking section of Tourism SA. When was that privatised? It was when the Leader of the Opposition was the Minister for Tourism, no less. They supported the Government in privatising the State Bank of SA, SGIC and pipelines. I am delighted that the member for Hart has brought in the *Financial Review* again today, and I hope that he is reading the back page. It clearly shows national financial journalists indicating that this is the right policy decision to make in South Australia's case. Independent national financial journalists are giving us a big tick for the policy direction we are taking.

Let us look at a range of other areas that have been privatised under Labor. We have the Williamstown dockyard, the Primary Industry Bank of Australia, the National Materials Handling Bureau, the Australian Mineral Development Laboratories, the Australian Industry Development Corporation, AUSSAT, the Commonwealth Bank, QANTAS, Australian Airlines, the Commonwealth Serum Laboratories, the Moomba-Sydney pipeline, the Snowy Mountains Engineering Corporation and Aerospace Technologies of Australia. That netted some \$7 billion worth of asset sales. When it suits the Labor Party, it can pursue the sales line—and the Leader of the Opposition disappears out of the Chamber when you start highlighting policy decisions of Labor in the past that are simply consistent with the policy decision this Government has now made.

### ELECTRICITY, PRIVATISATION

**Mr WRIGHT (Lee):** When did the Auditor-General first raise with the Premier his concerns about the possible effects of national competition policy and the national electricity market on South Australia's power utilities?

**The Hon. J.W. OLSEN:** I suggest that members opposite, particularly on the backbench, have a chat to the researchers within the Leader of the Opposition's office and ask them not to do them such a disservice and disfavour. I answered that question yesterday. The Auditor-General released his report in the first week of Parliament. I repeated it earlier and for the honourable member's benefit I will say it for the third time.

**Mr Clarke:** Is that the first time?

**The Hon. J.W. OLSEN:** Yes.

**Mr Clarke:** The first time?

**The Hon. J.W. OLSEN:** Yes. The first time that this matter had been drawn to my or anyone's attention, to my knowledge, was in the first week of December last when this Parliament sat and the Auditor-General's Report was released. As I have indicated, subsequent to the Auditor-General's releasing his report in the first week of December 1997, which was the first indication and quantification of the level of risk that we were facing, I had a discussion with the Auditor-General. I simply invite members of the Opposition, who use the Auditor-General when it suits them, on this occasion to take up the challenge: I invite them to see the Auditor-General, to get it clarified for their own point of view and not to use the Auditor-General only when it suits them. There is a set of circumstances that I think the Auditor-General, with great clarity, will make clear even for members opposite.

### ENERGY FORUM ISSUES

**Mr BROKENSHIRE (Mawson):** My question is directed to the Minister for Government Enterprises. I understand that late last year the Institute of Public Affairs released a paper on energy forum issues. Will the Minister explain what is in that paper?

**The Hon. M.H. ARMITAGE:** I thank the member for Mawson for his perceptive question about this important paper. The Institute of Public Affairs, which, as people would know, is an independent Australian policy research and educational institute, issued a 21 page issues paper last December written by Dr Alan Moran, entitled *South Australia—Energy Situation and Policy Approach*. Dr Moran makes the following observation:

South Australia should move quickly to privatise its electricity supply industry and, in the process, more than halve State debt.

Dr Moran on 18 December issued a press report in which he said:

Based on the prices achieved for assets in Victoria, South Australia would realise over \$4 billion by selling ETSA and Optima.

I break into the quote to emphasise that this is the IPA saying that, not the Government. The IPA is saying that South Australia would realise over \$4 billion. Dr Moran further says:

Sums of this magnitude would compensate for State revenue lost as a result of asset sales. At the same time the privatisation would prevent the State's taxpayers from being exposed to risk if competitive pressures reduce prices and profits in the new national electricity market.

Our advice is that that is exactly the situation. In the executive summary, the IPA urges the South Australian Government to exercise leadership in promoting privatisation of its electricity assets. It argues that privatisation is likely to bring improved efficiencies and to offer greater assurances of a continued stream of income similar to that presently obtained from its electricity assets. There are a number of reasons why the decision taken by the Government which, as the Premier identifies, is a difficult decision to have taken nevertheless will be of benefit to all South Australians.

## GRIEVANCE DEBATE

**The SPEAKER:** The question before the Chair is that the House note grievances.

**Ms HURLEY (Deputy Leader of the Opposition):** Today I want to talk about the Liberal members' summer camp last week.

*An honourable member interjecting:*

**Ms HURLEY:** It is almost as good. During the camp I saw an article which stated—and I must admit that I did not read it entirely—that the camp was organised by the member for Waite, who is a former SAS officer. I have heard that the motto of the SAS is 'Who dares wins'. Last week I also saw some TV footage showing the Premier in his little blue shorts and bright white T shirt flinging himself backwards over the cliff—the Sly Stallone of the Liberal Party doing his best. And I was very impressed. I looked around for the others and noticed that the Minister for Human Services was taking a keen interest from the safety of the cliff top. No doubt, the Minister for Government Enterprises was also looking over the cliff in a thoughtful mood. He probably knew by then that the Premier was planning to sell off most of his portfolio. He was probably contemplating his need for another job.

I can only say to the Minister for Government Enterprises and the Minister for Human Services, 'Who dares wins. Go for it.' I am sure that, as the crack Cabinet troops went over the cliff, the junior Ministers looked on with awe and excitement, soaking in the lessons to be learned. The backbenchers bringing up the rear probably yearned to be in the front-line, but I have to confess I am a little disappointed: I expected Liberal members to return this week lean, mean and ready for action. I have to say it is a pretty tired and dispirited team I see here this week. I do not blame the member for Waite for this.

*Mr Brokenshire interjecting:*

**The SPEAKER:** Order! The member for Mawson.

**Ms HURLEY:** He is a new member. He did his best; he gave it his best shot, but they were not up to it. He was not here last time. He did not see how undisciplined Government members can be. You did not see the little groups huddled in rooms and corridors during the last coup. You did not see them breaking and reforming into factions. They are not really a group you would want to send off to the Gulf War, are they? They are not really a group you would want to trust with your life. They are not really a group that you would want to rely on for their discipline and expertise. I remember that during the Gulf War in 1991—

*Members interjecting:*

**The SPEAKER:** Order! There is a point of order.

*Members interjecting:*

**The SPEAKER:** Order! The member for Ross Smith.

**The Hon. M.K. BRINDAL:** On the point of order, Sir, I believe it is customary to refer to members on this side of the House by their title or their electorate, not by 'you' and a stab of the finger, and I ask you to rule accordingly.

**The SPEAKER:** I uphold the point of order. The honourable member has been in the House long enough to know that the terminology across the House is to be observed.

**Ms HURLEY:** During the last Gulf War, the ABC took CNN's coverage live and continuously. I was at home with my son who was three years old. Due to this coverage he did not get to watch *Play School*, so I had to endure his complaints and tantrums for a few days. I would have to say that members opposite do not bear a resemblance so much to

crack SAS troops as to a group of *Play School* watchers. You know what children of that age are like. One kid tries to make them play nice and according to the rules he sets, then some other kid thinks he deserves more attention and the others just do not want to play any more. Then there are all sorts of squabbles and it always means tears and hurt feelings before bedtime.

I would think that the member for Waite would have learned this lesson by now and realised what an undisciplined group of people he is working with, but I urge him to give it another go again next year. Try something a little different but keep trying: we need a decent Government.

*Members interjecting:*

**The SPEAKER:** Order!

**Mr BROKENSHERE (Mawson):** What a pathetic waste of five minutes of good public taxpayers' money! No wonder the factions on the Labor side are starting to shore up the support for someone who has some ability in the member for Kaurna. If I were the member for Kaurna, I would be talking to the member for Ross Smith pretty quickly, because they are going straight past the member for Hart who thought he had the spot until such time as the member for Kaurna came in. Clearly, after a pitiful performance such as that, the sooner we have someone at least with a bit of a comedy act back in the Deputy Leader's chair, the sooner we will be able to have a decent laugh.

To get a few facts right, I point out that the first fact is that it was not the member for Waite who suggested the corporate recharge at all. It was the member for Mawson, but Opposition members believe everything that the *Australian* carries on about. Not all of us have come out of a union background and not all of us are here because we did favours to unions. A lot of us are here because we come from modern business backgrounds, and modern business backgrounds are all about changing paradigms and working towards the—

*Members interjecting:*

**The SPEAKER:** Order! The honourable member will resume his seat. I know that the honourable member is probably inflaming the debate as much as members on my left are accepting it and following in, but I must ask the Chamber to restrain themselves. The honourable member has a right to be heard and those who want to listen to the speech have a right to hear it.

**Mr BROKENSHERE:** Thank you, Mr Speaker, for your protection. The fact is that, if you are to survive in a modern world, you have to be prepared to get with the modern world, not like members of the Opposition, who are still back in the 1950s and who have not realised or accepted the fact that this State has been in diabolical trouble because of their mess. They do not realise that you have to be able to change paradigms. There is nothing wrong with team building exercises. There is nothing wrong with getting out there and doing what the progressive companies of Australia do, indeed what the international progressive companies do. What were they doing while we were out there planning? Nothing at all. Most of them were on holidays and some of them were not even in their electorates for weeks and weeks. That is how the Labor Party works but that is not how this Government works. It is a pity they did not realise, as Bob Carr the Premier of New South Wales has realised, that you have to change your policies and practices as you head into the next millennium. I now refer to something that is important to me and my constituents.

*An honourable member interjecting:*

**Mr BROKENSHIRE:** I am not going to waste time. I raise an issue about which I am not happy and which deals with the 0055 numbers. Many constituents in my electorate get enjoyment from involving themselves in competitions through the *Advertiser* and other places encouraging them to ring up and compete for a prize using 0055. I am sick and tired of the misrepresentation in those advertisements, which tell people that the call will cost only 50¢, yet one of my constituents who happens to get enjoyment from this practice on one month's billing was charged 75¢ on about 25 calls that went for only a minute or less.

In addition, if people call the 0055 number and it is busy, they are charged. No-one tells them about this. Older constituents receiving a pension, who get enjoyment out of it, have been receiving bills up to \$10, \$20 or \$30 more a quarter than they thought it would be because of this misrepresentation.

I do not believe that TISSC (the Telephone Information Services Standards Council) is prepared to address this issue. I have written to the Federal Minister about this and I am not happy with that Minister's response to the representation that I made on behalf of my constituents. It is no good handballing it over to a council if the council is not prepared to do the honourable thing and get these companies, like Broadsystem Australia, organised to ensure that if they say the call will be 50¢ for the minute it will not be 75¢. I call on my colleagues to support me in calling on the Federal Minister to lay down the law to TISSC and get it to capitalise on the fact that it does have teeth to get in there and support the community. This is but one example, and there are hundreds of others. It is little things like this that cost the community the lot. When people telephone, they are told to write and inform the company how many times they have been overcharged and they will be reimbursed. What a nonsense that is, and why should that happen? They should not have to do that. Those companies should be taken to court for misrepresenting the public of Australia. Many of the private sector companies do it and they are taken to court, but in this instance I cannot get any action. It is about time we got a fair go for these people.

**Mr HILL (Kaurna):** In June 1996, the Environment Protection Authority published a document entitled 'The Integrated Waste Strategy for Metropolitan Adelaide 1996-2015—A 20 Year Plan.' Under chapter 8 in that document, which is described as 'Siting Waste Facilities', a series of site selection criteria were established. I would like to go through those criteria and point out how in the current Government's application of those criteria they have been completely ignored in the establishment of a dump at the Dublin site.

The first criterion I choose is the description of the current process being used to establish dumps. The EPA guidelines on page 27 state:

Landfill sites are currently being proposed and developed in an *ad hoc* manner, as cheap land becomes available. These are often not the best sites for rational and environmentally sound landfill development. Suitable landfill sites need to be identified and secured to serve the solid waste disposal needs of metropolitan Adelaide.

I fully and absolutely support that description of what is happening. It was happening in 1996, and it is still happening in 1998. The situation in South Australia at the moment is that there is limited life left in the Wingfield dump. We all know that, and we know that a new site for waste is required. Unfortunately, the system that we have in this State means that any proponent or entrepreneur who wants to go out and

find a piece of land somewhere on the edges of the city can do so and then go through a planning process, and that is exactly what is happening. A number of proposals are before the Government at the moment. The one at Dublin has gone the farthest down the track and has been given planning approval. It is now awaiting a licence from the EPA. However, there are other proposals as well. Up to half a dozen sites could be developed and approved and, therefore, able to receive waste.

This is clearly opposed to what the EPA says, and it involves an *ad hoc* process. The Opposition says that the Government should suspend the process of granting licences, should instruct the EPA to identify an ideal site, or ideal sites, and then involve the private sector in the establishment of dumps on those sites. The current process does not allow the best sites to be chosen. It allows sites which may have other problems—social, environmental and economic problems—to be chosen and to be covered with waste products.

The second criterion to which I refer in this document deals with community amenity. The document states:

As with other major developments, consideration must be given to social and amenity issues when dealing with siting of waste facilities. In particular, opportunities for community participation should be provided.

I have been inundated, as have many members of this House, with correspondence from members of that community who feel that they have not been consulted, who feel that they have not been included in the process and who are very angry at what is being imposed on them. I refer to a couple of letters to give the House a general idea as to the feelings of the community. A letter received in January from Mr and Mrs Lawrence of Lower Light states, in part:

The EIS process calls for the proponent to have 'public consultation'. There has been no contact with any of the residents by the proponent or his advisers; therefore, we believe there is a breach of the process.

There has been no contact by the proponent or his advisers. That absolutely flies in the face of the criteria established by the EPA, which is that community participation should be provided. The letter further states:

The land in question, near Dublin, was chosen we believe because it was available at the right price and was close to Adelaide. Is this a suitable criterion for site selection?

I agree with the implied answer given by Mr and Mrs Lawrence: no, it is not. In addition, the District Council of Mallala under Councillor Michael Picard said on 30 January:

The decision to approve the proposal for Adelaide's largest rubbish dump using the balefill landfill method at Dublin in the Mallala council area is the worst waste management decision affecting this State since the Federal Government decided to ship radioactive waste from Lucas Heights to Woomera in 1994.

In addition, we heard yesterday how the member for Light, Mr Buckby, and the member for Coles, Joan Hall, also opposed the site, and the general community is in disagreement with it. The third criterion referred to by the EPA states:

Environmental effects on sensitive ecosystems arising from development are established.

The interim criterion for major landfills issued by the EPA states:

The aim is to avoid the need to take action to reduce environmental impacts by selecting a site where natural barriers protect environmental quality.

In the case of the Dublin site, there is no natural barrier: it will all be engineered.

**Mr LEWIS (Hammond):** Hooray and hooray, hooray for Perrin Kuchel at Murray Bridge Tyre Service for what he has done for that community. For 15 years, there has been an effective oil company cartel jacking up prices more than 15 cents at times above the level of retailing prices for fuel in that town over what motorists could have bought it for in Mount Barker or Adelaide—or anywhere else within an hour's drive. What that was doing to our town had to be seen to be believed. It was ripping the guts out of the retailing services provided in that regional centre, where people were deliberately planning and arranging their affairs so that they could drive out of town to do their shopping and, at the same time, refuel their cars. They would drive to Strathalbyn, Mannum, Mount Barker, or anywhere, and take their business with them. It was costing the regional centre of Murray Bridge dearly indeed, because fuel was so expensive.

I read with pleasure in this morning's *Advertiser* and *Murray Valley Standard* where on Sunday morning Perrin Kuchel first put his Liberty signs up and started reselling for Liberty. The *Advertiser* report states:

A petrol price war has given Murray Bridge its cheapest fuel in 15 years. Fuel prices have fallen by 14¢ a litre in two days, bringing Murray Bridge into line with Adelaide prices. The change came after Bridge Tyre Service operator Mr Perrin Kuchel joined the independent fuel operator Liberty on Saturday. The business dropped its main prices from 79.9¢ a litre to 69.9¢ a litre immediately and other petrol stations soon followed. One petrol station was advertising fuel for 65.9¢ a litre yesterday. 'Everyone is absolutely over the moon', Mr Kuchel said. 'Murray Bridge people are now paying what Adelaide people have been paying for years.'

Whereas the Government was wanting to move on this matter and do something, because of the arrangements that were made for rebating under the licensing fees that used to be charged—which were far greater than the cost of freight to Murray Bridge—we could not act, because the High Court challenge succeeded against our interest in that respect and we then had to rely on the Federal Government to collect that revenue—the licensing fee—and return it to the States. It did not give a darn about what was going on in the regional parts of the States; it simply undertook to collect the revenue that was otherwise forgone by whatever simple mechanism it could put in place that suited Peter Costello, and forget about the leverage that was possible through this arrangement.

I want to draw the attention of the House to what I had to say about this all last year. In particular, I will refer to a press release I made on 14 July 1997 in which I said:

Let me say further about any and everyone of the retailers in Murray Bridge. If just one broke ranks and started discounting, the law requires that the oil companies will continue to supply them, and it would have immediately meant that they would have broken the Cartel and enabled us all to enjoy the benefits of the lower prices which would certainly have resulted. I call on Professor Alan Fels of the Australian Competition and Consumer Commission to formally investigate the cartel which was operating in Murray Bridge and prosecute anybody upon which it was possible to obtain sufficient evidence to the full extent of the law. In that way, the companies would not dare to victimise any retailer who broke ranks for the benefit of the public interest at Murray Bridge.

What they were effectively doing was subsidising their price wars in Adelaide with the profits they were making out of the rebate they got on the licensing—prior to that going over the hill, through the High Court—and the profits they got from selling to the distributors in Murray Bridge at a price much higher than the cost of delivering it to them. I am pleased and I know the people of Murray Bridge are pleased—and it is a result of my persistence, local government, the Rural City of Murray Bridge, and others—that, with a commonsense approach, we have been able to get someone to break ranks,

and break the cartel in the process, to give Murray Bridge what it has deserved. I commend Perrin Kuchel again. Three cheers, Mr Kuchel! Thank you for what you have done in the interests of Murray Bridge.

**Mr WRIGHT (Lee):** I rise to speak in support of the Cheltenham racecourse. However, before doing so, I would like to acknowledge the injections of funds the Deputy Premier announced last week for the racing codes, and this will be perhaps one step in heading in the right direction. Of course, one of our main aims is to get crowds back onto the courses, and this is a welcome injection for the racing codes. The Cheltenham racecourse is 102 years of age. I was very disturbed to read in the *Advertiser* on 9 February information that has obviously been leaked about a recommendation that has been put forward by the South Australian Thoroughbred Racing Authority that the Cheltenham racecourse should be sold. This is quite a preposterous suggestion. It has no merit, and the Government should step in immediately and knock this on the head.

The Cheltenham racecourse is one of three major racecourses in metropolitan South Australia, and it may well be that South Australia cannot have three courses in the future. If that is a decision that needs to be taken, I would suggest that Victoria Park is the course that should go. The *Advertiser* of 9 February suggests that Victoria Park be given a \$6 million upgrade to include new horse stalls. It also suggests that selling Cheltenham would force the relocation of up to 60 trainers and owner/trainers and more than 120 horses. One of the great benefits of the Cheltenham racecourse is that it can be used for training, unlike Victoria Park, and this is a major benefit to trainers. I speak in support of all racegoers, the trainers, and the punters who have supported Cheltenham on a regular basis.

In the north-western suburbs we have a particularly valuable piece of open space which really needs to be supported right into the next millennium. This is a course that has much to offer, and we need to guarantee its future. If we ignore the people of the north-western suburbs who have been great supporters of the racing industry, there is no guarantee that they will move to the other racecourses and it would, indeed, be a pity if people in the north-western suburbs who are great supporters of the racing industry had this resource taken away from them.

The story with crowds is something that we cannot ignore, and we cannot ignore the trainers who use the Cheltenham course as a training facility. Members may be interested to hear the views of the well respected trainer Lenny Smith, who uses Cheltenham racecourse. I will quote from the *Advertiser* of 9 February, where Mr Smith says:

Cheltenham has the best galloping surface of any of the city tracks. I couldn't imagine not racing here. But I'm not surprised the idea has been put up for consideration. There are some people at the SAJC who just don't like Cheltenham.

He warned of a revolt from the councils in the area if the State Government approved the racecourse's closure. This is something we cannot sit back on: we must move on it straight away. Cheltenham has the best facilities of any racecourse in South Australia. It has the best racing surface, it has the best wet weather track, and it also—

**Mr Lewis:** That's not true.

**Mr WRIGHT:** It is true.

**Mr Lewis:** No, it's not.

**Mr WRIGHT:** It is, indeed, true. It also has crowd support—

*Mr Lewis interjecting:*

**Mr WRIGHT:** I have been to the track regularly—unlike you. It also has crowd support far in excess of that of Victoria Park. If you analyse the figures concerning the number of people who go to the Cheltenham racecourse compared to those who go to Victoria Park, you will see that the Cheltenham figures always far outstrip Victoria Park: I would suggest in the order of 2:1.

Furthermore, in 1990, some \$11 million was spent on the refurbishment of Cheltenham racecourse. Some six to seven years ago, a further \$200 000 was spent on the track, and approximately three years ago, \$600 000 was spent on the horse stalls. Mr Speaker, I know you are a great supporter of racing; I have seen you at Cheltenham many times. In fact, I saw you at Cheltenham the very day after you were dismissed as a Minister, and I thought it showed a lot of courage to turn up that day. Cheltenham needs the support of the Government, and it needs the support of the racing industry.

**The SPEAKER:** Order! The honourable member's time has expired.

**Mr MEIER (Goyder):** I was very much taken aback by the attack of the Deputy Leader of the Opposition, the member for Napier, on the Liberal Party's recent seminar. The attack was made in ignorance, and obviously the honourable member was not aware of the facts as they relate to the three day seminar. I want to point to out to this House that the Liberal Party has had seminars for as long as I can remember, at the rate of at least one, possibly two, per year. They are generally two or three days in length, depending whether it is at the beginning of the year or mid to three quarters of the way through the year. This seminar was held in an absolutely delightful location at McLaren Vale. I must admit that I did not know the area that well until spending three days there. The member for Mawson has an area he must be proud to represent. I can understand why it is progressing at the rate it is, and I can well understand people wanting to shift into that area.

I was surprised that the member for Napier gave the impression to this House that the seminar would not be useful and was not needed. I was surprised, because I would have thought that her own Party would seek to have seminars or conferences from time to time to seek to discuss matters and to ascertain its own program and policies. However, it appears that that is not the case. That would help to explain why this State spiralled into such a huge debt situation during the time members opposite were in Government. I guess they never met with each other but behaved as individuals, running their own agenda, with each Minister demanding money for whatever he or she wanted to do. So, the State's coffers became worse and worse. That helps to explain why the Labor Party governed in such a bad way in the past. Therefore, my advice to it would be to consider getting together and meeting as a group.

I am not talking about the meeting in Tasmania some members opposite may have attended. At that meeting, the only things members opposite seemed interested in were Cheryl Kernot's defection and her moving problems and so on—and I do not want to reflect on that—and who was going to shaft Barry Jones for the presidency. That was not in the State's best interests, but I will not go into that matter any further. The corporate venture recharge is something that many different organisations, industries, corporations and departments have undertaken. I believe that groups that have

undertaken corporate venture recharge include companies such as Telstra, Santos, Fauldings and Adelaide Bank, to mention just a few.

I emphasise that the corporate recharge activities were but one small component of a very full, three-day working session. It is a pity that the media wanted to highlight only one aspect, and that was the abseiling part of the three-day seminar, yet it was only a very small part of the corporate venture recharge program. I know that the media fully appreciated that there were many working sessions during that time and that many policy considerations were undertaken, and it is a shame that the media highlighted only the one aspect. As a result, members of the public received the impression that we were out there enjoying ourselves.

It was funny to hear the member for Hart make some comments that day. I guess that he is losing face within his own Party at a rapid rate, so he decided, 'Oh, golly, I had better get on television; I had better make some effort to try to debunk what the Liberals are doing.' But he mucked it up terribly.

*An honourable member interjecting:*

**Mr MEIER:** I did not hear the member for Ross Smith make any comments. I simply saw a photograph of the member for Ross Smith with his hat in yesterday's paper, trying to highlight—

**Mr Clarke:** I was in your electorate.

**Mr MEIER:** You were in my electorate and enjoying it.

*Mr Clarke interjecting:*

**Mr MEIER:** I must admit that it is always a pleasure to have the member for Ross Smith in my electorate. He is welcome at any time, as is any member. Such a seminar-cum-conference is very important for any corporation or political Party, and I make no apology for it.

---

#### FINANCIAL INSTITUTIONS DUTY (DUTIABLE RECEIPTS) AMENDMENT BILL

**The Hon. M.R. BUCKBY (Minister for Education, Children's Services and Training)** obtained leave and introduced a Bill for an Act to amend the Financial Institutions Duty Act 1983. Read a first time.

**The Hon. M.R. BUCKBY:** I move:

*That this Bill be now read a second time.*

I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

This Bill seeks to amend the *Financial Institutions Duty Act 1983* to remove a potential avoidance issue.

Currently, a concessional rate of duty (0.005%) is applied to short term money market transactions. Such transactions comprise amounts greater than \$50 000 invested for a term of less than 185 days, or at call. Transactions falling outside of this category attract the full rate (65 cents/\$100) of financial institutions duty ('FID').

Where short term money market deposits mature and are rolled over, no duty at the prime rate would result, provided no accounting entries have been made nor any substantial changes made to the terms and conditions.

Where however, the character of those transactions changed on rollover so that they no longer reflected short term dealings, FID at the prime rate would be applicable. Until recently, it was the common accounting practice of financial institutions to effect rollovers by the debiting and re-crediting of accounts. As a result, rollovers shifting status from "short term" to "long term" were adequately covered.

New technological advances to banking systems, however, have now enabled financial institutions to rollover investments without giving rise to any accounting entries upon which FID would normally be payable. Consequently, short term money market transactions that no longer constitute short term dealings on rollover, have no basis for attracting the prime FID rate of duty in the absence of a physical receipt or the crediting of an account.

New South Wales, Victoria and Western Australia have already incorporated deeming provisions into their respective FID legislation to counter this problem.

In order to restore the status quo and to combat potential avoidance issues, it is proposed that the Act be amended to ensure that such roll-overs are dutiable at the full rate of duty.

I commend this Bill to the House.

Explanation of Clauses

*Clause 1: Short title*

*Clause 2: Commencement*

These clauses are formal.

*Clause 3: Amendment of s. 3—Interpretation*

Clause 3 inserts a definition of 'rollover' into section 3 of the principal Act. This definition is included for the benefit of section 6 of the principal Act.

*Clause 4: Amendment of s. 6—Receipts to which this Act applies*

Clause 4 adds a new subsection to section 6 of the principal Act, to include as a dutiable receipt, a term deposit which starts out as a short term dealing and which is rolled over into a deposit or investment which does not constitute a short term dealing. The rollover will be regarded as a receipt of money of the amount so rolled over. The effect of this new subsection is to subject such rollovers to the full primary rate of duty under the principal Act.

Mr CLARKE secured the adjournment of the debate.

### PASTORAL LAND MANAGEMENT AND CONSERVATION (BOARD PROCEDURES, RENT, ETC.) AMENDMENT BILL

The Hon. D.C. KOTZ (Minister for Environment and Heritage) obtained leave and introduced a Bill for an Act to amend the Pastoral Land Management and Conservation Act 1989. Read a first time.

The Hon. D.C. KOTZ: I move:

*That this Bill be now read a second time.*

I seek leave to have the second reading explanation inserted in *Hansard* without my reading it.

Leave granted.

Since the coming into force of the Pastoral Land Management and Conservation Act in March 1990, the process by which pastoral lease rentals have been determined by the Valuer-General each year pursuant to his powers under Section 23 of the Act has been an ongoing concern to pastoral lessees in South Australia.

The method used has involved a formula calculation based on the number of stock carried, derived from a calculation that was highly sensitive to fluctuations in wool and beef prices. This has meant that rents have varied significantly from year to year. The derivation of the figures has not been easily understood by the industry and this has given rise to a number of enquiries and appeals. In addition, the fluctuations in rental levels have made forward budgeting difficult for both the pastoralists and the State's Pastoral Administration which is partially funded from lease rental revenue.

Last year, as a matter of policy, it was agreed that a new method of rent determination would be adopted involving the calculation of the unimproved value of each Station or management unit, basing the rental on a percentage of that value to represent the Government's return on its interest in those leased lands. The percentage derived in 1997 for properties used for pastoral purposes was 3 per cent and this year is to be 2.7 per cent. The approach now adopted is consistent with that used by other States and Territories with rangeland responsibilities.

This approach last year led to some 10 per cent of the lessees seeking a further explanation of their derived rent. This informal review was done by the contract valuer engaged by the Valuer General to determine the rents and led to reductions in a number of cases. Only one pastoralist followed his determination to formal review pursuant to the current provisions of the Act—he subsequently withdrew that application in November 1997. Given the

nature of the change and the time available to carry out the task, the acceptance of the outcomes by the industry is considered very satisfactory. The process was helped greatly by the involvement of a review group with strong industry representation. This group was chaired by the Presiding Member of the Pastoral Board, Stephen Mann.

It was further agreed in consultation with the SA Farmers Federation, members of pastoral area soil conservation boards and the Pastoral Board that this new approach would be formalised by amending the rental and appeal provisions of the Pastoral Land Management and Conservation Act.

This Bill accordingly amends those provisions to require the use of unimproved values in pastoral lease rental assessment, to provide for a more consultative process in determining rents payable and to allow for an additional mechanism aimed at resolving differences by informal discussion. The Bill also allows rents to remain unaltered for periods of up to five years.

The Bill also amends some procedural provisions under Section 15 relating to the operations of the Pastoral Board. It will allow the Board to meet formally by teleconference to assist its timely response to an increasing number of time-based issues now being brought to its attention. This amendment is particularly pertinent given the distances involved and the relative remoteness of producer members and deputies.

Section 15 is to be further amended to give the Presiding Member a casting vote. This has become necessary following the passage last year of an amending Bill to extend the life of the 6-member Pastoral Board which includes two pastoralists.

The Bill also amends the transitional provisions of the Act to extend the time in which the assessment of the condition of pastoral lease land is to be completed to 31 December 2000. This is a reflection of the interest shown by the industry in the range land assessment program and the increasing requirement by pastoralists for more discussion and consultation on the process and its outcomes. The task is now 80 per cent complete and the industry is comfortable with this extension of time to complete the process thoroughly.

The main purpose of this Bill is to put permanently in place a transparent and easily understood lease rental assessment process. It also strengthens the responsible Minister's ability to recognise good stewardship and land management by adjustment of the rent actually payable. The Bill will also assist the Pastoral Board to carry out its functions in a timely and reactive way and give adequate time for lessees to maximise their benefits from the lease assessment process.

The Bill is commended to honourable members.

Explanation of Clauses

*Clause 1: Short title*

This clause is formal.

*Clause 2: Amendment of s. 3—Interpretation*

This clause inserts a definition for the purposes of the new rental provisions in the Bill.

*Clause 3: Amendment of s. 15—Procedure at meetings*

This clause gives the presiding member a casting vote as well as a deliberative vote. Provision is made for meetings to be held by phone or other electronic means. The Board is required to keep accurate minutes of its meetings.

*Clause 4: Substitution of s. 23*

This clause substitutes the provision dealing with rent. The Valuer-General will firstly determine the unimproved value for each lease taking into account the purposes for which the land is used, prevailing climatic conditions, proximity of markets, etc., land condition factors (as advised by the local soil conservation authority), and the views of any consultative committee set up by the Minister. The Valuer-General will then set the annual rent as a percentage of the lease's unimproved value. The rent may then be adjusted by the Minister, on the recommendation of the Board, on an annual basis if necessary, to take into account any individual factors affecting profitability or relating to certain work carried out on the land by the lessee (this power may only be exercised so as to reduce rent). The Valuer-General must fix rents at least every 5 years and do them all at the same time. The Board will send out the rent notices each year. The Minister is given the power to waive or defer payment of rent if the Board so recommends.

*Clause 5: Amendment of s. 56—Right of review or appeal*

This clause provides that a lessee who is dissatisfied with the Valuer-General's determination of rent may either apply to the Valuer-General to have it reviewed or appeal against it to the Land and Valuation Court. The lessee has 3 months in which to do this.

Grievances may be resolved informally in the meantime on the written request of a lessee. The Valuer-General is given a right of appeal against a review (the Valuer-General has such a right of appeal against a review carried out under the *Valuation of Land Act*).

*Clause 6: Amendment of schedule*

This clause amends the transitional provision that requires all land assessments to be completed by 7 March 1998. The date is extended to 31 December 2000.

*Clause 7: Statute law revision amendments*

This clause refers to statute law revision amendments set out in the schedule.

*Schedule*

The schedule amends outdated language, converts divisional penalties into dollar amounts and repeals several exhausted provisions.

**Mr CLARKE** secured the adjournment of the debate.

**Mr MEIER:** Mr Speaker, I draw your attention to the state of the House.

*A quorum having been formed:*

### AUDITOR-GENERAL'S REPORT

**The Hon. G.A. INGERSON (Deputy Premier):** I move:

That Standing Orders be so far suspended as to enable:

The report of the Auditor-General and budget results 1996-97 to be referred to a Committee of the whole House and for Ministers to be examined on matters contained in the papers in accordance with the following timetable:

Premier and Minister for Multicultural Affairs, 30 minutes; Deputy Premier, Minister for Industry, Trade and Tourism, Minister for Local Government, Minister for Recreation and Sport, and Minister for Police, Correctional Services and Emergency Services, 60 minutes; Minister for Human Services, 45 minutes; Minister for Government Enterprises, Minister for Administrative Services, and Minister for Information Services, 45 minutes; Minister for Education, Children's Services and Training, Minister for Youth, and Minister for Employment, 45 minutes; Minister for Environment and Heritage, and Minister for Aboriginal Affairs, 30 minutes; Minister for Primary Industries, Natural Resources and Regional Development, 30 minutes.

Motion carried.

In Committee.

**The CHAIRMAN:** In accordance with the timetable just agreed to, the examination of the Report of the Auditor-General and the budget results 1996-97 are now open for the Premier and Minister for Multicultural Affairs for a maximum time of 30 minutes.

**The Hon. M.D. RANN:** I refer to the recent announcement about the changing policy in respect of ETSA and part A.3 of the audit overview concerning COAG and competition policy risk (pages 33 to 41). Does the Premier seriously believe that a sale price of \$4 billion is achievable on the sale of ETSA and Optima, and is this price compatible with the assurances given by the Premier to, first, maintain CSOs; secondly, subsidise the country use of power; thirdly, ensure all job losses are voluntary and through natural attrition; and, fourthly, ensure a reduction in prices? In addition, given that there is an over supply of capacity interstate and the Premier has told the world, it would seem, that he believes the value of our power assets will fall by 50 per cent, is that \$4 billion target achievable?

**The Hon. J.W. OLSEN:** In response to the honourable member's question I can only follow the advice that has been given. The end result as to achievable targets will be tested by the marketplace. Until such time as that test takes place, it is difficult to give an answer to that with great certainty. Suffice to say that the published report of the Institute of Public Affairs has indicated that, based on recent examples

of sale of not dissimilar assets in Australia, and given the size of the industry in South Australia, and that within South Australia there is almost a match between demand and supply, there is that opportunity to reach that figure. The final analysis will simply be the marketplace. I also refer the Leader's attention to today's *Financial Review*, which nominates figures well in excess of the \$4 billion. That might be over-optimistic but one would hope that, at the end of the day, that would be achievable. It would be outstanding if it could be.

Suffice to say that the advice we have received would indicate, first, that it is a reasonable target to have in mind; and, secondly, that, as it relates to devaluation of up to 50 per cent of the asset (and that is not according to me, obviously, but on advice from the Auditor-General and others), it is a reasonable prospect given the risks, and given that supply and demand is almost equal in South Australia and that any surplus demand in the Eastern States is subject to transmission to South Australia via the interconnect, and given that the maximum we can bring through the interconnect is 30 per cent of power generating capacity in South Australia, and given that over the interconnect there is a 10 per cent loss factor in transmission of that power. Given all those factors we therefore have a regional economy that is not oversupplied.

Access to it from oversupply generators on the eastern seaboard has a restriction and a natural 10 per cent advantage to South Australia. Those are the reasons why, as I understand it, the figure argued by the IPA is considered to be reasonable. I stress that it really must be subject to market forces and determination. For example, it is also put to us that, if we were to approach the sale period post the sale in New South Wales, it would make a very significant difference in terms of financial resources available for investing in the electricity industry within Australia. If New South Wales pursues and implements its privatisation strategy, the quantum of its sales would be such as to put a rather large dent in the available resources internationally for power utilities.

Therefore, a number of provisos apply, and the Leader would well understand that, in a sale of this nature, a range of factors will impact on the outcome but that the published advice indicates that that would be a reasonable target.

**The Hon. M.D. RANN:** Obviously one reason for raising this issue is today's *Financial Review*, but there is also a headline mentioning \$1.5 billion being offered and not \$4 billion. Page 2 of last year's budget speech states:

Improvements in the performance of Government-owned businesses, particularly ETSA Corporation, have also exceeded expectations.

The speech also refers to the loss of revenue to the Government that would result from the sale of ETSA and Optima. Will the Premier tell the Committee what then, roughly, is the minimum price the sale needs to achieve in order for there to be a cash positive return on interest savings to the Government? That is really the fundamental issue.

**The Hon. J.W. OLSEN:** That will depend on trading losses that might be identified in the future. If one works on an approximate 10 per cent debt servicing cost on that debt level, one then relates back to what the trading losses in the national market might be. At the moment the approximate dividend return from the instrumentalities is \$200 million. To balance out, one would need a sale price of \$2 billion to \$2.5 billion to equate, that is, dividend flow versus interest cost. However, if the \$96 million identified in the annual

report, which was tabled in December, and the forward trading losses of approximately \$96 million are brought into account, and say that those trading losses impacted in one year or, perhaps, if one took it over two years and one reduced the \$200 million by \$50 million, the debt reduction of \$1.5 billion would equate to the dividend flow that would come.

It has been reported today that the Queensland Labor Party is taking issue with the Queensland Government in relation to the electricity reform unit on the basis of some of the predictions about how it would enter the market, the implications on the market and the ability of 40 of Queensland's largest customers to purchase electricity at competitive, interstate pool prices—because they have not been able to secure the computer systems successfully they have not been able to access successfully the pool pricing. On that basis the Labor Party in Queensland is calling for that unit to be dismantled because it has been 'a failure'.

I have also indicated that the industry sought from us a Cabinet endorsement to be able to trade in the national market, and the industry in South Australia accessed contracts in Melbourne and Sydney with a retail value of \$8.6 million. With respect to those retail contracts in Melbourne and Sydney, the business plan put to us is that they would make a 5 per cent profit on accessing those contracts. In three months they have lost \$400 000. In other words, instead of there being a 5 per cent profit, it is running currently at a 4 per cent loss. The business plan put up to us was that they would be able to generate profits.

In practice it has not worked, for a variety of reasons, and I am not arguing their business plan, and I am certainly not arguing the capability of the management to access those contracts: it is simply the volatility of the market. Hence, they are the risks in a number of areas identified by the Auditor-General. In our view, that means that it is untenable to continue to own and participate entrepreneurially in the market. To have South Australian employees in the industry sitting behind computer screens playing on-the-spot market with taxpayers' money is absolutely fraught with danger.

**The Hon. M.D. RANN:** I refer to the Premier's Department and the specific lines in respect of consultancies. To assist the Premier, because that is the way I am, I refer to Part B, Volume II, pages 516 to 518, where the Auditor-General found that within the Premier's own department more than \$1 million had been spent in employing consultants using processes that were, in many instances, outside the law. The Auditor-General found that, in many cases, there was no record of the consultant employed, no record of the cost of employing the consultant and no record of the purpose of the consultancy. The Auditor-General found no evidence to support the decision not to use open, competitive tendering.

The Auditor-General found no or inadequate documentation supporting why a particular consultant was appointed; he found no effective monitoring of outcomes; and he found that consultants were able to change the terms and conditions of their own contracts with the Premier's Department in order to suit themselves. He found that contracts had been signed by individuals within the Premier's own department who did not have the legal status to enter into those contracts.

When I asked the Premier about this finding in Parliament on 3 December, he said that he would persevere with the existing guidelines and improve training for managers in his department. Has the Premier now established the identity of these consultants and the cost and purpose of the consultancies they undertook at a cost of \$1 million to the taxpayer

about which the Auditor-General says there were no records at all or, at the very best, inadequate records?

**The Hon. J.W. OLSEN:** The advice I have received is that this was the first year of operation of the new departmental guidelines which are, in fact, stricter than Treasurer's instructions. In some instances—and I have acknowledged this, and the Auditor-General has drawn attention to it—the department has not complied fully with those guidelines. The department will be committed to persevering with the guidelines to improve the overall departmental performance. Further training and support will be provided during 1997-98 to ensure that managers improve the documentation and other matters concerning the transactions. In terms of compliance with its own internal guidelines, of particular note was the consultancy which I understand was transferred to the Department of Information and Technology Services.

**The Hon. M.D. RANN:** By way of follow up, I understand totally that the Premier does not have the list available but, because there is a mechanism under these procedures to request that information be provided, can the Premier tell us exactly who these consultants were, what they were paid and what they were paid to do? Can the Premier provide that list to this Parliament?

**The Hon. J.W. OLSEN:** I will seek some of the information that the Leader is requesting and transmit it at the earliest.

**The Hon. M.D. RANN:** The Premier used the words 'some of the information'. There should be a list of consultants who were used, who they were and what they were paid. Why can the Parliament not have the whole list?

**The Hon. J.W. OLSEN:** The Leader wants to play with words. I will seek the information required for the Leader.

**The Hon. M.D. RANN:** Will the Premier advise the Committee whether Alex Kennedy was employed by him as a consultant during 1996-97? How much was she paid, and what was she employed to do in the period leading up to her appointment as the Premier's chief election adviser?

**The Hon. J.W. OLSEN:** Alex Kennedy did a number of tasks for me, including preparation of speeches. The detail which the Leader seeks is also subject to a question on notice, the reply to which is being formulated.

**The Hon. M.D. RANN:** Will the Premier confirm whether or not, prior to Alex Kennedy's joining the staff of the Premier as chief of staff, she was in fact employed as a consultant from home at the same time that she was working as a political journalist reporting on the Premier and others in this House? Was a Government computer facility or modem provided to her for this purpose?

**The Hon. J.W. OLSEN:** These are repeating questions which I have been asked and which I have already answered.

**The Hon. M.D. RANN:** Perhaps the Premier can answer one which he has not been asked and which he certainly has not answered. Is that still the case? Is she still a consultant to the Premier or the Premier's department, and is she still working at home on speeches or advice using Government equipment or otherwise?

**The Hon. J.W. OLSEN:** She is certainly not using any Government. If the next question is, 'Does she have a Government credit card?' the answer is 'No.' In response to the question, 'Is there Government equipment at home?' to my understanding the answer is 'No.' Clearly, in the past, as I have indicated, Alex Kennedy wrote a number of speeches for me. That has been on the public record *ad nauseam*.

**The Hon. M.D. RANN:** Whether or not it is *ad nauseam*, we are referring to the Auditor-General's criticism of



\$1 million in expenditure on consultants where he could find no records whatsoever of who they were, what they were paid and what they were supposed to be doing. The question I would like to ask and seek clarification of in this first opportunity since the Auditor-General's Report was delivered is: was Alex Kennedy one of the consultants referred to by the Auditor-General whose method of appointment was found to be inadequate and unsatisfactory?

**The Hon. J.W. OLSEN:** To my knowledge, no.

**The Hon. M.D. RANN:** Could the Premier inform the Committee—or the House at a later date—what was the expenditure on consultants during 1996-97 across the South Australian public sector? It is a fairly important issue because, obviously, the issue of consultants was raised during the election campaign. I wonder whether the Premier can give us a global figure on the amount of money spent by his Government on consultants last year?

**The Hon. J.W. OLSEN:** I will attempt to get the information that the Leader seeks. I point out that a number of consultants were brought in for asset sales. My understanding of the exit report of the Asset Management Task Force was that the average cost of consultancies per dollar sale was in the order of .32 per cent. I contrast that with the consultancy costs on the Telstra sale by the Commonwealth Government, where consultancy costs were 1.4 per cent. I simply make the point to the Committee that the average cost of consultancies in asset sales in South Australia is well below that which is applied at a Federal level.

**The Hon. M.D. RANN:** I guess I am repeating the question about the list of all the consultants and the expenditure because, under the rules, all departments are supposed to prepare a list of the consultants and the amounts paid to those consultants in order to comply with annual report guidelines. It would not seem to be a necessarily onerous task to get that list.

**The Hon. J.W. OLSEN:** The Leader is now repeating questions. I have just indicated to the Committee that I will attempt to get the answer for him.

**The Hon. M.D. RANN:** Perhaps the Premier could also provide us with a list on all consultancies undertaken on behalf of Premier and Cabinet during 1996-97, including the purpose of the consultancy, who performed it (which we have already asked), whether it went to tender and the cost of the consultancy?

**The Hon. J.W. OLSEN:** I will take the question on notice.

**The Hon. M.D. RANN:** Does that mean you will give us a reply, or will you answer the question in terms of saying whether or not they went out to tender?

**The Hon. J.W. OLSEN:** When a series of questions is raised where the detail of information cannot be expected to be held in one's head or hip pocket for the immediate edification of the Committee, it is the normal practice to take those questions on notice and in doing so bring back a reply.

**The Hon. M.D. RANN:** I now refer the Committee and the Premier to the SADC line, Part B, Volume II, page 519. The audit report refers to conflicts and ambiguities surrounding the role and accountability of the former head of the South Australian Development Council, Professor Dick Blandy. I understand that there are a number of blues going on between Matthew O'Callaghan, Kowalick and so on. But, with respect to Dick Blandy, in response to the Auditor's concerns, the head of your department acknowledged the concerns but said that these had been resolved by the sacking of Professor Blandy and the abolition of the SADC. Whilst

Professor Blandy no longer heads the SADC, I can see no reference to any redundancy package covering the termination of his employment. My questions are: when was Professor Blandy terminated as Chief Executive Officer of the SADC? What was his level of remuneration and the length of his contract, and what were the terms of contract covering termination?

**The Hon. J.W. OLSEN:** I will need to get the specific details of the question and take it on notice. As the Leader noted in his question, I abolished the unit, so that overcame any difficulties of ambiguity. Secondly, if my memory serves me correctly—and we will take it on notice—Professor Blandy had a contract that ran through to, I think, about the third quarter of last year. He wound out that contract after the abolition of the SADC on about 1 July, and he assisted with the Vision Statement being prepared by the Chamber and other community groups. But I will obtain the details.

**The Hon. M.D. RANN:** I am aware of Professor Blandy's work on the Vision Statement, a joint effort of the South Australian Employers Chamber and the SA Government, which includes Opposition and Government members as well as a cross-section of people in the community. Is Professor Blandy still on the South Australian Government payroll in any way and, if so, what is he being employed to do?

**The Hon. J.W. OLSEN:** The answer is 'No', to my knowledge.

**The Hon. M.D. RANN:** Regarding the Commissioner for Public Employment, I refer the Premier to Part B, Volume I, page 125 of the Auditor-General's Report. Will the Premier confirm that the Commissioner for Public Employment received an increase in pay of as much as \$20 000 last year and say on what formula that increase was awarded?

**The Hon. J.W. OLSEN:** I will take that question on notice.

**The Hon. M.D. RANN:** Will the Premier clarify the unattached list of people earning more than \$100 000 a year?

**Mr Foley:** Laurie's on it.

**The Hon. M.D. RANN:** Laurie Hammond might be on that unattached list, which used to be known as the 'transit lounge'. Will the Premier clarify the unattached list of people earning more than \$100 000 a year because, according to page 125, it has gone from one person who earned between \$150 000 and \$160 000 last year to, at one point during the year at least, three people earning in excess of \$100 000 per year. How did this come about, who are these persons, and what are they presently doing? That seems to be quite a hefty pay-out for people who are ghosts in the system.

**The Hon. J.W. OLSEN:** I will take it on notice, but it is not quite as expensive as the Bruce Guerin contract. Laurie's would not come anywhere near Bruce Guerin's contract, which was entered into by the last Government—a contract that ties Bruce Guerin's pay to that of the Chief Executive Officer of the Department of the Premier and Cabinet, while he is at Flinders University and has the right to return to the Government of South Australia at the conclusion of his contract with Flinders University. He had not only a golden parachute: he had a reattachment to it so that he could come back in his second life. That was valued at more than \$1 million—

**Mr Foley:** What is Laurie's?

**The Hon. J.W. OLSEN:** Nowhere near that. I reiterate that \$1 million was the value of the Bruce Guerin golden parachute.

**The Hon. M.D. RANN:** The Premier has just mentioned Bruce Guerin's parachute. Perhaps for the benefit of the

House he can explain the terms and conditions of Laurie Hammond's parachute and the negotiations with the University of Adelaide, because there seems to be some discrepancy about what the Premier said at the time and what the Vice-Chancellor of Adelaide University said?

**The Hon. J.W. OLSEN:** I simply advise the Leader to ask the Minister who had responsibility for the employment and the conditions upon which there was severance.

**The Hon. M.D. RANN:** I find that extraordinary. The Premier claimed responsibility for the MFP: it was his baby. It was the Premier who sought and found Laurie Hammond and it was the Premier who, I understand, intervened to have him transferred to the University of Adelaide. I am asking the Premier about the terms and conditions for Laurie Hammond.

**The Hon. J.W. OLSEN:** The premise of the question from the Leader of the Opposition is wrong, wrong and wrong.

**The Hon. M.D. RANN:** Perhaps the Premier could at least agree to give this Committee the details of the terms and conditions of Laurie Hammond's appointment to the University of Adelaide, because there are clear discrepancies between the Government's account and the account given by the Vice-Chancellor of the University of Adelaide about how he got there, what he is doing and what the terms and conditions were. Also, I should perhaps point out to the Premier that, in terms of the—

**The CHAIRMAN:** I remind the Leader that he has two minutes to do so.

**The Hon. M.D. RANN:** In terms of consultancies that go out to tender, or not, if the amount is over \$5 000—and it could be \$10 000—and does not go to tender, the Chief Executive Officer of the department has to certify, so Mr Kowalick and his department would have to certify why the process was not used. That is clearly established under Treasury guidelines.

**The Hon. J.W. OLSEN:** Not only under Treasury guidelines but under guidelines that the Auditor-General checks.

**The Hon. M.D. RANN:** The other issue in terms of the proposed sale of ETSA is that, from a series of both off-the-record and on-the-record briefings to journalists yesterday and today, it is quite clearly emerging that the Government is interested in a long-term lease arrangement as an alternative to sale, and that those long-term lease arrangements would be along the same lines as those established for the airports, that is, 50 or 60 year leases. Have there been discussions already between the Premier or ETSA or Optima and companies interested in long-term lease arrangements? Who are those companies and when did those discussions occur?

**The Hon. J.W. OLSEN:** I have had no discussions with any private sector company in relation to the trade, sale, float or long-term lease of these facilities. Companies over the past four years have put a point of view about purchasing, all of which companies were told that our policy at that time was not to proceed down that track. Subsequent to the policy change, I have had no discussions with any company in relation to trade, sale or lease. The perception given by the Leader is that some background and off-the-record briefings have been given to journalists. That is not true. A background, on-the-record briefing has been given to journalists today, if that is what the Leader of the Opposition is talking about. That was conducted by the Under Treasurer, Gerard Bradley, and Tim Spencer, who will head up the sales unit within the Department of Treasury and Finance.

The purpose in giving a background, on-the-record briefing to journalists was to explain the complicated nature of the problem that we are facing so that they had an understanding of the technical difficulties and the risk factors, what the Auditor-General has identified as the major risk in, I think, some five or six areas of substantial risk, and why we are pursuing the course of action and had the change of policy.

In relation to a public float, if we were to undertake a public float the advice given to us was that we would be reducing the price by between 25 and 30 per cent.

That might well be \$1 billion or more. If that were the case, that is something that ought to weigh heavily on the mind of every member of this House. Secondly, if we were to be frustrated in a legislative sense to pursue a sale, then advice has been given to us that there is the option of leasing. The Leader referred to something similar to the Federal Airports Corporation: I used that as an example in the press conference yesterday when someone said, 'What do you mean by a leasing option?' I then referred to the Federal Government's action in pursuing the privatisation of airports where a long-term lease is put in place that effectively is longer than the life of the asset, with the ability to secure an up-front payment for that not dissimilar to that which a trade sale would get.

I also pointed out in the press conference that a trade sale would trigger major taxation benefits for investing companies that would not be applicable in relation to a lease. Therefore, if the Parliament concurs in pursuing this course, clearly the best option to maximise the price and debt reduction is a trade sale. If that is not available, then, on advice given to us, there is the leasing option. That would have part discount over a trade sale option. They are matters that we can further debate in the Parliament when the legislation is introduced. I simply ask that the House keep an open mind on some of these matters until the full extent of the risk and the exposure is well understood. It may well be that, when that full exposure is clarified, like me, other people might change their position.

**The CHAIRMAN:** Order! The time for the examination of the Premier has concluded. I call on the Deputy Premier, Minister for Industry, Trade and Tourism, Minister for Local Government, Minister for Recreation and Sport and Minister for Police, Correctional Services and Emergency Services. Those matters are now open for examination with the Auditor-General and budget results of 1996-97. Are there any questions?

**Mr CLARKE:** There is a classic response to that rhetorical question, Mr Chairman.

**The CHAIRMAN:** Order! Does the member for Ross Smith have a question?

**Mr CLARKE:** I do.

*The Hon. I.F. Evans interjecting:*

**The CHAIRMAN:** Order!

**Mr CLARKE:** I refer to the EDA industry grants which are specifically mentioned in the supplementary report, page 31; Part A.4 Audit Overview, page 40; and Part B, pages 169 to 170. This would be fairly familiar to the Minister in that the Auditor-General found serious problems in the Economic Development Authority and that these problems had been persistent problems of inadequate controls and little accountability during the years that the Premier was the Minister and in charge of the department. Now the Minister has to carry the buck for his problems.

In 1995, the Auditor-General first raised his concerns about the fact that industry assistance money was being

provided to private companies without adequate information and controls. Indeed, the Auditor-General had to provide a qualified report on the EDA, and I refer to the supplementary report, which states on page 31:

... weaknesses in the standard of documentation, records and database systems relating to the provision of financial assistance to industry...

The Auditor-General's Report states:

The Government was not always able to verify that agreed arrangements and performance benchmarks had been achieved when companies sought ongoing support.

The Auditor-General further refers to no advancement since 1995 on the introduction of a formalised monitoring or reporting arrangement for these packages. At page 170, Part B, volume 1, he also went on to mention the 'longstanding nature of the problems'. My specific questions are—

*The Hon. M.K. Brindal interjecting:*

**Mr CLARKE:** Certainly since 1995 and probably before, but when did you become the senior Minister?

**The Hon. M.K. Brindal:** I am not.

**Mr CLARKE:** Well, just button your lip and listen to the master.

**The CHAIRMAN:** Order!

**Mr CLARKE:** Has the department now identified fully the nature and extent of assistance and any obligations to companies or from companies to the Government that the EDA was not able to verify to the Auditor-General and the companies involved while there were still such obligations outstanding?

**The Hon. G.A. INGERSON:** I will make two comments. First of all, the majority of the industry incentive schemes are approved by the IDC, which is a joint parliamentary committee, and that is done as part of a subcommittee of the Economic and Finance Committee. Secondly, I have had discussions with my department in relation to this matter and I have been informed that there are continuing discussions with the Auditor-General, with whom they are now working to tidy up any issues about which he was concerned. I do not have any further details than that, but I assure the member for Ross Smith that his concerns and mine are similar and I will ensure that all these issues are brought into line with what the Auditor-General requires.

**Mr CLARKE:** Do I take it, then, that the Government still does not know to what extent, if any, the Government and the people of South Australia are exposed to extra liabilities because the Minister's department has not been able to get that information together?

**The Hon. G.A. INGERSON:** I do not have that detail with me, but I will obtain for the honourable member a detailed reply on the actual sum involved. It is my view that the majority have been cleared up on advice, but I will get that report for the Committee.

**Mr CLARKE:** From your department's investigations and working with the Auditor-General to date, to which you have referred, has your department reported that there is any additional taxpayer exposure as a result of the investigations that have taken place with the Auditor-General?

**The Hon. G.A. INGERSON:** Other than exposures that may have occurred in the past two or three months because of economic changes to those companies, it is my understanding that no further deterioration has occurred, but I will obtain a clear response for the honourable member in relation to the overall question, and that matter in particular, so that the Committee is aware of the position.

**Mr CLARKE:** Do I take it, then, that the Minister will be able to give an overview and be able to quantify the exposure the State's taxpayers may have?

**The Hon. G.A. INGERSON:** To the best of the department's ability, we will be able to do that and I will make that clear. Having said that, obviously there are a considerable number of incentive programs to which confidentiality agreements apply. Most of those agreements are supported by the IDC and, as the member opposite would be aware, those positions would not be exposed in detail. Regarding the overall principle about which the honourable member is asking, we will be happy to supply the Committee with the information.

**Mr CLARKE:** Will the Minister be able to give the Committee actual details of what systems the department is putting in place to redress the criticisms levelled at it by the Auditor-General? What are they doing to correct or overcome those difficulties?

**The Hon. G.A. INGERSON:** First of all, I do not accept in totality the comments made by the Auditor-General in terms of all the processes. As I said, the majority of the processes are endorsed by a joint committee of both the Opposition and the Government through the IDC. Those processes are adhered to in a parliamentary sense, and so both sides of the Parliament are aware of that. I understand that the Auditor-General has discussed some minor issues with the department, in terms of establishing ongoing liabilities and payments and also ongoing payments of incentives and how they rate to the original contract that was signed by the company and the Government. It is in that area that I will obtain the answer and I will report that to the Committee.

**Mr CLARKE:** I refer the Minister to page 39 of A.4, 'Audit Overview'. The Auditor-General lists a whole range of different types of assistance packages and the like that are used by EDA from time to time. It is also a question of how you put a value on some forms of the assistance that is given, whether it be payroll tax rebates, or things of this nature, or assistance in the building of a factory, and the like. I am not a member of the IDC—and, in any event, the IDC proceedings are, as I understand it, confidential to members of that committee—but it is my understanding that there is not a great deal of detail in terms of, for example, performance measurements. If so much assistance is to be granted to a particular company, is it based on a performance assessment—that they receive so many dollars if they recruit so many new employees, and things of this nature? There are a lot of details which do not go to the IDC—and not everything does go to the IDC. So, it is a bit glib to suggest that, simply because there IDC is in existence, both sides of the House are fully aware of the packages and arrangements that Governments enter into; and, therefore, it is very hard in terms of public accountability.

**The Hon. G.A. INGERSON:** The industry assistance programs have always been, with all Governments, established on a confidentiality basis between the client and the Government, in terms of incentive programs. Those programs are primarily concerned with two major areas, the first being in terms of future job opportunities. In other words, a representative of a company might say that, if the company receives X dollars in economic assistance, it is believed that the company will create an extra 100 jobs. That process is monitored as part of the agreement. The other major way is that a representative of a company might say that the company wants to redevelop its factory and needs \$100 000 to do so. The company might have \$400 000 of the \$500 000

needed and the representative asks if the Government is prepared to give the company a grant, or a loan on a long-term basis, for the balance of that sum. With that sort of exercise, there is usually a job factor added to it. All those agreements, whether they go to the IDC or are without IDC approval, are entered into on a confidentiality basis.

I would be quite prepared to have discussions, through the department, with the honourable member opposite if he wishes to go into detail as to how all those processes are carried out, and I will report to the Committee on the detail that I mentioned. However, I believe that the obtaining of further detail should be done on a basis of shadow Minister to department level, and I will arrange for that to occur so that the range of options are more clearly illustrated for the member.

**Mr CLARKE:** As to the executive pay with respect to the EDA, can the Minister confirm that the remuneration of the Chief Executive Officer for the year 1996-97 increased by as much as \$30 000, from around \$190 000 up to \$220 000 and, if that is so, on what basis was the 10 per cent increase, or more, justified?

**The Hon. G.A. INGERSON:** No, I cannot confirm that, and I will obtain a detailed response for the member. There was a significant change in status and rating for the Executive Director. I will obtain the exact sums and I will reply.

**Mr CLARKE:** During the financial year 1996-97 the Minister was not the Minister for this department. So, in terms of the significant change to responsibilities, when the new CEO took over the so-called super ministries did not exist at that time. Nonetheless, for the financial year 1996-97, it would seem apparent that more than a 10 per cent increase was paid, and there had been no changes, of which I am aware, to the ministerial or departmental responsibilities during that financial year. So, I look forward to receiving the Minister's response as to the basis for such an increase in the CEO's salary. I make no reference to the individual's capacity.

As to Australis (commonly known as Galaxy) I refer the Minister to page 40 of the supplementary report of the Auditor-General, in particular, note 24. My question is: how many people are currently working at Galaxy, and what are the Government's plans for the future use of the Australis building and the company's licences, which were bought for the company by the Government?

**The Hon. G.A. INGERSON:** As far as I am aware, Galaxy is continuing to trade. The latest advice I received was that it was still receiving adequate financing from the United States and will continue to trade. As to the number of people employed by Galaxy through the Australis system, I believe it would be better if the honourable member asked the Managing Director of Australis, because the number of people employed does not have any bearing on the Government.

**Mr CLARKE:** I find that answer a bit extraordinary. When Australis was first brought to South Australia it was trumpeted as providing some 700 jobs, and that was the reason for such a generous package (which I only read in the newspaper; again, I do not have any detailed knowledge) approaching \$28 million in Government subsidy. Now the Minister says he does not know and does not care much about the number of people employed by Australis, when there is such a heavy taxpayer commitment to that organisation. Has the department put a value on the building, for example? If Australis went under tomorrow and became a vacant warehouse cum office, surely the department would have

taken into account, as part of its normal auditing process, the need to work out its risk exposure, what it would receive for the building today if it had to sell, and how that relates back to the cost of building it. And, likewise, my comment applies with respect to the MDS licences which were bought by the Government.

**The Hon. G.A. INGERSON:** First, I did not say that I did not care about the number of people employed out there: I just made the comment that it was not up to me to know how many should be employed. The member for Ross Smith is talking as though Australis has closed: it has not. There has not been any breach of contract, in terms of payment to the Government at this stage. If management in the United States is expecting to continue to raise money, I would have thought that we would wait until something occurs. I am not a pessimist. Unlike the Opposition, I am not prepared to whack a company, hoping that it will fall over.

At this stage, the Government is having, as one would expect, precautionary discussions with the company. However, we have been advised recently that it still believes it is able to raise money in the United States. Until we are advised any differently, I would have thought that it was in the best interests of every one of us to encourage the company to be successful and, whilst it has been through difficult times, it will, hopefully, trade out of that position and grow. Clearly, it is our responsibility to talk to them. However, it is not our responsibility to stand up in the public arena and talk about fire sale assets when, as of today, that is not the case.

**Mr CLARKE:** I am not a doomsdayer. I wish the company well in terms of its productivity and profitability, if only for the sake of its employees and the taxpayers' money committed to it. Given the Deputy Premier's answer, was it part of the agreement with Australis that the money paid by the taxpayer through EDA to the company would be based on the number of employees employed at any given time? In other words, we have shelled out whatever the amount of money—and the press speculation is that it is \$28 million—and the company gets that, whether it hires 700 people or 50. Is that the essence of EDA's negotiations?

**The Hon. G.A. INGERSON:** I know the honourable member opposite understands the process, but I will once again put it on the public record. Agreements entered into between the Government and any company are on a confidential basis, for obvious reasons. There are failures but on many occasions there are also successes. In this instance, we have the doomsdayers suspecting that it will fail. I hope that does not happen but, if it does fail, all the issues mentioned by the honourable member will have to be evaluated by the Government. Until that occurs, and while we continue to receive advice from Australis executives that they are still in the marketplace and are still confident that they will be able to raise the funds, we have to take it on that value.

I assure the Committee that, if that changes, the honourable member opposite will be the first to know, either through me or through the doomsday press of this place. Then we can treat it as we should at that time. Until any risk occurs, the Government can only talk to the company about where it is going and what it can do to help support the company. We are doing that, as we do with all businesses in which we have incentive loans or payments.

**Mr CLARKE:** I will try to summarise the Deputy Premier's last two answers, and he can correct me if I am wrong. First, EDA has not yet worked out its risk exposure if it has to sell the building and its licences. Is the Deputy

Premier saying that he does not work out those risk exposures? Secondly, it would not appear to be part of the contract between the Government and Australis that, as a condition for getting the subsidy—whatever that amount of money might be—that is not condition precedent on Australis employing a certain number of employees by certain dates?

**The Hon. G.A. INGERSON:** In answer to the first question, Government involvement with any of the companies is done on a continuing monitoring basis, so the risk is continually monitored. We do not say, 'All these companies are at risk', or 'All these companies are going well' and set going a rumour about particular companies. However, we continue to manage and watch any risk in which the Government is involved. The speculation in respect of the numbers is a confidential matter between the Government and the client. This whole process has been going on through the IDC, a committee of this Parliament, for the past 25 to 30 years. To my knowledge there has never been any disclosure out of the parliamentary process of matters confidential.

**The Hon. M.K. Brindal:** Other than what the member for Hart did.

**The Hon. G.A. INGERSON:** I was not involved in that area. It is an accepted matter of principle that the Government negotiate these issues on a confidential basis. If anything should happen and we have a failure, I am quite sure the honourable member opposite will, with glee, let this Party and the State know. As I said earlier, I would hope that, with continuing work from its directors, that does not occur. I hope that we encourage the company to try to trade out of any difficulties it might have.

**Mr CLARKE:** I assure the Minister that it certainly would not be with any glee. I refer to one of the Minister's other portfolios about which he and I share a passion—tourism. The Auditor-General found that the expenditure of public funds on the Wilpena tourist centre development was unlawful, and payments for the development were made prior to examination and report by the Public Works Committee. This was done—dishonestly, in our view—by breaking up the costs of the project to achieve a figure below the \$4 million limit, at which point the Public Works Committee must be involved.

The reality of the situation is that the Government contribution is a lot more than \$3.9 million for the upgrade of the Wilpena infrastructure facilities and also includes a Government guarantee and an extension of the ETSA supply to the site. I appreciate that the honourable member was, was not and now is again the Minister for Tourism. I think the situation to which I refer occurred when the honourable member was not the Minister. As the person concerned is no longer in this Parliament, the Minister can be full and frank and not have to worry about the fact that that person can no longer vote for or against him on this issue. If the Minister wishes to dump on him, he is free to do so, without retribution. I note that the Minister is already getting to his feet—he already had the bucket! Has the department estimated the value of the Government guarantee and the cost of extending the ETSA supply line? What is the cost of the supply line, and what would be our total exposure if the guarantee was called in and so on?

**The Hon. G.A. INGERSON:** I thank the member for Ross Smith for his tongue in cheek question and most of his flippant discussion points. I have a prepared an answer which I will read for the honourable member. Last Friday, I had a discussion with the Auditor-General in respect of what he

meant when he used the word 'unlawful'. He made it clear to me that he was concerned about the process of payment and not the process of construction, and that will become clear in my answer. He made it clear to me that, as far as he was concerned, in respect of the total lump sum put before the Public Works Committee and the amount that was finally paid, there was some excess in terms of the department; and it was that payment by the department before it went back to the Public Works Committee that he was concerned about.

I believe it was on the first day of Parliament's resumption that I advised the House that the practice would not continue and that we would make sure that we did not go around the role of the Public Works Committee. It is important that I place the following comments on the record. The MPF Development Corporation—and, prior to that, the South Australian Tourism Commission—has advised the Auditor-General that it was necessary to commence construction prior to the completion of the Public Works Committee's investigation to ensure the project was completed for peak tourism in spring of 1997. The Auditor-General has noted this point. Delaying commencement of the construction until the Public Works Committee reported in late May would have effectively delayed construction commencement of the project for 12 months, until early 1998, to minimise disruption during peak tourism periods.

The Flinders Ranges Tourism Service (which is operated by the Rasheed family) as the private sector participant in the project previously indicated that such a delay was unacceptable from its financial and tourism viewpoint. The project could not have been presented to the Public Works Committee at an earlier date to ensure its investigations were completed prior to construction commencement because details of the project were subject to complex negotiations with FRTS and were not confirmed until early 1997.

The Public Works Committee was informed of the commencement of the construction at its first hearing for the project in March 1997. The committee accepted the commercial imperatives to proceed with the project and raised no criticism of this issue in its conclusion and recommendation of the project. The comments of the Auditor-General on page 91 are general remarks about the occasional mismatch between government process and project imperatives and they were not meant to be quoted as an explanation of or excuse for the Wilpena construction process.

The constructors were on the site and the decision was made to complete the construction and, from his comments to me, it would seem that the Auditor-General is not concerned with that issue. However, he was concerned that payment for that construction should not have been made until it had been before the Public Works Committee. I accept that on behalf of the Government, and we will ensure that that does not occur in the future in relation to these projects.

In terms of the value of the ETSA supply line, I do not know the exact figure, although I know the estimate was around \$2.5 million. I will get the exact figure for the honourable member. The estimate related to the overhead lines and to the initial quotes in terms of the sale of power, but I will get the current information on that matter.

As for the guarantee to the Rasheed family, I will also get the details of that for the honourable member, but my understanding is that it is a guarantee of \$1.5 million for the \$2.5 million that they have put in. That \$1.5 million reduces over a period of 10 years. I will get the exact detail for the Committee.

**Mr CLARKE:** The Minister said that procedures have been put in place to ensure that the events that drew criticism from the Auditor-General are not repeated. What control mechanisms is the department putting in place to ensure that the Public Works Committee examines these matters before payments are made?

**The Hon. G.A. INGERSON:** It is my recommendation to the major projects group, which will handle any tourism development projects in the future, that I be notified by that group and that, on its behalf, I submit the proposal to the Public Works Committee. As a consequence of that, as Minister, I will know, prior to its going to the committee, what construction is required before any work commences. In essence, we are putting the ministerial position in between the department and the Public Works Committee to make sure that, as Minister responsible for any projects that go before the committee, I am aware of what is going on.

**Mr CLARKE:** Why has the expenditure on consultants within Tourism SA more than doubled compared with 1995-96? Is it solely due to the Ciccarello report?

**The Hon. G.A. INGERSON:** I do not have the fine detail in relation to that. As members would be aware, the cost of the Ciccarello report has been tabled and mentioned in Parliament, but I will get a detailed costing of that as it relates to the Tourism Commission. Some of the money concerning the restructuring was paid for out of other than Tourism Commission accounts, but I will get a detailed reply for the honourable member.

**Mr CLARKE:** Will the Minister confirm whether the Chief Executive Officer of Tourism SA received a pay increase of up to \$40 000 between 1995-96 and 1996-97, or a rise of up to 25 per cent? If so, what were the reasons for such a large increase?

**The Hon. G.A. INGERSON:** I have said before in this place that, if you want good people in tourism, you have to pay for them.

**Mr CLARKE:** What was the basis for setting such a salary level? What was the yardstick used—a private sector yardstick, other public servants, or some other basis?

**The Hon. G.A. INGERSON:** Market forces.

**Mr CLARKE:** It is interesting that the Minister said that because the former Premier and the present Premier, if I remember Estimates Committees proceedings correctly, have said that, with respect to public sector salaries, using market forces in the private sector as a benchmark for setting salary rates for senior executive officers and chief executive officers is not on.

**The Hon. G.A. INGERSON:** Although I should not have to, I point out to the honourable member that the Tourism Commission is an independent statutory authority and as such it is not part of the public sector.

**Mr CLARKE:** That is an interesting observation, and I am sure that the Public Service Association, the police union and other employees of the Public Service and statutory authorities will appreciate the fact that future salary increases for all their members will be based on market forces.

**The Hon. G.A. INGERSON:** We will have to wait and see.

**Mr CLARKE:** I am pleased that the Minister said 'wait and see', because we certainly will. I turn now to the Adelaide Convention Centre. I note that, after two years of achieving operating surpluses, in 1996-97 it incurred a deficit of \$141 000, and the Auditor-General noted that the deficit was incurred after taking into account abnormal expenses of \$179 000. Did these abnormal expenses arise as a result of

the cost of the centre's tenth birthday party or for some other reason?

**The Hon. G.A. INGERSON:** I understand that those expenses related to a physical extension of the Convention Centre, and I will get those details for the Committee and supply them to the honourable member.

**Mr CLARKE:** There has been some public controversy, and I have raised the issue myself, in relation to the desire to extend the Exhibition Centre. In round figures, a sum of \$50 million will be needed to increase its capacity from 3 000 square metres to something like 10 000 square metres. It is already publicly documented and there is no dispute that the centre is being offered more work than it can handle because of its size limitations, so it is knocking it back, and that is obviously hurting tourism in South Australia and the profitability of the centre itself. I know that the Government has established a task force to see whether it can find the \$50 million to extend the centre. How close is the Government to determining whether that \$50 million will be made available in the very near future?

**The Hon. G.A. INGERSON:** It is normal procedure that matters of this type and size are notified during the budget process. If the honourable member is patient and understanding, that process will probably be adhered to. Let me expand on a couple of comments made by the member for Ross Smith. First, it is important to note that South Australia currently attracts about 17 per cent of the national events and conventions business, and that is about double what we would expect to attract.

There are two reasons for wanting to extend the centre. We believe that there is an opportunity to get more business through the State, and convention business is probably the single most important tourism push in this State other than AFL football. We must recognise that we are not contemplating building a bigger Convention Centre to attract bigger conventions: we are looking at making it bigger so that one or two conventions can run at the same time. The board has made a deliberate decision that for South Australia to try to compete in the 4 500 and upwards market would be silly, because the markets of Brisbane, Sydney and Melbourne virtually grab all those conventions. South Australia might get one or two in a year. To build a new centre or to extend the present centre just to accommodate those numbers would be quite stupid. The argument is to make the centre twice the size so that two conventions of about the same size can run at the same time.

It is important to note that, over the four years we have been in government, in terms of catering the average-sized convention has increased from about 450 to 750. The numbers have increased quite considerably and it is expected that, on average, the numbers for which the centre would be catering would exceed 1 000. That is quite a significant increase in the size of a convention. We are very proud of our Convention Centre.

*Mr Foley interjecting:*

**The Hon. G.A. INGERSON:** Absolutely. It was built by the previous Government and it is an excellent contribution to South Australia's tourism. Clearly, it is an area in which we must endeavour to get better than our fair share of the business. There are two other points: the management of our Convention Centre is considered to be world-class, and that includes not only Pieter Van der Hoeven but all his staff; and, secondly, ACTA (Adelaide Convention and Tourism Authority) is considered to be an excellent chaser of conventions on behalf of our city. The Tourism Commission puts

significant funds into ACTA, and we believe that both organisations are the main reasons why South Australia does so well in the convention business.

**Mr FOLEY:** My question is directed to the Minister for Sports Facilities; would that be a correct label? I have some trouble remembering and understanding how these new portfolios work.

*The Hon. G.M. Gunn interjecting:*

**Mr FOLEY:** I think that the member for Stuart knows that interjections are out of order, as I keep being reminded. The Hindmarsh Soccer Stadium is of some interest to me, perhaps more so as shadow Treasurer than shadow Sports Minister. I have read with interest the Auditor-General's Report. Will the Minister explain the decision to go from an \$8 million soccer stadium to a \$24 million soccer stadium? That decision seemed to have occurred in a very short time after some SOCOG officials came along and apparently said that the stadium was not suitable for seven rounds of international soccer during the Olympics. A decision to increase expenditure upwards of \$24 million was made. How did that decision making process occur? What occurred at that moment?

**The Hon. G.A. INGERSON:** Cabinet.

**Mr FOLEY:** I can read that in the Auditor-General's Report. The Auditor-General quite clearly says that Cabinet made a decision, but I am talking about prior to a Cabinet decision. What analysis was undertaken? What discussions with Treasury occurred? What detailed scoping was done of the requirements, the financial risk and so on in that process? Please explain to me the lengthy process you would have gone through?

**The Hon. G.A. INGERSON:** The Government, in all these processes, is in the position of making public and political decisions of its own free will, and it does so on many occasions. In this particular instance, Cabinet received a submission that had been put to SOCOG. The general view from SOCOG was that, if we built a stadium with the new grandstand as it is there now and installed a series of temporary stands around the ground, providing seating for approximately 20 000 people, that that would be acceptable to SOCOG. That was the first position.

The Government put that proposal to SOCOG. SOCOG said that it believed that the proposed standard at that time could be improved and that we ought to be considering the long-term position of the stadium following the event. We went back to Cabinet and Cabinet agreed. It involved expenditure of approximately \$10 million, which included temporary stands, the blocking off of streets and the general putting together of the whole development. Cabinet said that, instead of spending \$10 million and taking down all the infrastructure after the event (as we did with the Grand Prix) and having nothing left, we ought to spend some money to improve soccer facilities in South Australia after the Olympics.

The Government then sought developers and planners to look at the best option in terms of other grandstands that might be left, the roads that might need to be closed and the land that might need to be purchased to facilitate a more upgraded Hindmarsh Stadium. As a consequence, the Government agreed to spend, I think in the budget, \$16.2 million over and above the first stage of the development so that we would leave behind a development at Hindmarsh Stadium for soccer, and any other sport relative to the stadium, after the Olympic Games in the year 2000. It

was a decision of Cabinet. Cabinet believed that it was in the best interests of the State that we should spend that money.

It is also important to place on the public record that the first stage of the development is being very significantly funded by the Soccer Federation on behalf of soccer in South Australia, and that the second stage of the development, as part of the Olympic Games, will leave behind a better stadium. It is as simple as that. When the second stage is completed, in terms of design and general layout, we will send that to the Public Works Committee. I have advised the Presiding Member of that in recent days. I would expect that, in the next month to six weeks, the Government will submit stage two to Public Works and the second stage of that project will commence thereupon.

**Mr FOLEY:** I take it that the Minister handled the negotiations with SOCOG on this issue?

**The Hon. G.A. INGERSON:** I was the Minister responsible for SOCOG. I did not directly handle the negotiations. That was handled by a group set up by Soccer SA, in which the Government had representation. I was responsible for it as Minister.

**Mr FOLEY:** Can the Minister explain the role of the member for Coles in the negotiations and arrangements in relation to this development?

**The Hon. G.A. INGERSON:** The member for Coles had no involvement in terms of negotiations with SOCOG.

**Mr FOLEY:** What was the role of the member for Coles in relation to the redevelopment? At that time I assume she was chairing the committee that was overseeing the upgrade.

**The Hon. G.A. INGERSON:** The member for Coles was chairman of a committee that brought together both SOCOG and the Government in terms of what sort of details ought to be pursued in relation to Stage 1. The member for Coles has had very little involvement in the development of Stage 2. Stage 2 has been done under my stewardship. It was handled by Ian Dixon as Chief Executive then at large, and for some two to three months he worked on that project quite independent of anyone else. He has developed the major projects and the development process which we are now going through. He worked with me, Minister Brown and, I think, Minister Armitage in terms of sorting out how State Services would be involved in the whole process.

**Mr FOLEY:** What you are saying, Minister, is that the member for Coles has never discussed with you the further upgrade of the Hindmarsh Soccer Stadium in any capacity at all?

**The Hon. G.A. INGERSON:** I did not say that at all. There is no suggestion that that is the case. The question you asked me was: was the member for Coles involved in negotiations with SOCOG? The answer to that is 'No', because there was a formal committee set up to do that. The member for Coles was not involved. As the honourable member would be aware, the member for Coles is the ambassador for soccer and is doing a fantastic job for soccer.

*Members interjecting:*

**The Hon. G.A. INGERSON:** I would love to highlight this position, because we now have the Opposition by way of the shadow Treasurer and the previous Deputy Leader of the Opposition laughing at the idea of spending money in South Australia with the Soccer Federation. I will make sure that every single member of all soccer clubs in South Australia is aware that the shadow Treasurer and the former Deputy Leader of the Opposition (now the shadow Minister for Tourism and the shadow Minister for Sport) are laughing publicly in this place at the fact that money should be spent

on soccer here in South Australia, particularly when members opposite and I know that the Soccer Federation talked to the Labor Party when in government about developing the Soccer Federation and supporting it at Hindmarsh.

I will make sure that every soccer player and soccer club in this State is aware that the Opposition thinks it is a joke that the Government should be spending money on behalf of soccer to leave something behind after the Olympics—the only time we will have had seven consecutive international games in Adelaide. But the Opposition laughs about it. For political reasons the Opposition is more interested in slugging the ambassador for soccer so that it can purely and simply play games with the sport of soccer.

I understand the embarrassment that the Labor Party feels about not being able to support soccer. We ought to get on the public record what this is really all about. It is not about accountability: it is about the fact that the Labor Party is concerned because a member of this Parliament wants to spend her own time being the ambassador of soccer. I would think we ought to encourage members in this respect. I understand that the shadow Treasurer, who is now laughing, is involved in a football club at a very senior level. I do not rubbish him because he is involved with Port Adelaide: I feel sorry for him. I find it quite staggering that, because a member in their free time wishes to get involved with a sport and endorse it, this Opposition should want to play political games with soccer. I will make sure that people understand what I have said.

**Mr FOLEY:** Getting savaged by Ingo is a bit like getting whacked with a wet lettuce.

**The CHAIRMAN:** Order!

**Mr FOLEY:** Sorry. The Opposition was certainly not laughing at the Soccer Association's ability to get a \$24 million grandstand: we were somewhat excited for them that they were able to achieve this outcome. As we have demonstrated, we are big supporters of soccer in this State. I know that soccer—

*An honourable member interjecting:*

**Mr FOLEY:** I was ill actually; I extend my apologies.

*An honourable member interjecting:*

**Mr FOLEY:** No. The Labor Party does not quite get the same invitations from the Soccer Federation as does the present Government. It is a known fact that the Soccer Federation somehow seems to find a way of showing much greater favour to the Liberal Government than it shows to Labor but, anyway, that is their decision to do that. I turn back to the ambassador for soccer. One matter that I as the shadow Treasurer in this State am extremely concerned about is large sums of public expenditure. This is not an issue about soccer: this is an issue about how we arrive at a decision to go from \$8 million to in excess of \$24 million and the process by which that money is obtained. The Minister can sit there with his junior Ministers flanking him and giving him little bits of advice along the way. I would have hoped by now that the Deputy Premier would be able to handle this sort of questioning on his own. The role of the soccer ambassador is an issue of—

**The Hon. M.K. Brindal:** We are just giving advice.

**Mr FOLEY:** The current junior Minister for Sport had his own views about the Hindmarsh Soccer Stadium some time ago but, of course, all those views have changed now that those opposite have comfort and light and are cosy and comfortable. Obviously, the role of the member for Coles was an important one. Given that she was a member of the Government, her role as soccer ambassador would always

create a potential conflict. Much to her annoyance—and I can understand that, but that is the role we in this job have to play—that conflict is even greater now that she, as a Minister, is a member of Executive Government. From my perspective, her role as soccer ambassador does create conflict. What discussions did the member for Coles have with you, Minister, about the upgrade of the soccer stadium, and what role did she play in all decisions—both the \$8 million expansion and the further \$24 million expansion?

**The Hon. G.A. INGERSON:** In relation to the \$8 million development, as I said earlier the member for Coles was on a subcommittee that worked with soccer and the Government to ensure the existing standards and that the fantastic new stand was built. I have already said that. I have said before in Estimates Committees and in this Parliament that the member for Coles was involved in that subcommittee. The member for Coles is not in Cabinet and was not in Cabinet at that time. That decision was made by Cabinet. There was no document and there is no document that was signed into Cabinet by anyone other than the Minister—and that is me—at that time. It will be in the future, with my responsibility in terms of facility development.

I refer to another of the honourable member's flippant, throw away comments in respect of soccer giving favour to the Liberal Government. I think that is an issue which everyone in soccer ought to be aware of. The Labor Party actually believes that a special deal is being done for the Liberal Party by soccer: that is not true. Everyone has the opportunity to go to soccer. If Leaders of the Opposition choose not to accept formal invitations to events such as that of last Sunday and choose to sit in the crowd on their own because of—

**Mr Foley:** He took his son because they would not let him into the corporate box.

**The Hon. G.A. INGERSON:** That's right, because no-one else's son or child was involved in the corporate box—

*Mr Foley interjecting:*

**The Hon. G.A. INGERSON:** He has four of them. We all have issues. If the Opposition wants to do that, that is not up to the Government, because we are not at all involved in such a choice. One matter that I am fascinated with—

*Members interjecting:*

**The ACTING CHAIRMAN (Mr Brokenshire):** Order! The Minister will resume his seat. There is only 30 minutes of questioning. There are now too many interjections, and it is difficult for both the questioner and the Minister to get their points of view across. I ask all members to give them a fair go.

**The Hon. G.A. INGERSON:** All the issues in terms of Stage 2 will go before the Public Works Committee. I am quite sure that the shadow Treasurer, through the process of sitting alongside members—even though it is not allowed—will find out very quickly the process of the Public Works Committee. So that he is fully aware of the development, as Minister I will make sure that he gets a full briefing—if he wants to take it up—on the total process of the construction of Stage 2. In this way he will see that all the processes of government and Cabinet together with major project status and consultation with councils and the community around that oval are fully adhered to. I will make sure that as shadow Treasurer he has that briefing.

**Mr FOLEY:** Please do not get me wrong: I think that the soccer ambassador (the Minister for Employment) has done a fabulous job for soccer. I suspect that getting a \$24 million



stadium has to be acknowledged as a fair achievement for anyone.

*The Hon. G.A. Ingerson interjecting:*

**Mr FOLEY:** No, I think that that is a very good result. Quite frankly, I am not particularly bothered about whether officials of Soccer South Australia had a problem with my making an inference that they enjoy a very close relationship with the Liberal Government. I suspect that many think that. And they can do that. It is obvious that some sporting bodies would choose to have a close relationship with the Government of the day. There is nothing wrong with an Opposition spokesman making that point.

*The Hon. G.A. Ingerson interjecting:*

**Mr FOLEY:** If the Minister wants to say we did nothing for soccer, the current President of Soccer South Australia made that point to me in a meeting once, that we had done nothing.

*The Hon. G.A. Ingerson interjecting:*

**Mr FOLEY:** We will not mention cycling, cricket, hockey or anything else.

*Members interjecting:*

**Mr FOLEY:** Bradman Stand.

*The Hon. G.A. Ingerson interjecting:*

**Mr FOLEY:** You had better check that question.

**The CHAIRMAN:** Does the member for Hart have a question?

**Mr FOLEY:** I do. On the Hindmarsh Soccer Stadium the Auditor-General's Report makes a number of criticisms. Obviously, I do not have time now to go into each of them, but the reason that we are questioning on the Hindmarsh Soccer Stadium is not that we have any issue with soccer at all but that issues are raised in the Auditor-General's Report. I understand that the Public Works Committee will be revisiting this issue, as we intend to do with the Auditor-General when he meets the Economic and Finance Committee. Will the Minister undertake to provide me at his earliest opportunity with full details of who the architects and designers were of Stage 1 of the Hindmarsh Soccer Stadium?

**The Hon. G.A. INGERSON:** That is public knowledge and I will get that information. This is about a stunt by the Labor Party because they got outrun in soccer: that is what this is all about. It is all about having a go at a member who has made the decision to get involved with soccer on a private basis. Because of that, there is a whole runabout by the Opposition. As I said at the start, when I became involved again with the facility development, I had a discussion with the Auditor-General about the issues and we are processing all those matters. I had a discussion with the Presiding Member of the Public Works Committee, and all the issues that that committee is concerned about will be answered through my office and everything will be made public. There is absolutely nothing for the Government to hide in those developments.

We are very proud of the fact that we have been able to develop a decent stadium for athletics for the first time. We are very proud that we have been able to work with netball, the biggest single participation women's sport in this State, to develop a stadium. It is the biggest netball development in Australia, and I understand that netball has the biggest participation in all sport in Australia. We are able to work with women's sport to achieve something for which they have been asking for years.

Thirdly, we are able to work with Soccer South Australia to make sure that we have an international stadium after the Olympics. I would have thought that it is in the best interests

of everyone that we leave something behind after the Olympics that will be available not only for soccer but for rugby and any other sports that want to use that stadium in the future. I am quite sure that that will provide a tremendous opportunity for sport here in South Australia. I am proud of the record and so is the Government. I will be very happy to see the Auditor-General, any committee or anyone else who wants to quiz us about it at any time.

**The CHAIRMAN:** Order! The time for the Auditor-General and budget results 1996-97 line for the Deputy Premier, Minister for Industry, Trade and Tourism, Minister for Local Government, Minister for Recreation and Sport, Minister for Police, Correctional Services and Emergency Services has concluded. I now declare open for examination matters pertaining to the portfolio of the Minister for Human Services, and remind members of the Committee that we have 45 minutes for examination of that portfolio. Are there any questions?

**Ms STEVENS:** Volume 2, page 679 relates to Modbury Hospital. The Auditor-General refers to the post-implementation review of the Modbury Hospital management agreement, which commented on the cost of default if payments to the contractor were too low. Will the Minister table a copy of the review report, and did the report's comments on the cost of default mean that the review recommended an increase in payments for Healthscope at a cost to the Health Commission?

**The Hon. DEAN BROWN:** If we do not answer all the points raised by the honourable member, perhaps she could raise them again. In general, there was a renegotiation of the contract. Under that renegotiation we were paying Healthscope on a casemix model minus 5 per cent. Whereas the other public hospitals would be paid on straight casemix, Healthscope at Modbury is being paid casemix minus 5 per cent. Therefore, we can see that in that regard it is a very good deal because we are basically getting it at below the cost of other major teaching hospitals.

**Ms STEVENS:** My question had two parts, the first of which asked the Minister to table a copy of the review report. Secondly, I hear what the Minister just said in relation to casemix minus 5 per cent, but the question was: did the review recommend an increase in payments for Healthscope at a cost to the Health Commission? In other words, was there a greater level of payment to Healthscope in the new way of payment compared with the old, at a cost to the Health Commission?

**The Hon. DEAN BROWN:** I will need to obtain that information for the honourable member.

**Ms STEVENS:** In the same part of the report, what does the 'waiver by Healthscope of claims for confidentiality' mean, as part of the new agreement noted by the Auditor-General? Does this mean that there is no barrier in relation to the contractor to the release of the new contract?

**The Hon. DEAN BROWN:** Again, that is a very specific question about the new contract and I will need to obtain an answer on that. As I understand it, the honourable member is saying that in the revised contract—because a summary of the original contract has been tabled here in Parliament—

**Ms Stevens:** No, the first contract.

**The Hon. DEAN BROWN:** That is what I said: the original contract. A summary of the original contract has been tabled here in Parliament. I will have to check the very specific point raised by the honourable member, and I promise to do so.

**Ms STEVENS:** Page 680 which refers to the amendments to the initial contract as agreed on 19 August 1997. So, that is the new contract under which we now operate. The report at page 680 says that, among other things, these amendments, that is the changes relating to the new contract, provide for a waiver by Healthscope of claims for confidentiality, hence my question.

**The Hon. DEAN BROWN:** We will need to check this but we think that they agreed to release the details but there was one document that the revised one did not cover, which would therefore be covered under the original one—if the honourable member understands that—but we will check that out.

**Ms STEVENS:** Also on page 680 under the set of dot points it mentions open market testing. The report says that following commissioning of the Torrens Valley Private Hospital the agreements will be subject to open market testing. Does 'open market' mean that the contract for managing Modbury will be thrown open to a new public tender or does it mean some other closed way of assessing how the commercial aspects of the contracts to manage the Modbury Hospital and rent space for the Torrens Valley Private Hospital compare with industry standards?

**The Hon. DEAN BROWN:** To give the honourable member a very accurate answer to this question we need to supply the precise wording of the contract and we will do so. In other words, we will take it on notice because it relates to some very precise wording that was put into the contract.

**Ms STEVENS:** Further to that, and so that the Minister can take this into consideration when he is working on the answer, if it turns out to be a case of some closed comparison, how will this be undertaken; what benchmarks will be used; will the Government be able to reduce payments to Healthscope; and will Healthscope be able to claim additional or greater payment for its services?

**The Hon. DEAN BROWN:** We will take that on notice as part of answering the previous question. We will look at the subsequent questions arising out of the interpretation of the earlier question.

**Ms STEVENS:** I refer to part A.4 of the Audit Overview, page 30, relating to the Mount Gambier Hospital. This section deals with specific observations about the Mount Gambier Hospital contract. It says that the Auditor-General was provided with summary charts of contractual arrangements and financial relationships, risk benefit summaries and that copies of charts showing ownership structure and payment structure are published in the report. The Auditor-General comments that policy guidance should require this type of contract summary documentation for all similar contracts with the private sector. Will the Minister table the contract summary information provided to the Auditor-General and, in particular, the risk benefit summaries for both the Mount Gambier and Port Augusta Hospitals?

**The Hon. DEAN BROWN:** I will need to go back to the two contracts to see what provisions they contain for conditions applied in terms of any confidentiality. As the honourable member would appreciate, I was not the Minister at the time of the negotiation of those contracts. In principle, we will try to obtain the material for the honourable member and make it available. We may need to do that on a confidential basis with the honourable member but we will certainly try to obtain that information if we can.

**Ms STEVENS:** I put some extra matters on the record for the Minister because they relate further to what I have already asked. At page 681 the Auditor-General's Report indicates

that the hospital lease is for 25 years with an option for a further 10 years at a commencing quarterly rent payment of \$491 000 or \$1.964 million in the first year. The report says that the total value of rent payments, including maintenance payments, at present value over 25 years will be \$32.8 million. Will the Minister provide a schedule of payments to be made under the contract for the Mount Gambier Hospital, details of the calculation of the present value of rent payments and the assumptions used in that calculation? Similarly, will the Minister provide the same information in relation to the Port Augusta Hospital?

**The Hon. DEAN BROWN:** We can comply with that. It will require a fair amount of detailed work but I am happy to provide that information. The honourable member and the Parliament need to appreciate that Port Augusta and Mount Gambier would not have new hospitals unless it was for the initiative of the Government to go out and find ways of funding this outside the normal budget process. A total of about \$45 million in costs is involved. I am sure the honourable member is aware that for year after year, election after election, the former Government promised Mount Gambier a new hospital and never delivered.

We as a Government found ourselves in a similar position; that is, there was no room in the existing capital works budget of the Health Commission to fund either of those two new hospitals. The prospect was that they would only get a much lesser upgrade of the old facilities. Both the old facilities were quite out of date in terms of their layout and certainly did not take account of modern practices such as day surgery. I remember the former Minister (Dr Armitage) pushed the case very strongly for a new hospital for both those regions and, as Premier, I backed that up. I remember having long discussions with the Auditor-General on the financing arrangements. I know that the Auditor-General has shown a lot of interest in terms of private funding arrangements.

I personally believe that private funding arrangements are an enormous benefit to this State, particularly if it allows us to go ahead and build facilities such as this and get the significant cost benefits of a much more efficient operation as well as new facilities and the better health care that they would provide. At times, these things are viewed purely in sheer economic terms without looking at the human aspects. It concerns me that it would appear that the honourable member is one of those who is wanting to look at this in pure economic terms and not look at those human aspects.

*Ms Stevens interjecting:*

**The Hon. DEAN BROWN:** That was the very argument I used for the Auditor-General in some of these discussions and why I believed that a project that may cost a little extra compared with public funding is still justifiable because of the human benefits, otherwise we would be back in the same position as the Labor Party was. I am sure the member for Gordon takes an immense interest in this. I know the member for Gordon is proud of the new hospital in his electorate, and I am sure that he would be the first to argue that they would rather have it under the arrangements that this Government put in place than have another 10 years of broken promises, as was the case with the former Labor Government. The new hospital at Mount Gambier was first promised back in the early 1980s, if I remember rightly.

*An honourable member interjecting:*

**The Hon. DEAN BROWN:** I did not know that they were about to name it after the local member. If I remember rightly, this was promised by the Labor Party in the 1982 State election. This Government came to office at the end of

1993, and it still had not been delivered—a bit like the Southern Expressway. That is why we looked at alternative ways of funding it and brought in private funds. If the honourable member wishes to criticise that, let her stand up and do so, and I am sure the member for Gordon and the member for Stuart will widely publicise her comments criticising the fact that both of those new hospitals were even built.

**Ms STEVENS:** I wish to make a couple of comments on what the Minister just said. The Opposition is certainly not criticising the building of two new hospitals: we are simply asking—and that is what this debate allows the Opposition to do—for some facts in relation to the leasing arrangements. That is all we are doing, as the Minister well knows.

*The Hon. Dean Brown interjecting:*

**Ms STEVENS:** There is no such implied criticism. The Minister should not be so defensive: I believe that he should just answer my questions clearly and factually.

**The CHAIRMAN:** I suggest that the honourable member put questions rather than comments during this period. That applies to both sides of the Committee.

**Ms STEVENS:** If I may be so bold, I ask that the Minister answer the questions rather than give lectures. One final point I must make in relation to Mount Gambier and Port Augusta is that we are particularly interested in pursuing this because, as the Minister knows, the Auditor-General was critical of the spending in relation to this option chosen by the Government in terms of financing both of these developments.

I have one further question in relation to health, which relates to information technology. The Auditor-General's Overview Report (A.3 page 94) states that specific audits were carried out within selected agencies to review the EDS contract. The key issues from these audits are listed in volume A.3 (page 91) and include the following: non-finalisation of agency service delivery requirements; deficiencies in identification and authentication of agency service level agreements; need for the development of procedures for updating service agreements; need for a review of agreements and documentation; non-finalisation of procedure manuals; lack of preparation of monthly reports; and need for additional guidance for agencies. Given the Minister's previous role as the driving force in Government behind the EDS contract, what action is the Minister taking to address the contractual problems emerging in the Health Commission?

**The Hon. DEAN BROWN:** A number of those areas are not out of the scheduled time for them to be completed. When the contract was put in place, there was an obligation on both parties (EDS and Government agencies) to do certain things, and a number of those things that the honourable member has mentioned are in fact those things. I will obtain a more detailed answer, because there was a shopping list of about seven or eight items there, and I believe that some of those have now been done. So, I will work through those issues and come back with a detailed response. However, one should not assume that, just because those things have not been completed, there is any concern about the fact that they have not been completed. In some cases, they were not required to be completed.

**Ms STEVENS:** Also in relation to information technology, volume A.3 (page 89) sets out target dates for compliance with the Federal-State strategy for agencies to meet critical changes to IT systems to avoid the millennium bug. The Auditor-General says that appropriate preparation is a matter of urgency, and that the lead time which is required to make changes may be substantial if we are to

avoid system failures. Will the Minister guarantee that the Health Commission and all health units will comply with the requirement for the conversion of all critical systems by December 1998?

**The Hon. DEAN BROWN:** In fact, South Australia has been the national leader in this area. Last year, in a different ministerial portfolio, I took to Cabinet a process for all agencies to follow, including the Health Commission, which required them to meet a number of different deadlines. South Australia was the first State in Australia to appoint a specialist person to deal with the millennium bug. The objective of that person was to work with IT specialists in each Government agency to work through the particular problems.

Frankly, I cannot give a guarantee—no-one can give a guarantee—in terms of the millennium bug, because some of these things will turn up only when one is into the area. The important thing with the millennium bug is that as many systems as are conceivable are tested to see that, if there are to be problems with the millennium bug, they are identified as early as possible and action taken to rectify them. In some cases, it may even be that replacement equipment has to be bought. In some cases, it may well be that some of the bugs are on elaborate pieces of medical equipment which, in all other respects, are functional, but may not produce, if you like, the required print-out dates, and things like that. In that case, you would not want to get rid of the equipment: you would put up with the inconvenience of the millennium bug because you have otherwise perfectly reasonable equipment that is operable and which you want to continue to operate.

I assure the honourable member that this State is seen as the national leader, in terms of tackling the issue, but I will check to ensure that those guidelines put down by Cabinet last year are being complied with throughout the Health Commission—or, in fact, the whole of Human Services.

**Ms STEVENS:** My question relates to the use of consultants in FACS. On page 296, the Auditor-General's Report shows that \$828 000 was spent on consultants, in addition to \$140 000 for help from the Auditor-General. This is an increase on the previous year's expenditure on consultants of \$517 000. Will the Minister comment on why FACS spent such a large amount on consultants? How does the increase compare with 1996? Will the Minister provide details of this expenditure?

**The Hon. DEAN BROWN:** One reason for the increase is that the review of the Commonwealth-State agreement on programs required consultants to be engaged to carry out that review, and it was funded by the Commonwealth. That is probably the main reason why there was an increase in the use of consultants. I can run through some of them for the honourable member.

**Ms STEVENS:** I will take them on notice.

**The Hon. DEAN BROWN:** I will supply the details, but I stress to the Committee that many of them are very small. I will give the Committee a few examples: Deborah Lange and Associates, women's domestic violence service area, \$2 400; Thompson Goodall and Associates, SAAP-funded women's service review, \$28 500; Miranda Roe Management Consultants, women's domestic violence service area, \$150; and the Flinders Institute of Public Policy, performance measures in family development, \$15 000. They are invariably the types of consultants that have been engaged.

A total of \$174 000 has been spent in the community services area, largely reviewing Commonwealth programs. In the corporate services area, a total of \$64 000 has been spent, with some of that being spent on accounting proced-

ures. In the field services area, a large number of different consultants have been engaged, and the total cost amounted to \$57 000. In the policy and development division, a large number of consultants were engaged at a cost of \$92 000. In the Office of Families and Children, there were a fair number of smaller consultancies, and the total cost was \$30 000. The total cost across the entire service was \$430 000, but that was mainly because the Commonwealth requires a review of Commonwealth-State programs, so the consultants had to be engaged.

**Mr CONLON:** I refer to the Deposit 5000 scheme (page 335). The Auditor-General identified grave concerns with the operation of that scheme.

**Mr Brokenshire:** A great scheme.

**Mr CONLON:** That is why it is over, is it?

*Mr Brokenshire interjecting:*

**The CHAIRMAN:** Order!

**Mr CONLON:** The Auditor-General established that there is a fundamental problem in that it is financial institutions, which have a financial interest in lending money to home buyers, which have the task of checking the eligibility of applicants for a deposit under the scheme. It seems that no effective controls were in place to ensure that financial institutions applied the eligibility criteria correctly.

The department undertook a testing program, which covered a quarter of the payments at that time, and it found that in excess of 10 per cent of grant recipients were paid the wrong amount or did not meet key eligibility criteria. Overpayments in the test batch totalled \$43 000, which could mean that, if extended, in excess of \$100 000 per \$1 million in grants has been overpaid by the scheme. The Auditor-General further implies that time lines imposed by the Government may have contributed to the problems with the scheme. Did the Government put in place before the scheme finished appropriate controls to ensure that all grant recipients met the appropriate eligibility criteria?

**The Hon. DEAN BROWN:** The answer is 'Yes', even though it was not done instantly, and there was a reason for that. The scheme was put in place and operated fairly quickly because there had been a significant downturn in the building industry and the whole idea of the scheme was to stimulate the building industry and to help people who could not make the step across to building a new home, because they were renting a property and could not save to achieve a deposit. As the member for Mawson said, it was a great scheme, and very widely acclaimed by people. I will get the figures for the honourable member, but the figure was about \$180 000 out of \$8 million.

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

**The Hon. DEAN BROWN:** Prior to the dinner adjournment, I pointed out that approximately \$180 000 of the \$8 million had been picked up by the Auditor-General as being incorrectly directed. However, the cost of the audit to pick up that \$180 000 was about \$113 000. First, the amount picked up was very small and the cost of the audit carried out was fairly expensive. The important thing was that the scheme was an outstanding success for what we are trying to achieve. In fact, most of the so-called areas in which there had been an inappropriate payment were very much at the edges. For example, a house that was initially estimated to cost under \$140 000 went marginally over that figure, and issues such as that. I think there was intent to do the right

thing, but procedures allowed some mistakes to be made. I do not think it is a big issue.

**Ms STEVENS:** In relation to FACS and financial controls (pages 288 to 291), the Auditor-General highlights a complete breakdown and control over financial transactions within FACS. The Auditor-General states:

The controls were not sufficient to provide reasonable assurances that the financial transactions were conducted properly and in accordance with the law.

How did this situation arise? Has any disciplinary action been taken, and is the Minister now satisfied that resources and skills are in place to correct this situation to ensure that transactions are conducted properly?

**The Hon. DEAN BROWN:** First, all this needs to be put into an overall picture. It was accepted that the Auditor-General was not able to find sufficient evidence through the internal control processes to be satisfied that all transactions had been carried out in accordance with the relevant requirements. Nevertheless, during the course of the audit process, which involved three people from the Auditor-General's staff working in FACS nearly full-time for nine months, I stress that no cases of fraud or misappropriation were discovered. The department responded immediately to the interim audit report. The honourable member raised that issue about eight or nine months ago in the Parliament, and the Auditor-General, at page 228 of his report to Parliament, states that the response was 'satisfactory'.

Further, the department's final audit report was not qualified, whereas it had been qualified for the two previous years, and that is a major improvement on the previous situation. One of the department's responses to the Auditor-General's concern about internal controls was to set up a specific project with a senior finance manager to work progressively through all areas of internal controls and to ensure that appropriate practices and procedures were in place. It is fair to say that in this area the person or persons—and the honourable member asked why it occurred in the first place, and this is two years ago—in charge of this area were clearly overworked and inexperienced for the level of work they were doing.

It was a genuine mistake of not adequately coping with the workload at a sufficient quality and control level as required by the Auditor-General, and as anyone would expect. I believe it was unsatisfactory. Clearly, the Government of the day acknowledged that. As soon as it was drawn to the attention of the Government by the Auditor-General, the Government took appropriate action to rectify the problem. The fact that the Auditor-General had three people in the department for nine months without finding any cases of fraud or misappropriation shows that it was probably lack of experience that was the biggest single factor.

**Ms STEVENS:** I hear what the Minister says but it seems unusual. I am not sure how many other times three members of the Auditor-General's staff would have been placed within a department for nine months following two successive years of qualified reports. However, that being said, I accept the Minister's assurance, presumably, that he is now satisfied that resources and skills are in place to correct the situation for the future.

**The Hon. DEAN BROWN:** I think the former Minister had ensured that appropriate skills were available and had fixed the issue before I became Minister. That assurance had been given to the Parliament, and the very fact that we have an unqualified Auditor-General's Report this year exemplifies that. However, the old department of FACS is now part of the

newer and much larger Department of Family and Community Services. I can assure the honourable member that what we are now doing is broadening the scope of the accounting functions out of other areas, such as the Health Commission, and this will become part of that. So that whole area is being significantly strengthened.

**Ms STEVENS:** This question relates to the role of the South Australian Health Commission. At page 673 of Volume 2, the Auditor-General has published an organisational chart showing details of the significant changes made in late 1996 to the organisation of the Health Commission and the lines of control to and from the Minister. Following the creation of the Department of Human Services, does the Government plan to reintroduce legislation that was introduced and then withdrawn during the last Parliament to disband the Health Commission? Does the Commission continue to report direct to the Minister as shown by the chart in the Auditor-General's Report?

**The Hon. DEAN BROWN:** I will take the second question first, which relates to the Chairman of the Health Commission. The Chairman reports to me when necessary for legislative requirements, as Chairman of the Health Commission. However, he has a dual role: Chairman of the Health Commission and CEO of the Health Commission. The CEO of the Health Commission answers to the CEO of the Department of Human Services. Equally, when necessary, we sit down as an executive group. Certainly, the Chairman of the Health Commission (Ray Blight), as outlined here and as required or empowered by the legislation, answers directly to me. With respect to the day-to-day functioning of the Health Commission, he answers through the CEO of the Department of Human Services. Of course, he is now one of the deputy CEOs of the Department of Human Services.

In terms of legislation to abolish the Health Commission, I can say that, at this stage, there are no plans to do that. We have not yet looked at that issue. At this stage the Health Commission is continuing, but we are trying to ensure that what is done within the Health Commission is not done in isolation from all the other activities.

I will give some examples. Out in the regions we now have single assessment for health, family and community services, and housing issues. If someone presents with a need, we can assess all those needs at once by one person. They do not have to go to three different Government agencies; they do not have to fill out three different application forms—

**Ms Stevens:** You picked up on our policy.

**The Hon. DEAN BROWN:** If you are endorsing what we are doing, I am pleased to hear that. Perhaps you might like to put out a press release tomorrow congratulating the Government on the initiative. At this stage, there is no legislation and no decision made on any legislation to abolish the Health Commission.

I can give a little more information on the HomeStart spot audit. The spot audit indicated overpayments of \$35 000. The \$43 000, the case in the Auditor-General's Report, was an interim report later amended after responses from institutions. As I said, there was overpayment by \$35 000 in the \$8 million. Of this \$35 000, \$16 000 related to contracts dated before 18 November 1996 (in other words, it was a start problem); \$11 500 related to applications which exceeded the income limit of \$1 000 per week; \$3 000 related to contracts in excess of \$140 000 (you can see that it is very minor and was probably an overshoot of the contract); and \$4 500 related to a contract where the application was for a Northern Territory person who had moved to South Australia. The

other major issue was the lack of evidence retained by the institutions. Basically, that covers the sort of detailed information that the honourable member's colleague asked for earlier.

**The CHAIRMAN:** Order! The time for the examination of the report of the Auditor-General and budget results of 1996-97 for the Minister for Human Services has concluded. I now open for examination matters relating to the Auditor-General and budget results for the Minister for Government Enterprises and Minister for Administrative and Information Services. I remind the Committee that 45 minutes has been set aside for this examination.

**Ms HURLEY:** Does the Minister agree that the Hilmer recommendations and national competition policy do not require State assets to be privatised and, in particular, that States' access to national competition policy payments have no connection with whether or not ETSA-Optima is privatised?

**The Hon. M.H. ARMITAGE:** The whole question of the Auditor-General's Report in relation to ETSA and Optima relates to risk. In fact, the Government's decision, which has been publicised over the last 36 hours, is about removal of that risk. The Auditor-General quite categorically identifies five broad categories of risk with the implementation of the national electricity market. In particular, they include shareholder risks, competitive risks, compliance risks, regulatory risks and industry risks. Those are within the national electricity market. Factually, the NCC and Mr Graham Samuel have been very frank over the past couple of months in particular. Indeed, I hope that the Deputy Leader of the Opposition was struck by the irony of Mr Samuel's comments yesterday in the *Financial Review*, which clearly went to print before the Government's announcement was made. I remind the Deputy Leader of the Opposition that what Mr Samuel was doing was firing a salvo across the bows of all the States—

*Ms Hurley interjecting:*

**The Hon. M.H. ARMITAGE:** It was a serendipitous coincidence but, nevertheless, it was a coincidence which I intend to discuss. The coincidence was that Mr Graham Samuel was saying to the States that \$16 billion of competition payments are at risk. The State Government's share of that is over \$1 billion. Clearly, that is a risk which we were not prepared to entertain having to accept on behalf of the South Australian taxpayer. One of the ways that one can avoid those competition payments being withdrawn is by ensuring that one embraces competition. It is the Government's very strong view that there can be no greater indication to the Federal Government, the NCC, the ACCC and so on that we are embracing competition than by potentially disaggregating the generation, power distribution and transmission areas of the energy sector. Inherent in that is a sale.

It is important to acknowledge that the Auditor-General is one of the key determinants of the Government's coming to its position, because the Auditor-General's Report is quite specific in detailing not only the risk but the potential level of the risk which South Australians would face if we sat around and ignored a series of warnings.

**Ms HURLEY:** Who carried out the independent research referred to by the Premier yesterday which stated that the value of our power assets could drop by up to 50 per cent? Given the Premier's refusal to release the so-called independent research on why we should sell ETSA and Optima, will the Minister at least itemise the risks identified by the

independent analysis? Will he quantify the cost of each of the potential risks? Do each of the risk exposures change between public and private ownerships?

**The Hon. M.H. ARMITAGE:** I am not sure where that stands in relation to the Auditor-General's Report; in fact, I am confident that it does not. However, I have always been interested in sport and I realise that Parliament is its own theatre. So, I am very happy to engage the discussion. As the Premier identified earlier today, there were a series of advices that came to the note of the Government over the last couple of months, not the least of which was the Auditor-General's Report which we are discussing today, which was tabled in early December and which identified a series of risks. The risks that the Government will remove that hang over the head of the South Australian taxpayer like the sword of Damocles is of the order that the Auditor-General has identified.

Those sorts of figures have been well publicised in the last day and a half. But I am only too happy to identify again to the Deputy Leader that they are of State Bank magnitude. As I indicated in the House earlier today, when the Government weighed up all the evidence it made a decision that this was a risk we were not prepared to take.

**Ms Hurley:** Can we see some of the evidence?

**The Hon. M.H. ARMITAGE:** The evidence has been attested to by the Premier on a number of occasions. It includes the Auditor-General's Report and the annual report of ETSA itself. I remind the Deputy Leader that ETSA's annual report indicates that it has allocated \$96 million for losses in the national market in trading. That is a risk to which the Government is not interested in subjecting the people of South Australia. Having been the Minister for Health, Disability Services and Aboriginal Affairs over the last four years, I am particularly aware of that. Indeed, I know how hard we had to fight for every dollar to provide services in those areas. The Government was elected in 1993 to pay off the debt which the previous Government brought onto the South Australian taxpayers' shoulders because it ignored the warnings.

If the Deputy Leader of the Opposition is suggesting that \$96 million is a figure that we can play with, we simply did not want to be in Government when the first \$20 million was lost, the next \$20 million was lost, the next \$20 million was lost and the next \$20 million was lost. That takes to us \$80 million (I think I have done it four times), and there is still \$16 million to go. The question that I think the Deputy Leader should be asking is of her Leader: what was it like sitting in Cabinet when the first billion dollars was lost? What was it like sitting in Cabinet when the next billion dollars was lost? What was it like sitting in the Cabinet when the third billion dollars was lost because the warnings were not heeded?

*Mr Brokenshire interjecting:*

**The Hon. M.H. ARMITAGE:** As the member for Mawson identifies, I can particularly remember the Sunday on which the first and allegedly only bail-out was announced, because I was attending a function at the home of the member for Heysen on that day. Because of the fact that a number of members were getting together, I remember the shock that we were faced with when we were told that there was a bail-out of \$1 billion—the first bail-out; the first and allegedly only bail-out. As I say, the fact that there were subsequent bail-outs to the tune of \$3.15 billion, which have meant that the South Australian taxpayer, despite all the good management of the past four years, is still paying nearly \$2 million a day

in interest, meant that these are figures that we were simply not prepared to look at.

I can guarantee everyone sitting in the Parliament that we did not want to contemplate sitting in Cabinet whilst we got a report from ETSA saying, 'Sorry, it was because of spot prices and some smart dealers with braces and shoes (some Gordon Gecko types) running round losing \$20 million, then another \$20 million', and so on. Those risks have been well and truly identified.

**Ms HURLEY:** The question I might be asking the Minister in a couple of years time is how he feels to have sat in Cabinet and sold down the assets of the State so that there is nothing left. I will save that for a couple of years time. What is the estimated cost of preparing ETSA for sale? Today's *Australian Financial Review* says that, to implement a sales process before the window of opportunity closes, Olsen is going to need a busload of industry experts and financial advisers, not to mention a very big whip.

**The CHAIRMAN:** Before the Minister answers that question, I might point out to the Deputy Leader that I do not think that this is relevant to the Auditor-General's Report. I would prefer that we came back to matters relating to the report or to the budget of 1996-97. It is up to the Minister whether he wishes to answer that question.

**The Hon. M.H. ARMITAGE:** Given that I have been given some latitude by the Chair, I would actually like to answer the first question that the Deputy Leader asked, which is, how would I feel in a couple of years time. I realise that the decision that the Government has been forced to take is one that some people may see as unpalatable. But if the State were not faced with the risks and not faced with the debt and the inherent value of removing the interest payments, which we can do by realising some of these assets, in fact the decisions may be different.

The next question then is who caused the debt, and it certainly was not this Government. I actually feel that it is a responsible decision to be taken in the face of considerable adversity, and it is taken on the basis that all the evidence indicates that electricity prices will come down. All the evidence is that the major and small to medium size enterprises will look forward to the price of electricity coming down. Certainly, with the competition that is being brought into the market by the changes, everyone would expect that the price would be considerably decreased, and that would be terrific.

May I say that I am particularly interested to be addressing this issue today of all days, when the Treasurer of Victoria is reported to be offering the people of Victoria a \$60 discount on their electricity as part of the dividend from the privatisation of their assets. Those are the sorts of benefits that can accrue. Government is not about taking easy decisions, and this is not one that the Government has taken lightly. As the Premier said, the Cabinet has considered it on a number of occasions since 22 December, and it is not a decision that we have taken lightly. But we are confident that, on the facts that have been marshalled over the past couple of months, it is the responsible decision. I am sorry, but I have forgotten the second question.

**Ms HURLEY:** The estimated cost of preparing ETSA for sale.

**The Hon. M.H. ARMITAGE:** As the Deputy Leader of the Opposition knows, what we have identified thus far is the sale of the electricity assets and scoping studies on a number of other assets to ascertain their status and how they might fit into a budget strategy. Frankly, whilst we have identified that it is a two to three month exercise, we know that when you

are competing in a world market—and we believe a number of the potential buyers may well be world players—we will need to get excellent advice. Frankly, in providing that advice we realise there will be an expense and, when the process is complete, when the advice is available, we will have a better idea.

We have an indicative budget in our minds but, just as we have an indicative budget, we do not intend to release that publicly, because the minute you say that the budget is X, all the consultants know they can bid up to X. Similarly, we did not identify in any of our public statements the advice as to what the assets might provide when they are realised, because immediately you peg the line at that figure. So, there is a budget. I can assure the Deputy Leader of the Opposition that appropriate advice will be taken, and what is required to make sure that the people of South Australia get the best possible value for their assets will be provided.

**Ms HURLEY:** Why has the ETSA Corporation CEO been given a pay rise of up to \$20 000, and how does the Minister justify the CEO's receiving at least \$250 000 a year, especially given that the Premier says the Government was unaware of any potential problems for ETSA arising out of competition policy until presentation of the Auditor-General's Report in December last year? It would seem to me that a CEO who was worth \$250 000 might have flagged any difficulties arising out of competition policy a bit earlier than that.

**The Hon. M.H. ARMITAGE:** If the national market and the competition policy and so on had been set in stone two or five years ago, that would be a valid question. However, the simple fact of the matter is that we are actually standing on quicksand with all these issues. We have not known the extent to which the competition payments would in fact be exacted. That is one of the reasons why the decisions in relation to ETSA and Optima were taken in the first instance, to get the first tranche of the competition payments. Frankly, a number of Governments may well have hoped that that was as far as the process would go. Clearly that has not been the case. That has been—

*Ms Hurley interjecting:*

**The Hon. M.H. ARMITAGE:** Other Governments that are looking at this sort of issue—perhaps New South Wales, which is looking to do exactly what we are doing. The reason they are doing that—

*Ms Hurley interjecting:*

**The CHAIRMAN:** Order! The Deputy Leader can ask a question at a later stage.

**The Hon. M.H. ARMITAGE:** With respect, Mr Chairman, they did not start a year ago: they have not started. They have tried and they have not been able to win over an ideologically driven Caucus.

*Ms Hurley interjecting:*

**The CHAIRMAN:** Order!

**The Hon. M.H. ARMITAGE:** As the Premier quoted earlier today, the Treasurer from New South Wales said, 'Faced with all of these difficulties it is time for ideology to be thrown out. Let us be practical.' Factually, the Labor Party in New South Wales—and we have ample evidence of it in South Australia as well—is so ideologically rooted in the past that it refuses to see the light at the end of the tunnel. I think that is a pity.

*Ms Hurley interjecting:*

**The Hon. M.H. ARMITAGE:** Anyway, as I am indicating, I am not talking about New South Wales.

*Ms Hurley interjecting:*

**The Hon. M.H. ARMITAGE:** I am very happy to talk about Egan and Carr if the honourable member wishes me to. Would the honourable member like me to go on? I am happy to deal with it. Anyway, the fact is that these elements in relation to competition policy in the first instance, and particularly the national electricity market, are moving feasts. The national electricity market is still uncertain even as we speak. The market was due to come into action on 28 March. That is not very far away. Yet, either yesterday or today, it has been identified that that has been put off for two months because some of the pillars of the national market are not yet in place. So, to accuse people of not knowing a year or two years ago what the effects might be of the national market is grossly naive because, frankly, the national market is still an unknown.

**Ms Hurley:** We are not talking about the national market, we are talking about competition.

**The Hon. M.H. ARMITAGE:** There are all sorts of particular risks and this is one of them. As I say, those are the sorts of things with which the senior executives of ETSA have been dealing. The Chair of ETSA believed, as did the board, that faced with the potential leaching to the private sector of executives appropriate remuneration was necessary. I understand that any salary increase has been linked very specifically to performance of the chief executive in things such as outage time, safety records for workers and all those sorts of issues which I am sure the Deputy Leader of the Opposition would be delighted to have people paid to achieve and do well in.

**Ms HURLEY:** In light of the confirmation provided by the Treasurer that South Australia will lose tens of millions of dollars in payments from Victoria under NEMMCO when South Australia joins the national electricity market, will the Minister tell me how this miscalculation was made on the impact of ETSA joining the national electricity market and what will be the revenue shortfall to South Australia?

**The Hon. M.H. ARMITAGE:** This question relates to the alleged black hole money. The Deputy Leader of the Opposition does herself a disservice when she says that there was a miscalculation. There was absolutely no miscalculation whatsoever. I mean, I could—

*Ms Hurley interjecting:*

**The Hon. M.H. ARMITAGE:** No. Please let me answer. I can understand why in the theatre of Parliament those questions might be framed in that way, but factually there has been no suggestion of any miscalculation. The simple fact is that there was always an agreed position and NECA has gone back on that agreement. Our job is to convince NECA that they are wrong, and we are attempting to do that. It is not a matter of miscalculation: it is just that the ground rules have been changed by a body over which we had no control at that stage. It is not a miscalculation at all. However, it is a very important issue and it is one in which the Premier has been actively involved, to the extent of writing and speaking with people at the highest levels. I have spoken with people about the position which we might take in relation to trying to secure those payments. Certainly we would hope that the sense of those arguments will be seen.

It is important, however, to identify to the Deputy Leader of the Opposition that in relation to the \$80 million, which under the present rules we are attempting to change, it appears we would lose half, not the whole amount but half. For the sake of the argument let us assume we lost \$40 million—and I do not believe that we will but let us assume that we did: one has to compare the loss of

\$40 million against the loss of \$1.015 billion that we would lose for not going down the competition path.

**Ms Hurley:** How do they relate?

**The Hon. M.H. ARMITAGE:** The reason that NECA and so on have the control over this money is that we are involving ourselves in the competition. If we do not involve ourselves in the competition, the Federal Government says, 'We will not give you the competition payments.' Really, I am amazed. Let us go into this. If the Deputy Leader of the Opposition does not understand what happened in July 1991, let us go into it because—

*Ms Hurley interjecting:*

**The CHAIRMAN:** Order! Can members stop this chat across the floor. The Deputy Leader has the opportunity to ask questions for the next 22 minutes. Can we ask one question, obtain a reply and then the Deputy Leader will be given an opportunity to ask another question?

**The Hon. M.H. ARMITAGE:** As I indicated earlier in Parliament today, under Paul Keating—and I am not sure whether he was then the Treasurer or the Prime Minister; in 1991 I think he was the Treasurer, but anyway a well-known figure in the Labor Party—and John Bannon an agreement was made that South Australia would enter the national electricity market. As part of that, some payments were received from the Federal Government which were, as it were, incentives. The way in which that is run is that the Federal Government, quite legitimately, believes that there will be benefits which will flow to the people of the various States if competition is embraced. The Federal Government has, if you like, a big stack of these Federal competition payments. If the States determine that they will not enter into competitive arrangements, the Federal Government has the right not to provide those payments.

So the only reason the \$80 million back hole money is even at risk is that we have gone down the path which Paul Keating and John Bannon set many years ago of making a national competition policy and electricity market. Half of that \$80 million is at risk. The only reason we are at risk of that happening is that we do not want to risk the other competition payment from the Federal Government. On occasions I happen to like to have a bet on the race horses. I would love to have a bet where I stood to win \$1.015 billion and stood to lose \$40 million. They are great odds. It is as simple as that. It is a decision that, if the honourable member is concerned about the potential loss of the black hole money, she has to look at the corollary or the effect of what would happen to South Australia if that money was not at risk, and frankly that is the thousand million dollars in competition payments.

**Ms HURLEY:** I refer to Audit Report 5.2.12 and the arrangements for engineering design services to be performed by United Water. The Auditor-General says that these arrangements were contemplated by a side letter to the SA Water-United Water agreement. When was this letter written? Were other tenderers for the privatisation contract aware of this prospective arrangement prior to submitting their tenders? Why was this work not subject to the competitive disciplines of open tender?

**The Hon. M.H. ARMITAGE:** I do not have with me the detail in respect of dates of letters, and so on, but I undertake to provide that information. I am informed that in the original contract there was an arrangement whereby extensions of particular functions could be provided to allow for more efficiency and faster delivery, and that was always envisaged within the contract.

**Ms HURLEY:** As a supplementary question, with better efficiency you might get the work done faster, but it does not explain whether other tenderers for the privatisation contract were aware of this potential arrangement, and why was it not subject to open tender? We could all go to our mate and get the work done more quickly, but it is not necessarily a fair and open way of doing things.

**The Hon. M.H. ARMITAGE:** I am informed that the reason why it did not go to open tender was that a part of the function was already being done within the contract which had been won, if you like—and I will have to get the detail on that. It was a natural extension of part of something that was in the contract already, which is why it was not offered to other tenderers.

**Ms HURLEY:** Was this aspect of the arrangement that was part of the original contract understood by the original tenderers for the contract?

**The Hon. M.H. ARMITAGE:** Yes.

**Ms HURLEY:** The construction and operation of the build, own, operate plants involves a 25 year contract and payments of \$4 million in 1997-98. Has the Treasury or other Government body assessed the cost to the South Australian taxpayer of financing the development in this manner compared with the conventional methods of direct Government financing? If so, what were the results of this assessment, and which is the cheaper option?

**The Hon. M.H. ARMITAGE:** I will have to get the detail as to whether the Treasury—I am not the Treasurer—has assessed that or not, because I do not wish to provide detail without full knowledge of it. I am informed that it was done in this fashion to ensure that the maximum benefit could ensue from the provision of, if you like, a whole service with the expertise of one private sector person, or provider. My experience of these sorts of contracts is that the prudential management, from the perspective of Government, is most thorough, to the extent that, on a number of occasions where Ministers are champing at the bit to get projects underway, some of the prudential management (Auditors-General, Treasury, etc.) investigations—which are absolutely appropriate; I am not for one minute suggesting they are not—can be almost frustrating when you want to get on with the project.

From my experience in other portfolios, every single assessment is made appropriately, particularly in relation to different methods of financing projects. In my previous portfolio, we looked at financing, for argument's sake, the Mount Gambier Hospital and the new Port Augusta Hospital in different ways, and assessments were made as to how that finance might be provided. Indeed, I believe that, in last year's Auditor-General's Report, mention was made that the way in which the funding was provided was marginally more expensive. We knew that at the time but, factually, it was the only way in which we could provide the hospital. So, sometimes decisions are taken which have a social implication as well as just a dollar value. All I can say is that my experience in other portfolios—because obviously this was before I was the Minister for Government Enterprises—is that these things are gone through with a fine toothcomb to insist, from the Treasury's perspective, that the money is being well spent, and that is very appropriate.

**Ms HURLEY:** I take that answer to mean that the Minister is not confident that the contract in question was the cheaper option, and that it may have been cheaper to have the taxpayer finance the development. In other words, it was not a question of whether or not the plant would happen but of which financing option was available.



**The Hon. M.H. ARMITAGE:** That is putting words into my mouth. I certainly did not say that. What I said was that these exercises routinely are subjected to the most rigorous financial analysis and, in some instances—and I indicate that I have no idea in this case—Governments make social decisions rather than just dollars and cents ones. If one were to make only dollars and cents decisions, a number of hospitals around South Australia would not be built. Governments are in the business of providing services. Sometimes Governments decide to utilise capital from source A or from source B, depending upon the particular circumstances of the need of the people in South Australia at the time. So, the Deputy Leader, in attempting to put words into my mouth about this contract, is not being factual. All I have indicated is that there are different criteria at different times upon which Governments make legitimate social decisions.

**Ms HURLEY:** Then I ask the Minister whether he will release the assessment that was made of the value of financing, as opposed to whatever other considerations were taken into account, and whether he will also release the schedule of payments to Riverland Water over the life of that contract.

**The Hon. M.H. ARMITAGE:** Those sorts of details are clearly commercially confidential. Does the Deputy Leader of the Opposition want international companies to invest in South Australia or not? That is really the nub of the question. If those sorts of details are released, there will be one sure effect: companies will not invest in South Australia. The reason why they will not invest in South Australia is that, if the structure of their payments and the way in which they do business is made public, their competitive advantage immediately goes out the window. It is just fatuous to believe that intricate details of payments and so on would be released in a competitive world. That is not this Government's position.

I sat for four years on the Opposition side of this Chamber, and that was quoted frequently. I am sure the Deputy Leader of the Opposition would know that it is often not the Government that is trying to keep it confidential; it is the company with which the Government has the contract that is keen to keep it confidential—not for any reason other than it does not want its competitors to know.

**Ms HURLEY:** I recognise that the current Minister is saddled with many of the problems that were caused by a previous Minister in relation to a couple of water contracts and that perhaps a couple of things in his portfolio were a bit of a poisoned chalice. I refer to the Auditor-General's Report, where he found that the \$1.5 billion water contract was not being properly monitored by SA Water. The Auditor-General reviewed what SA Water has done to monitor the performance of United Water under the contract in the operation and management area and, in spite of the fact that United Water took control of Adelaide's water systems two years ago, he found that SA Water had not yet established a framework to ensure that 'all the outcomes required by the contract were being achieved'.

He found insufficient evidence of proper oversight and review of the wholly foreign owned United Water by SA Water. He said on page 841:

The corporation had yet to establish a complete framework for the review and monitoring of the operations and maintenance aspect of the contract.

He found that what little review there was took place only when there was a problem, presumably a problem like Bolivar. He found there was no final asset management plan between United and SA Water, and that reference can be

found on pages 842 and 843. Instead, SA Water had done such things as:

issuing SA Water manuals on 'good operating practices' to United Water upon commencement of the contract. . .

That can be found on page 841. That is no way to ensure that over \$5 billion worth of plant and equipment is being managed well. It is no way to prevent something like Bolivar. The Auditor states on page 842:

. . . there was limited evidence to demonstrate that a formal review strategy and plan had been implemented by SA Water.

It does not really sound like international best practice. My question is: has anything changed since the writing of the audit report in the areas of concern identified, such as proper monitoring to ensure that the objectives of the contract were being fulfilled, a framework for monitoring and reviewing the operations of United Water and a lack of formal review strategy and plan? If so, exactly what has been put in place?

**The Hon. M.H. ARMITAGE:** This is an important issue, I fully acknowledge that and, whilst there have been a number of accusations about poor practices and so on, it is important to say that in the three to four months that I have been in this portfolio I have been quite taken with the intent on behalf of both United Water and SA Water personnel to ensure the highest quality product. That has been brought home to me on a number of occasions when I have had briefings. The Chairs of both organisations have identified to me their insistence upon the highest standards, and so on.

It is important also to identify that the concerns which the Auditor-General identified in his report have now been completely addressed, in that an enhanced formal management framework was initiated on 1 December 1997, using a risk-based appraisal approach. It is also important to identify that a senior contracts manager has been recruited and will commence with the corporation by the end of February, or in the next couple of weeks.

Because of the heightened awareness of the need for quality, a number of reviews have been undertaken and, as a consequence of those reviews, particularly those undertaken by SA Water's internal audit group, a number of revised procedures have been implemented to monitor and record customer service faults. Very importantly—and this is a factor of which United Water can be justifiably proud—it has achieved quality assured status for its customer service operations. Just prior to Christmas, United Water released a media statement indicating that it had just achieved ISO9002 status accreditation, which is an international standard, so that will clearly be of benefit to the South Australian population.

It is also notable that water quality testing and reporting procedures have been reviewed and management has put enhanced procedures in place from 1 December 1997. A lot of these things revolve around monitoring and assessing some of the equipment and infrastructure which United Water and SA Water are jointly responsible for in the provision of water, and there is now an agreed position between United Water and the corporation on the asset management plans for the next five years, which aligns with the corporation's annual capital budget cycle. The plans have been incorporated into the strategic 10-year plan which is being prepared at present.

This will give an assurance of high quality water and, given that the Deputy Leader mentioned the Bolivar exercise, it is very important to say that that is a major part of the environmental improvement project in relation to the capital works program, which will see the success of the Virginia pipeline initiative. I was delighted to be there with the

Premier and with the growers at Virginia when that was finally bedded down. That will enable a lot of the discharge to be utilised there; the discharge to the gulf will be dramatically decreased; and the quality of the discharge in relation to nitrogen and a number of other impurities will be much improved, which ought to lead to an increase in seagrasses, etc. That is only one of the environmental improvement projects at a number of sewerage works along the coast.

Given the sort of things that have been done, I am sure that the Auditor-General will not mention them in his report next year, and I repeat that both United Water and SA Water personnel have a fierce conviction that quality and the monitoring of quality are vitally important.

**Ms HURLEY:** Given the emphasis that the Minister for Administrative Services has placed on information technology services in this State, I would like to ask him about such services in the building in which we work—Parliament House—and whether we will see some improvement in the systems in this place shortly.

**The Hon. W.A. MATTHEW:** I thank the Deputy Leader for her question because I know that she shares my desire to see those services placed in Parliament House. For too long this Parliament has adopted office procedures and practices that no Government agency would be satisfied with, and staff and parliamentarians alike certainly do not have the equipment they need in today's modern world to undertake their duties in as efficient a manner as they desire.

To that end, in the very near future—in weeks, not months, but more than days—advice will be given to all members of Parliament as to the equipment that they can expect and the implementation schedule for that equipment so that they can undertake their duties to a far better extent when they are resident in this Parliament.

**The CHAIRMAN:** Order! The time for the examination of the Auditor-General's Report and budget results for these portfolios has concluded. I now open for examination the Auditor-General's Report and budget results as they relate to the Minister for Education, Children's Services and Training, Minister for Youth and Minister for Employment. I remind members of the Committee that 45 minutes have been set aside for this examination.

**Ms WHITE:** I will refer to Part B, Volume 1 unless I state otherwise. I will begin with questions on schools. The report (pages 192 to 194) refers to grants to government and non-government schools. My question relates to a major issue over the next few years when, through the Enrolment Benchmark Adjustment Scheme, we will see cuts in Federal funding to our public school system of the order of \$34 million, which figure was released by the Minister, I believe. The Minister, in the *Advertiser* of 31 January, stated that the South Australian Government would try to make up any Federal funding shortfall through State budget efficiencies. Can the Minister guarantee that the State Government will make up this reduction of \$34 million over four years and that school funding will not be cut?

**The Hon. M.R. BUCKBY:** The Enrolment Benchmark Adjustment Scheme, as the member for Taylor indicates, was introduced by the Federal Government. Every State Government has protested about the scheme for the very reasons indicated by the honourable member. Under this scheme, rather than being funded on a per student basis, the States will be funded for education on the proportion of students in public and private schools. That creates a change in the funding situation where you have students moving either from the public sector into the private sector, or *vice versa*.

I also saw that figure of \$33.4 million. The figure is actually \$13.4 million. That figure was calculated and stated by the Hon. Mike Elliott in another place. The drift in enrolments from public schools to private that we have factored in over the four years (up to 2001) is a factor of .88 of a per cent. It was estimated this year that we could lose \$3.6 million, rising to \$13.4 million in the fourth year, which accounts for the total figure of \$33.4 million.

As I said, we have strenuously lobbied Minister Kemp on this issue, raising the fact that South Australia is somewhat different from other States: first, Adelaide is the major population centre, and we have far more country schools than do other States per head of population. We have asked for consideration in that area. We have asked for consideration on the basis of hardship.

We have had a couple of wins: first, in relation to superannuation for teachers, and we have managed to claw back \$243 000 for this year; and, secondly, I received a letter just today from Minister Kemp stating that a .05 per cent shift in enrolments, or a 500 shift in notional enrolments, will be taken into effect, which means lowering the liability to South Australia as well. In terms of dollars, it lowers our liability by \$711 000. So, we have managed to claw back \$1 million of that \$3.6 million we had factored into our budget for the year 1998-99.

We are continuing to lobby the Minister on the issues of country schools and the hardship criteria for South Australia. I am hoping that we will have some success in that area and be able to claw back a little more. In answer to the honourable member's question, yes, this has been factored into our budget, so that public school funding will not decrease.

**Ms WHITE:** Will you make up the shortfall?

**The Hon. M.R. BUCKBY:** As I said, we have managed to claw back the \$3.6 million to \$2.6 million and we have factored that into our budget, so we can ensure that that amount of money is not lost to public schooling. We will make up the shortfall. It will be picked up.

**Ms WHITE:** You will not have to cut anything to do that?

**The Hon. M.R. BUCKBY:** No, we have factored that into our budget.

**Ms WHITE:** In relation to page 173 and the lease-back of schools, the audit raised serious questions about the department's experiments in selling and leasing back the Hallett Cove Primary School as well as leasing a new, privately-funded school at Seaford. In particular, the audit queries the justification to proceed with either deal. In the case of Hallett Cove, the audit said that it was clear that the demographics showed a need to extend the term of the lease and that this meant that retaining ownership would have been the cheaper option.

The audit states that using significant public assets to trial leasing deals was inappropriate and that the demographic issues and the resulting financial implications were overridden. The audit says that the deals did not comply with Treasury requirements for leasing deals, that is, to provide a clear financial advantage to such arrangements. The audit also says that Cabinet approval was not obtained to incur the liabilities involved in these leasing agreements. Page 174 lists the department's response, which addresses one difficulty in relation to the demographic issues and which states that the enrolment ceiling of the school would be managed by consideration being given to a designated zone of enrolment as a strategy to assist with the management of the growth.

The experiment with the private construction of one school and the leasing-back arrangement of another was not

working out as planned, and the department is now looking at a zoning arrangement. Zoning is used in public schools to manage numbers. In this context, where a facility is privately owned, I wonder whether there would be some difficulty in future if you were to manage financial implications for the department from leasing agreements by using zoning, thus manipulating the demographics. In light of the audit's questioning the justification for the arrangements in these two cases, what is your current policy on ownership and leasing of schools? Given the department's response that it would use zoning as a strategy, what safeguards are there to ensure that such a strategy, which is not an educational outcome strategy but a financial implication strategy, will not come into play unduly and disadvantage either the privately-owned school facility or surrounding public schools?

**The Hon. M.R. BUCKBY:** As noted in the Auditor-General's comments and as the member for Taylor has stated, the Hallett Cove East Primary School and the leasing of Woodend was a trial to determine the viability for such options for the private provision of public education infrastructure as a source of future funding to reduce the cost of construction of education facilities and, therefore, to limit capital borrowings of the department. First and foremost, as I have said, it was a trial. We are reviewing that trial to see whether it is worth repeating. An evaluation is being done, and I am waiting on some reports to see the final results. The two schools were quite different from any other school in that both—one an 11 unit house arrangement and the other a 40 unit house arrangement—were set up in that way so that, when the lease is terminated, there would be a potential for the owners of those sections to sell them back into private enterprise or back into the housing market. It is quite a unique system and an innovative way of looking at providing education: it is a quite different style of housing and infrastructure for education.

As I said, it was a trial. The member for Taylor raised the point about its not receiving Cabinet approval. The trial did receive approval from the Treasurer, Treasury and the financial side within Crown Law in terms of the lease arrangements with both Hallett Cove and Woodend. Hallett Cove had a 10 year lease and Woodend had a 15 year lease, with a five plus five renewal, so the lease would be looked at at the end of that 15 years.

With regard to the number of students attending both schools and the zoning, the honourable member is referring to the Woodend school and the Hickinbotham investment in it. That school is now at full capacity; it has 324 students. The department does not have the policy of zoning for the sake of propping up a private school and transferring students via zoning from a public school at Sheidow Park, for instance, to ensure that numbers are maintained at Woodend. That is not our policy, and it will not be our policy. The reason the zone has been put in is that a large number of parents from the Sheidow Park area want their children to attend Woodend. That is the reason why the zone has been created—to ensure that we can have some control over the numbers of students going into that school. Have I answered all the honourable member's questions?

**Ms WHITE:** I am concerned about safeguards and strategies. However, I note that we are taking a lot of time to get through these matters, so I will move on. On page 205, the report indicates that \$9.644 million was written off the value of surplus buildings on closure. Does this relate to writing down the value of schools that are closed and, if so, what are the details? Does this reflect the falling value of

buildings such as the Sturt Street Primary School and a range of others that have now been empty for over a year and are deteriorating while it seems the Government is waiting to make decisions on them?

**The Hon. M.R. BUCKBY:** I am advised that the figures on page 205 are the written down values of land and buildings of those sites. For instance, Sturt Street will not be sold by the department, up until the amalgamation of TAFE and Youth SA into DECS. It had already been decided that the curriculum unit of the old DECS would be placed in Sturt Street. With the larger department, we are now not able to do that because of the number of people in the curriculum area within TAFE. So we are reassessing Sturt Street as to which area of the department will move there. That is one site that will not be sold: it will be held onto and used by the department. Will the honourable member explain the other site?

**Ms WHITE:** I cited Sturt Street as an example of one primary school that had been closed and lain dormant for quite a period, but there are a number of others.

**The Hon. M.R. BUCKBY:** The others are on the marketplace. Once a school has been closed, we transfer the land and buildings to the Department of Environment, as it is the land division within that department that handles the sale. Once we have closed down a school and then ensured that everything is safe and secure, that is then transferred over to that department, which handles the sale of any buildings.

**Ms WHITE:** I refer to some of the computing projects within your department, and I would like to turn to the issue of Kidsbiz and the audit's comments in that regard. Many issues have been outlined by the audit, including an apparent failure to arrange contract consultants, a lack of documentation, no ongoing maintenance arrangements for the system and a blow-out in cost from \$1 to \$1.6 million. The Auditor-General points to delays in decision processes which lead to substantial increases in costs and the time frame for implementation of the program. From an initial time frame of approximately 2½ years to completion, the project's life will have extended out beyond four years. The audit refers to an impasse in negotiations between the department and the consultant. The audit refers to significant risks to project performance in the way this has been arranged.

The audit also refers to consultants being contracted by the department on an *ad hoc* verbal basis (I thought only Graham Ingerson's department did that) and to an interesting arrangement with a consultant who was an employee. The audit further refers to a quite troubling factor in that the failure to provide software maintenance and upgrades may well see this project collapse in several years. The audit has a lot to say about KidsBiz. These issues raise some fundamental questions about your department's capacity to manage IT programs, particularly when considered in conjunction with the other concerns that the audit raises about the way in which the department has managed the implementation of EDSAS and the DECStech 2001 programs.

What action has the Minister taken to address all these problems concerning KidsBiz? As the Minister would understand, with the Federal funding changes and annual funding reductions a lot of community child-care centres are under pressure at the moment. They are under pressure to reduce staff and to restructure. It does not seem as though the experience with KidsBiz has been welcome. What action has the Minister taken to address these problems?

**The Hon. M.R. BUCKBY:** KidsBiz is a quite innovative program which is highly valued by the child-care sector. There is no other program like KidsBiz anywhere in Aus-

tralia. The member for Taylor says that child-care centres are under some pressure at the moment. KidsBiz was developed to remove some of the pressure from reductions in Federal funding. In fact, KidsBiz was developed in Minister Lenehan's time. The program commenced at that stage. Adrian Butterworth was the consultant to whom the honourable member refers in terms of who did the work on this all the way through. One reason for the delay with this project was that there was no other project like it. There was no benchmark against which this could be measured in terms of bringing in technology from somewhere else that would say this would work and that here are the risks associated with another project. This was the first project of its kind in Australia, and it was extremely innovative at that.

It addressed two particular areas, namely, a program for booking and billing and also a program for records and management. To bring the Committee up to date, 104 centres have used those particular programs over the time. When the project started one matter that was initially considered, as the honourable member stated correctly, was the risk of this project. The program took more than the 2½ years in which it was expected to be completed, because the department wanted continually to assess the risk to which this exposed the department and the child-care centres. To ensure that there was not an overly high amount of risk, it did take a longer period to tick that off with Crown law and to ensure that child-care centres and the department were protected.

With respect to the consultants, Adrian Butterworth was employed by the department until November 1994. At that stage he took a TVSP and, as it was then seen that he was paid with Commonwealth money, he then set up a company which provided consultancy advice about KidsBiz to the department. In January 1995 the regulations and requirements for people taking TVSPs were changed such that you could not return within two years of accepting a TVSP and work for any Government department. However, that directive of the Commissioner for Public Employment was not retrospective and, because the consultants resigned in November 1994 and commenced another agreement with the department prior to the change in the regulations applying to people taking TVSPs, he could still legally continue with that consultancy. Again, that was cleared by Crown Law. We sought advice on that, and the department was found to be correct in what it had undertaken.

The honourable member mentioned that ongoing maintenance was not being provided. I correct her on that: it is being provided. Those centres which have purchased this program are being backed up with maintenance, and that is an ongoing situation. In terms of this again being extended to four years before being brought down, Federal Government funding cuts to the child-care sector in the 1996 budget meant that, first, there was a higher risk for child-care centres. So, they undertook to re-evaluate their position. We then had to determine as well what would be our position if we continued with the program.

The Audit Report also acknowledges that the evaluation conducted by Ernst and Young, a private sector accounting firm, concluded that the KidsBiz system had been elective and that the cost-benefit analysis showed that ongoing benefits to the child-care sector were significantly substantial.

**Ms WHITE:** I keep highlighting matters which the Auditor said are shortcomings in programs and which the Minister is explaining away. What will the Minister do about this? The first point in doing something about it is to acknowledge it. I refer to EDSAS and to the lack of strategies

and management controls that the audit identifies on pages 180—181. Again, this is mainly in relation to delays and subsequent cost increases. There was a cost increase from \$16.4 million in 1991-92 dollars; \$17.4 million in incurred costs up to date. One issue of concern is that the department has not maintained any records about the extent of use of the modules in schools. So, that raises a monitoring question.

There are the increased workloads being experienced by staff in schools and a seeming lack of acknowledgment of that. Certainly, when you talk about EDSAS to teachers in schools they tend to roll their eyes. The audit suggests that you should develop a corporate IT strategy. Does this mean that you do not have one? There is also the post-implementation review which was scheduled to be completed by July 1995. According to the audit, at its time of printing this still had not been completed. Is the Minister satisfied with the way his department is operating in this regard? Are you satisfied that it has the organisational and staffing capability to deal with the ongoing problems associated with EDSAS?

**The Hon. M.R. BUCKBY:** In answer to the last part of the question, yes, I am very satisfied with the staff that I have in the Department of Education, Training and Employment; they do an exceptional job. The issues that the honourable member has raised from the Auditor-General's Report we do take seriously, and we address any issues that the Auditor-General takes up with us. In fact, in the department we have an internal audit committee and a member of the Auditor-General's Department sits on that committee so that we can ensure that we are following the best possible standards of accounting and of qualifications in this area.

On the matter of EDSAS, two people have been allocated to liaise with schools and with SSOs and administration people who are operating EDSAS within our schools. From my discussions with principals in my area, it would be wrong to say that there have not been some hiccoughs along the way and that there are areas that have taken time to work through to ensure that the system is doing the things that it is supposed to do. In the department we take great pride in the fact that we are at the leading edge of technology in trying to bring further technology into schools to eliminate some of the paperwork of school principals and SSOs in schools, so that it can be put on computer and taken on-line direct to the departments, to try to reduce the workload of those people.

The latest version of EDSAS was to be tested on 17 November 1997. As I said, as we have found problems in that program we have corrected them, taken the advice that has come through from schools and corrected those to gradually upgrade the system to ensure that it is doing the job that we want it to. Pending the successful testing of that system—and I have not had a report back on that as yet—it was envisaged that the improved module would be ready to commence in term 1 of this year.

**Ms WHITE:** With reference to the DECStech 2001 project, there is reference in the Audit Report (page 188) to an audit management letter of 12 September 1997 that communicated some issues arising from the review. Will the Minister outline those issues?

**The Hon. M.R. BUCKBY:** I have the letter before me. It is a fairly complicated response some seven pages long; does the honourable member want to identify the areas or would she like me to read the letter?

**Ms WHITE:** Would the Minister provide a copy?

**The Hon. M.R. BUCKBY:** Yes, we will be happy to provide a copy.

**Ms WHITE:** I would like to talk about a couple of TAFE issues. One of the most important issues arises on page 217, where the Auditor-General outlines a series of changes made to the original decision to include TAFE in the whole of Government facilities management services arrangement. With the contracting out of physical resources functions, what services specifically will be contracted out? When will the successful tenders be announced and what effect will that have on any new arrangements? What will be the effect on the level of staffing within TAFE?

**The Hon. M.R. BUCKBY:** The type of contracting out that will be undertaken of physical resources encompasses cleaning, security, grounds, building and equipment maintenance and information technology hardware maintenance functions. Twelve shortlisted firms were invited to tender for three contracts of roughly equal size: one in the central business district and two metropolitan. The fourth region has been reserved for Building Maintenance Services, a division of Services SA, as approved by the Government. Tenders were evaluated and three firms were invited to proceed to Stage 2 of the tender. The three firms are P&O Facilities Management, Transfield Maintenance and CKS Facilities Management, a recently formed consortium of Collier Jardine, Kinhill and Skilled Engineering.

The initial period of the contract will be for three years with the opportunity for rolling extensions up to seven years. The Government approved the letting of the contracts on 24 December 1997 after considering the savings and efficiencies that they will bring, and those contracts are due to be signed shortly and to come into operation in late April this year.

**Ms WHITE:** All those areas that the Minister read out will be included?

**The Hon. M.R. BUCKBY:** Yes.

**Ms WHITE:** Including the IT?

**The Hon. M.R. BUCKBY:** You are referring to the information technology hardware maintenance, which is included in the contracting out, yes.

**Ms WHITE:** I would like to ask about credit cards in the TAFE sector. Audit (page 211) states that there were instances where the nature and purpose of payments had not been recorded. Has the Minister now taken action to ensure that there is 100 per cent compliance with the appropriate procedures for the use of corporate credit cards?

**The Hon. M.R. BUCKBY:** This is a very serious area and one that the department took extremely seriously when the matter was raised by the Auditor-General. In answer to the question, yes, factors are in place, in terms of checking between credit card transactions and also coming back into the department, to ensure that those are checked from within the department. Those measures have been instigated. That has followed the instruction from Treasury on how to undertake that process. Each director has been asked to undertake periodic reviews of credit card expenditure to ensure that satisfactory levels of compliance are maintained. As the honourable member may or may not know, the American Express South Australian Government purchase card was introduced on 1 July 1997. That card enables point of sale verification of transactions through Cardpower, a database program tailored by American Express.

The department is effectively controlling and managing information in relation to purchase card use and also using the data from Cardpower to automate both the monthly cardholders account reconciliation and the data entry to financial systems. This system is currently being piloted at a number of institute sites.

**Ms WHITE:** On the more general nature of this audit report, on page 172 the report draws attention to the non-compliance with general financial controls in areas including salaries and wages, family day care and workers compensation, which were raised in previous years and which have not been corrected. The Auditor-General refers to:

... weaknesses in procedures and internal controls with respect to accounts payable, salaries and wages, fee relief for family day care and workers' compensation.

That was in 1995. In 1996 the issue was raised again when the Auditor-General said:

It is concerning to note that with respect to several issues—and he lists them—

which were raised in previous years. . . little improvement has been achieved.

He says that this is despite responses indicating that corrective action would be taken. This year the department again says action will be taken. Given that three bad reports have been given in a row, can the Minister give a guarantee in respect of what action will be taken?

**The Hon. M.R. BUCKBY:** The Auditor-General has raised those points within his report. I also add that, while it does not appear in the report, letters have been received by the department following corrective action in which he has commended the department on each occasion for the action it has taken. Regarding the relevant points that the honourable member has raised in respect of salaries and wages, in general the issues raised by the Auditor-General were agreed. Arrangements have been made to address those weaknesses which the Auditor-General identified. Payroll staff have been reminded of the importance of independent checks of payroll data and, where appropriate, systems or forms have been revised to improve internal controls in areas such as *bona fide* certificates and leave recording.

The honourable member raised the issue of family day care. Documentation and procedures in the area of fee relief for family day care have been improved to ensure that responsible managers are able to check and correct transactions and that evidence of checks performed is shown. In many instances the checks were conducted but the documents were not endorsed appropriately. The documentation was prepared but it had not been endorsed by officers within the department. It was not that the documentation was not being completed—it was not being signed off by the person who was required to undertake that procedure.

The department has also ensured that reconciliations are performed and followed up in a more timely manner. This has occurred not only in family day care but also in other areas of the department to ensure that the checks and balances that occur at different points within the stage of processing either salaries and wages, or family day care arrangements, are to a higher standard and that we are conforming with the issues raised by the Auditor-General.

**Ms KEY:** My questions relate to the construction industry training board. I refer in particular to the Audit Report, Part B, Volume 1, pages 132 and 137. Due to the time limit I will ask two questions and ask the Minister to respond at another time. The report refers to the risk management statement and the statement being completed and implemented by December 1997. Has that statement been completed and could I have a copy?

My second question relates to page 137, item 15, under the heading 'Related Party Disclosures'. I am advised that over the past couple of years a number of union people have

sought membership on that board. My understanding is that these representations have come from the Communications, Electronics, Plumbing and Allied Services Union, in particular the electrical division which does not seem to be represented on that board. I know that this matter has been raised a number of times and that agreement has been reached by some parties that there will be representation from that very important sector of the construction industry. I ask that the Minister respond to my two questions when possible.

**The Hon. M.R. BUCKBY:** Yes, I will take the questions on notice and respond to the honourable member accordingly.

**The CHAIRMAN:** Order! The time for the examination of the report of the Auditor-General and the budget results 1996-97 has concluded as it relates to the Minister for Education, Children's Services and Training and Minister for Youth and Employment. I now open for examination the report of the Auditor-General and budget results for 1996-97 as they relate to the Minister for Environment and Heritage and the Minister for Aboriginal Affairs. I remind members of the Committee that 30 minutes has been set aside for these questions to be asked.

**Mr HILL:** I will begin by asking questions about the Environment Protection Authority and refer to page 246 and onwards. Under the heading 'Information Systems' in the third paragraph it states:

A consultancy undertaken in February 1996 revealed certain deficiencies with respect to currently maintained systems and raised issues concerning the completeness and accuracy of information within such systems.

Then it refers to the contractual arrangements on the next page and states:

A contractual agreement with the preferred tenderers for Stage 2 of the project, detailing the responsibilities, obligations and financial exposures of each party had not been finalised at the time of the audit. This is despite the fact that consultants engaged for Stage 2 of the project commenced in February 1997.

It goes on to say:

... that the continuation of a project in the absence of an agreed contract exposes the authority to considerable risks. This is particularly the case in the event of a disagreement regarding project deliverables.

Will the Minister outline what those risks might be and what action the EPA has taken to remedy those concerns?

**The Hon. D.C. KOTZ:** The honourable member is certainly right in saying that the audit picked up the concerns relating to contractual arrangements. This was due particularly to a six month delay with Crown Law in formulating a Stage 2 contract. Steps were taken to ensure that the project was not put in jeopardy, and as a result Stage 1 was extended in scope to include some elements which originally existed in Stage 2. This resulted in Stage 1 costs of \$11 000, but Stage 2 costs were then later reduced by the same amount. Although audit was quite right to pick up this concern, it certainly was dealt with by the department.

**Mr HILL:** Will the Minister say whether the authority is still exposed to considerable risks?

**The Hon. D.C. KOTZ:** The honourable member will find that the Auditor-General has signed off on this matter and has accepted that the manner in which it has since been dealt with was satisfactory.

**Mr HILL:** Is that in this report?

**The CHAIRMAN:** Order! Is the member for Kaurna asking a question?

**Mr HILL:** Yes, Sir; I apologise. I was asking the Minister whether that signing off is in this report because I do not believe I saw it. I may have missed it.

**The Hon. D.C. KOTZ:** No, the advice is—and this is in further briefings, to the extent that the questions in relation to that were already asked by me—that there is no risk: the department and the agency itself have not been exposed to any further risk at all.

**Mr HILL:** On page 247, under the heading 'Requirements of the Environment Protection Act', the audit review revealed that there was no specific reference to ensuring that the statutory obligations of the EPA were satisfied by the development of the IIS. The third paragraph under that general section states:

Discussions with management revealed that whilst a process has commenced whereby a checklist of obligations/constraints under the Act is being developed to aid in the review of the IIS, this process has not been finalised. Hence, there is no mechanism to ensure that the requirements of the Act have been adequately addressed.

Will the Minister inform the Committee whether or not those processes have been finalised and whether the requirements of the Act can now be properly addressed?

**The Hon. D.C. KOTZ:** A project subcommittee was established consisting of EPA staff members, and that subcommittee met on 30 January this year to conduct an initial formal validation exercise. That meant that audit was invited to participate in this process. The workshop examined the statutory requirements in order to ensure that there was compliance with the Environment Protection Act 1993. Documentation of the findings of this process are still to be finalised, and it is expected that this procedure will be finalised by the end of March. The results will then be forwarded to audit for advice or any further actions that may have to take place.

**Mr HILL:** So, in other words, by the middle of this year there will be a mechanism in place which will ensure that the requirements of the Act are properly addressed?

**The Hon. D.C. KOTZ:** Yes, the whole process should be completed by March.

**Mr HILL:** On page 247, under 'Waste Depot Levies', audit expresses concern that there is no way of verifying accuracy of licence fees levied on the tonnage of waste received by depots. The Auditor-General has recommended random inspections as an interim step until such time as this problem is overcome. Has the EPA adopted this advice, and what processes are now in place to ensure that waste depot operators pay the correct licence fees?

**The Hon. D.C. KOTZ:** The member is quite right in that audit did raise this issue, which was a concern, to the extent that there was no mechanism to ensure that the information accompanying waste levy payments received by the authority reflected underlying waste disposals that were received by licensees. Audit did suggest that the EPA develop a mechanism. Since then, the waste depot operators—as you know—have been required to pay a levy on waste that is received at licensed landfill depots.

There are some difficulties in accurately reporting the volumes of waste that are received at landfills. These difficulties revolve around, first, the quality of waste that is delivered on vehicles to the dumps and, secondly, whether or not the material actually constitutes waste. Material which is defined as waste is subject to a levy, whereas clean fill does not attract a levy. It has certainly been the experience of departmental officers that inspections to measure the

accuracy of reporting have to take place over a number of consecutive days to test the accuracy of the reporting systems.

The closure of a number of landfills—of which I am sure the member would be aware—over the past 12 months, with the diversion of waste going to the Adelaide City Council's depot at Wingfield, has certainly led to a significant increase in the quantity of waste that is being reported—a trend which will also be a reflection of more accurate reporting. But to overcome the accuracy problem, the EPA is currently reviewing two options: the first relies on the installation of weight bridges at all of the metropolitan landfills, and the second involves on-line connection to the authority and amending the current regulation to enable the levy to be paid on all materials that are received at a landfill depot.

That means looking at including clean landfill because, as I indicated earlier, part of the problem has been that it is a matter of properly designating the waste. That becomes a problem in terms of the appropriate reporting process. So, it may be that one of the means of amalgamating the process of reporting in a far more substantial way will be to look at all waste that goes to landfill without the designation of 'clean' or 'waste', and make that come under the main umbrella. That still has to be decided, but that is being worked on at the moment.

**Mr HILL:** I take it from what the Minister just said that the EPA has decided not to accept the recommendation of audit and have random checks.

**The Hon. D.C. KOTZ:** Random checks have been undertaken throughout the past year, and they will continue. But part of what we are talking about now relates to improving the reporting process. Even with the manner of random audit, it still does not necessarily tighten up the reporting process. So, there is an ongoing process at the moment within the department to determine the best strategy possible to be able to tighten up that whole reporting process so that, in the end, we have a better idea of what is received and, therefore, the levies that the department can expect to receive.

**Mr HILL:** When does the Minister expect that process to be completed and in place?

**The Hon. D.C. KOTZ:** Overall, it will probably take about six months to conclude the whole process. There are several different components that need to be looked at within this, one of which is the weight bridge area, which will take a little longer. So, if we look at a time line of six months, I believe that we will probably have the whole process in order at that time.

**Mr HILL:** The response to the EIS for the Dublin dump states that licence requirements will include a financial assurance package, providing for ongoing funding and rehabilitation of the site post its closure. Will the Minister explain how this licence requirement will operate? Will the funding package be part of the existing licence payment system? How much will integrated waste services be required to pay? How will these funds be held and administered, and who will control the expenditure?

**The Hon. D.C. KOTZ:** Some aspects of the honourable member's question were not quite clear. We did not hear exactly what he was asking.

**Mr HILL:** I asked the Minister to explain how the licence requirements will operate in relation to the Dublin dump. Will the funding package be part of the existing licence payment system? How much will the integrated waste services—that is, the proponents—be required to pay? How will those funds be held and administered and who will control the expenditure?

**The Hon. D.C. KOTZ:** I believe that the application for the licence has not yet been made. The determinations of all the other aspects will come in due course once the application is in. At this stage there are no steps to process an application or issue a licence. Those questions are just a little bit ahead of time and therefore irrelevant at the moment.

**Mr HILL:** I will have to wait until Estimates Committees. Can the Minister say in a general sense how many inspectors check on landfills to ensure licence conditions are being met, and how often are the landfills inspected?

**The Hon. D.C. KOTZ:** There are three waste inspectors and at present inspections are undertaken on a random basis. Therefore, because they are not necessarily in a structured form, one cannot count the times that they undertake the inspections of the landfill areas.

**Mr HILL:** I should like to ask two specific questions about figures in the document. On page 248 under Statement of Financial Position the document indicates that the fund has an accumulated surplus of \$3.6 million. That may well be a normal kind of surplus. Can the Minister explain what that fund is for? Has the budget been under spent or is that money put aside for some particular purpose?

**The Hon. D.C. KOTZ:** I refer the honourable member to page 250, because that explains the areas that the Environment Protection Fund covers. The honourable member will find, from (a) through to (f), a list of areas in which that money is accumulated on an ongoing basis to take into account each of the different areas that are identified under section 24(4) of the Environment Protection Act. Obviously, projects are under way in some areas, and the fund accommodates that. Where it explains what the fund's purpose is, (a) to (f), it makes very clear that the majority of the funds will be held for specific projects to be identified and the funds therefore to be expended. It is not a surplus in terms of funds not being drawn on. Most of the funds would be called upon under these areas as they arise.

**Mr HILL:** Over time, one would expect about that much surplus. Will it increase over the years? Is the sum of \$3.6 million an average figure that one can expect to be there all the time or will it accumulate over time so that next time it might be \$4 million, \$5 million and so on?

**The Hon. D.C. KOTZ:** The previous year it was about \$2.5 million as we started into the budget arena. Under the Statement of Financial Position, which is on page 249, the honourable member will find a list of current liabilities, and under 'Payables' there is half a million dollars. A lot of it depends on the timing of different projects. There are also commitments that are not contractual, but they relate to air monitoring equipment, which can be an extremely expensive exercise, both in the infrastructure and the monitoring and labour costs.

**Mr HILL:** I refer to page 250 and the Financial Arrangements. The document states:

The Environment Protection Fund's sources of funds consist of a prescribed percentage of fees, licences and levies charged under the Act, fines and expiation fees, interest revenues. . .

Can the Minister say what percentage or volume of those are fines and expiation fees, given that the EPA has never had a successful prosecution?

**The Hon. D.C. KOTZ:** The area of fines is probably the most minimal. On average in the overall budget sense, about \$4 million comes from petrol levies, \$2 million comes under the licensing provisions, and at this stage the waste levies recover about \$2 million overall.

**Mr HILL:** I turn now to the catchment water boards, and I refer to page 101. I have similar questions on the catchment water boards as I asked about the EPA. Under the Commentary on General Financial Controls, the audit makes the point that there is 'a generally satisfactory standard of accounting. . . with the exception of contract administration where a number of control enhancements were recommended. The boards have responded positively to audit suggestions. . .' What moves have been made to ensure that those problems have been addressed?

**The Hon. D.C. KOTZ:** The honourable member is again correct in that several areas were identified in the audit as issues to be looked at. The Patawalonga Catchment Water Management Board and the Torrens Catchment Water Management Board, which have to ensure that all the issues within the audit are picked up, have formed a joint audit committee. The boards indicated in a joint response that their operations were in accordance with ministerially approved comprehensive management plans but, more importantly, the development of a risk management policy statement is currently being pursued by the boards' administration. Overall, the audit did not pick up any major issues that required specific attention. As I say, the important thing is that the risk management side has been picked up by the boards.

**Mr HILL:** I turn now to the Department of Environment and Natural Resources, and I refer to page 240. A number of criticisms of departmental processes are contained in that report and I refer particularly to the section headed 'Weaknesses in the Process Adopted to Establish Opening Balances'. A number of points are made. It states that the department is yet to implement appropriate financial systems. It then goes on to indicate that questionnaires were presented to the department to allow a proper analysis, and it makes the observation that it is of considerable concern that formal training was not provided. It goes on to say that the various groups and branches that put in the questionnaires were generally not subject to any verification or quality control process which can 'give rise to errors or omissions and hence the importance of a quality control process cannot be over emphasised'.

It also states that the absence of an appropriate quality control process was reflected in the results of audit's testing, and so on. A number of problems have been identified. A departmental response indicates some of the things that had been done. Could the Minister outline her confidence in the department's response to these measures, as well as the current situation?

**The Hon. D.C. KOTZ:** The honourable member is quite right: part of the audit process not only identifies areas where the Auditor-General may consider that fraud and misappropriation has taken place but also looks at the systems under which agencies operate to ensure that they are not only efficient but also identifying very clearly the receipts and expenditures and therefore the outcomes that can be ultimately identified from that direct type of accounting. The honourable member would be aware that, in the last year, or more, the agencies have been moving towards accrual accounting, which is identified by the Auditor-General as the means by which each agency will now determine its income and expenditure.

The audit was definitely extremely critical of the department, and it has taken the department some considerable time to realise the impact of moving through the transition period from the previous accounting system to accrual accounting.

I certainly have no pacifying comments to make about the Auditor-General's criticisms because they were quite correct. In the meantime, some strenuous moves have been made to bring the department up to speed in each of the areas, not only with respect to those identified by the Auditor-General but those which top level management would like to see streamlined.

It will take a lot longer than was first anticipated because they are working with a great number of very complex systems in certain areas of the department. The transition to move towards accrual accounting will involve a certain difficulty. Part of the difficulty has been the lack of financial or auditing skills within the different areas of the department. That has been addressed in many ways since these reports and qualifications came down. The human resource development strategy is one area that has been devised. It focuses on developing the skill base of individual staff members so that the agency's organisational outcomes are met.

Three corporate HRD priorities have been targeted: leadership, financial and human resource management. The agency is also focused on accrual accounting training as a strategic priority. It has created a dedicated training team to improve the financial management skills of its people so that they have the ability to meet the Government's needs in the area of accrual accounting and financial management. The transition to accrual accounting workshops has targeted the area of key managers and staff to explain the value, purpose and basic concepts of accrual accounting and how they are being run.

Additional courses are being run to reinforce practical skills in accrual accounting and to ensure that they are scheduled to commence in this financial year. The training team has received considerable positive feedback from staff about the immediate application of training with respect to their daily operations. Other aspects looked at quality control, because that is part of the processes that move toward efficient management. Part of what the agency has undertaken is to implement quality control processes for the whole of agency operational activities. They include significant improvements in financial systems, in particular accounts receivable, a contracts register, accounting policies and procedures.

Training will also be implemented to improve the competencies of existing financial personnel. Recruitment of additional qualified accounting personnel is also planned, and part of that has already taken place. As I said, some very strong and strenuous moves are in place to ensure that all the criticisms in that aspect of the Auditor-General's Report are not only taken into consideration but implemented throughout the department as soon as possible.

**Mr HILL:** The audit also makes some criticisms of the department in terms of the segregation of duties and the delegation of authority. Appropriate corrective action has been promised. Will the Minister advise whether she is satisfied with the direction of that corrective action?

**The Hon. D.C. KOTZ:** That is a fairly minor concern in terms of the overall area with which we are dealing. Overall, it is a matter that can be taken into consideration through management, and it is being done. It is certainly a matter of appropriate segregation of duties where applicable.

**Mr HILL:** With respect to risk management, the audit makes criticisms of the department's risk management strategy and the fact that it does not have a policy statement. Has that issue been addressed?



**The Hon. D.C. KOTZ:** Yes. This is another concern to which the department has responded in a very substantial way. Two significant projects have been commenced as part of the agency's corporate initiatives program. As a result of the whole of agency focus, they will substantially enhance the department's capacity to apply a structured approach to risk management. The projects are entitled Internal Control and the Integrated Management System, or the IMS project. The Internal Control and IMS projects form an integral part of the program of corporate improvement and change that has actually been written into the agency's enterprise agreement, which was approved in November 1997.

As a result, the staff commitment to the implementation of the structured approach to risk management, which the projects will provide, is certainly ensured. Interestingly, just today a mirror enterprise agreement for the division, formerly the Department of State Aboriginal Affairs, was approved by the Industrial Relations Commission. This completes the coverage of all employees in the new Department of Environment, Heritage and Aboriginal Affairs by current agreement, and it further ensures that key improvement projects, such as Internal Control and the IMS, will certainly be implemented across the whole department.

It is probably worth noting that the IMS project, which will bring together the management of occupational health and safety, quality and environmental aspects of delivering the agency's core business, has attracted a \$50 000 central agency grant for innovative public sector best practice programs in occupational health and safety. Under the terms of the grant, the agency is expected to promote the structured approach inherent in the IMS model to other public sector agencies on completion of that project. Through the IMS project, the department is seeking a generic model from management systems that could be applied in a structured way across the whole agency.

That model will bring together the key elements of the current Australian standards for risk, occupational safety, quality and environmental management, as well as the South Australian WorkCover level 3 performance standard.

**The CHAIRMAN:** The time has concluded for the examination of the report of the Auditor-General and budget results for 1996-97 in relation to the Minister for Environment and Heritage and the Minister for Aboriginal Affairs.

**The Hon. R.G. KERIN (Minister for Primary Industries, Natural Resources and Regional Development):** I move:

That the time for moving the adjournment of the House be extended beyond 10 p.m.

Motion carried.

**The CHAIRMAN:** I declare open for examination the Report of the Auditor-General and the budget results 1996-97 as they relate to the Minister for Primary Industries, Natural Resources and Regional Development, and I remind the Committee that 30 minutes has been set aside for this examination.

**Ms HURLEY:** Referring to the Animal and Plant Control Commission, the Auditor-General states:

At the date of finalisation of the audit, 20 of the 47 control boards incorporated under the Animal and Plant Control (Agricultural Protection and Other Purposes) Act 1986 had not supplied audited accounts for the year ended 31 December 1996 as required by section 39 of the that Act.

The Auditor-General further states:

The non-receipt of audited accounts from various boards was first raised with the commission in respect to their financial statements for the year ended 31 December 1994.

The Auditor-General goes on to state that he has no evidence that the subsidies, special grants and reimbursements paid to those 20 control boards had been expended for the purposes laid down by the Act. Given that the matter was first raised by the Auditor-General for the year ended 31 December 1994, and since the Auditor-General stated that this issue still remains unresolved, why are some control boards still having difficulty in presenting their audited accounts in the time frame set down by the Act?

**The Hon. R.G. KERIN:** The Deputy Leader has raised a genuine concern. We intend to handle this problem by amending the Act. One of the problems with the current Act is that it is extremely open ended. The Act provides that boards are required to submit the information as soon as practicable after 31 December, and we would all agree that that is somewhat open ended. The commission has put in quite a bit of effort to chase down this information. Obviously, that has not worked, so the change to the Act to put an absolute deadline on this will be the only way to do it.

The Deputy Leader may be aware that we are undertaking a review of that Act this year, and that will certainly be picked up in that exercise. I agree that the efforts of the commission to try to get that information in a timely manner is not working, so we will have to put an absolute time line on it. As was identified, there are subsidies, special grants and reimbursements. The way the money is used—given that some of it must be matched by local government and so on—is not satisfactory, and we will change the Act to ensure that we get that information in a far more timely manner.

**Ms HURLEY:** Where was the money expended by the 20 boards spent, and was that money spent according to the letter of the law, given that it has been 14 months since this accounting was required?

**The Hon. R.G. KERIN:** I do not have the details of the expenditure. The money has been spent on several things; for example, wages are incurred, obviously equipment needs to be bought and they run motor vehicles. The animal and plant control boards are normally set up as a group of councils that are required to put in contributions. I can get some detail on that for the Deputy Leader. I am aware that the commission has chased down this information, and in the past it has also been late. It has always been checked through to make sure the money has been used in a correct fashion. I agree that it is totally unacceptable the way that the reports are being put in in an untimely manner, and that is why we will change the Act and put a definite time limit on that practice.

**Ms HURLEY:** After the changes in the Act and given the past difficulties, will the boards be able to cope with the required accrual accounting?

**The Hon. R.G. KERIN:** It will be up to the commission to put the framework there for the boards to adhere to. The board's finances are probably not all that difficult; they do not contain many lines of budgeting. The commission, with the help of the department, should be able to put together a *pro forma* which they can follow in a correct fashion. I will make sure that the Deputy Leader's concerns are addressed.

**Ms HURLEY:** Regarding audit requirements, at page 530 the Auditor-General states:

The audit of the financial statements for the year ended 30 June 1997 for the Department of Primary Industries entailed significant involvement of audit officers working in conjunction with the

department in the preparation and subsequent audit verification of the financial statements.

At page 552, note 43, the Auditor-General's Report indicates that audit fees increased from \$108 000 in 1995-96 to \$155 000 in 1996-97. The Auditor-General then explains that this considerable effort was principally due to inadequate systems for the production of accrual information, an inadequate level of quality assurance over the information submitted to audit for review, and finally inadequate documentation to support the representations of the financial statements. Has the department identified the additional staff resources and procedures required to meet the department's external obligations in a timely manner as indicated by the Auditor-General?

**The Hon. R.G. KERIN:** As the Deputy Leader knows, this is the year the financial statements were consolidated and prepared fully on an accrual basis. It is not to be unexpected that some of the process issues which have been identified were identified as problems. I have discussed this matter with the department, which has acknowledged some of the shortcomings that may have been there. The department has assured me that they will be addressed before the preparation of the 1997-98 financial statements. The issues that were identified were niggling issues; they were not major issues.

We identified that for accrual accounting PISA, which was the agency to which the Auditor-General was referring, was like many of the other agencies in that it did have some way to go with regard to getting onto accrual accounting for the first time. There were also some problems with the IT changeovers coming up to scratch with information required. I have had assurances that all the concerns raised by the audit staff have been addressed. Next time around, through better preparation and a bit more experience, we hope that it will go a lot more smoothly, and we will be able to keep down those audit fees.

**Ms HURLEY:** Will the Minister be more specific on how these issues will be addressed; for example, will any additional staff be employed to deal with the problems?

**The Hon. R.G. KERIN:** Basically, it was not a staffing but a systems problem, because there was a changeover of systems during the year. Certainly, assistance was requested from Treasury on several occasions with respect to the changeover to accrual accounting. I do not think it is so much a staffing matter. In any areas where it has been a staffing matter I am sure that that has been addressed. I think that it is more a systems problem and a matter of getting used to it for the first time.

My information on overtime is that the Auditor-General's staff were very helpful in giving advice about the way ahead. They helped us identify many of the issues involved and the changes in process required. My information is that audit staff have been quite happy with the changes which they helped to bring about.

**Ms HURLEY:** I move to the issue of consultants. Page 551 at note 40 states that there was an increase of 600 per cent in the amount paid to consultants in 1996-97. This amount was \$1.2 million as opposed to \$200 000 in 1995-96. What were the reasons for this huge increase?

**The Hon. R.G. KERIN:** Basically, there were a number of reasons. There were some reasonably large consultancies. Probably a couple of issues brought about the basic change, one being the fact that some of the functions performed in-house have been outsourced. Also, there is a changing focus within the department. PISA has undergone a lot of change

over the past couple of years in the way that it does business. A lot of it has to do with the fact that in the past it was very much an agency which gave technical advice to growers and which performed a regulatory function. Over the past couple of years—and in the last year in particular—it has changed to an agency which is about market and product development and industry development in general.

That has required a different range of skills as opposed to what we had in place initially. If the Deputy Leader requires, I can give her a list which provides a better indication of where the money for consultants went. But it basically relates to two factors: first, we have outsourced certain activities which we feel are better off being outsourced than performed in-house; and, secondly, the department has changed its direction, which we feel will be for the better of primary industries in South Australia.

**Ms HURLEY:** When the Minister says that the functions that were performed in-house are now outsourced, does this mean that consultants have taken the place of departmental staff who have taken separation packages, or is it an entirely different function?

**The Hon. R.G. KERIN:** Certainly, there is a minority of cases where that might have been the case, but the majority of these cases involved the change in functions. A number of those consultancies related to the forestry field. As I said, I could probably provide a detailed list to the Deputy Leader outlining the type of consultancies we use these days. For instance, we have set up industry development boards, and that is taking us in the direction of industry development. For each of these boards that we have established we have engaged consultants to prepare reports for them. This gives them an idea of the strengths, weaknesses and opportunities of the industry so that those boards can operate in a proper fashion. It is mainly a change of role, but I will provide a list.

**Ms HURLEY:** Will that list provide details of payments to the consultants and where they have replaced employees who have taken packages?

**The Hon. R.G. KERIN:** I do not know. I can get the list and discuss it with the Deputy Leader. I do not know whether it is always possible to identify that information, but I am happy to provide the list and discuss that matter with the Deputy Leader.

**Ms HURLEY:** Will the Minister confirm that the salary of the mines and energy CEO between 1995-96 and 1996-97 rose by as much as \$30 000. On what was this large pay rise based?

**The Hon. R.G. KERIN:** I can obtain that information for the Deputy Leader. As she knows, I was not the Minister at the time. I will obtain details of the salary levels and the reasons for that increase.

**Ms HURLEY:** Given that the charter of Mines and Energy SA was, 'supporting the responsible development of the State's minerals, petroleum and ground water' (Part B, Volume II, page 445), will the Minister confirm that the Government has abolished the Mineral Exploration Initiative? Why has it done so, and how much of the State has been surveyed under the program?

**The Hon. R.G. KERIN:** At the time, the South Australian Exploration Initiative was a one-off program. It has generated a lot of information over a reasonably large area of the State. I would have to get the percentage figure for the Deputy Leader, but it is a considerable area. It has generated an enormous amount of data, which has brought about considerable exploration. If gold prices were a little better, there would be more exploration. A lot of people are holding off

at the moment because of poor mineral prices, particularly with gold which seems to be one of the minerals we are finding a lot of. As I said, that was a one-off program. As far as ongoing work is concerned, the priority at the moment is to ensure that all that data is put together in the correct form and that industries are assisted to use that data in the correct way.

The role of Mines and Energy has not particularly changed. That initiative ran for a period. As I said, it has generated an enormous amount of data and it is more important to ensure that that data is well used. At the moment, the priority is to get that into a more useable form and to encourage developers to go out there. As far as exploration is concerned, there has been a rush, but it is not particularly busy at the moment. A lot of industry people are holding off because they feel that gold prices are not particularly good. That does not mean that there will not be gold exploration. There are some very high quality finds which they say are viable at the current prices, but it has put a dampener on exploration.

**Ms HURLEY:** I appreciate that the Minister is not able to give me at this time detailed statistics, but does he have any idea of the percentage of the State which has been covered by this mineral exploration initiative?

**The Hon. R.G. KERIN:** I know the areas on the map quite well and I would be quite happy to try to draw a map. I will undertake to get the Deputy Leader a nice coloured map of the area. If I had to hazard a guess, I would say that about half the State has been covered.

Our major areas of prospectivity have been covered. We would like to cover more areas, but at the moment we have piles and piles of data which really needs to be worked through and put in a form whereby industry can make the most of it. But I will undertake to obtain for the Deputy Leader a nice, coloured map, which I am sure she will put on the wall.

**Ms HURLEY:** I am aware that there is a significant degree of disquiet in the industry that the Department of Mines and Energy has been absorbed into the Department of Primary Industries. The Department of Mines and the Mining Educational Research and Service Organisation have a very long and proud history in this State. They have cooperated and co-funded, and this has resulted in a very innovative and thriving industry that has been essential to the well-being of South Australia. This move is a bit of a slap in the face for the industry; a downgrading of its importance to the State, in fact. Many in the mining industry see this as an indication of the importance with which it is held by the Government.

Given the rewards that can be reaped from the mining industry, and given the Opposition's commitment to exploration and the development of mines and subsequent value adding of those minerals, I would like to ask the Minister: are the functional responsibilities of the unit unchanged as a result of being subsumed within the larger department, and what is the Government's view of the importance of the mining industry?

**The Hon. R.G. KERIN:** As, no doubt, the Deputy Leader gathered, there was some opposition when the amalgamation of Mines and Energy and Primary Industries was announced. It was pointed out to me by quite a few people, including a couple of former Directors of Mines and Energy, that they did have a long history of over 100 years and that, over that time, there have been various levels of support from the Government for the mining industry. But the honourable member is right: Mines and Energy was held in very high esteem by

industry, and there was considerable disquiet about the fact that the departments were to be joined. It was quite interesting, because it was not so much a takeover as a merger of the two, and none of the disquiet seemed to come from Primary Industries; it all came from the mining sector, which thought that it was being subsumed.

I have had the opportunity to meet with quite a few of the mining groups, the chamber and quite a few of the individual industry people, and we have renewed our commitment to that. We feel that over the next couple of years we can upgrade the standard of service the Government can give to the mining industry. Things such as industry development and many of the back office functions can be done better with the joined departments. After the meetings and discussions I have had with industry players, I think that they have been a lot more comfortable with the situation. We have talked to them about what they actually need.

The building on Greenhill Road where Mines and Energy has been based has probably reached the end of its useful life as a headquarters for Mines and Energy, so we are shifting most of them. We feel that it is very important that the services of Mines and Energy that are actually used by the mining and exploration community are kept together and kept completely accessible to industry. As far as our commitment to mining goes, the uranium seminar that was held in Adelaide last week gave an idea of the varying degrees of support for that industry that comes from the various spectrums of the political circle.

I was able to give them total support, and I must give full marks for courage to the Federal shadow Minister for Mines (Stephen Smith). He was good enough to address the uranium industry and tried very hard to sell Federal Labor policy and the fact that, if Labor gets into power, it will allow any mines that are up and going to continue but those that are not up and going will not get the nod. The shadow Minister, to his credit, tried to sell it to industry by saying, 'At least you have policy certainty.' They were far from convinced that it gave them any certainty at all. But this Government is very committed to the future of mining in this State.

At the moment I do not think we are getting anywhere near the returns we should be getting. When you compare mining as a percentage of our GDP to that of Western Australia, it is nowhere near it. Not only do we need to increase the level of exploration and mining but we have a long way to go to get more value adding out of it. A lot of work is required to get the SASE project up, and there are a couple of other projects in the wings. What we need to see in the mining industry is not just a few jobs, mining and royalties but some value adding. There are some exciting opportunities, and we are very committed.

**Ms HURLEY:** The well respected CEO of Mines South Australia has already left. Is the Minister confident that under the new structure there will be the career opportunities for well qualified people within the mining industry to give up private employment and be attracted to the department?

**The Hon. R.G. KERIN:** That is a very important question. Mines and Energy has been able to attract some very good people. If you look at many branches of Government, there is extreme mobility between them, particularly in some of the less specialist departments. People go from one to another and many Public Service careers entail two years here, two years there and two years somewhere else. A lot of people have been in Mines and Energy for a long time, and we are very conscious of the fact that we need to keep

people who are specialists in their field, who are very good at what they do, and to offer them some career opportunities.

At the moment, the acting Deputy Chief Executive of the department is a person from Mines and Energy, and I look forward to the day when Mines and Energy will provide a CEO of the Department of Primary Industries and Resources South Australia.

**Ms HURLEY:** If after a trial period industry consensus is that this merging, amalgamation or takeover, whatever you like to call it, of the Department of Mines has not worked, will the Minister undertake to reverse the decision and set up a separate Department of Mines again?

**The Hon. R.G. KERIN:** I would like to thank the Deputy Leader for making me a lot more powerful than I actually am. That decision comes from powers greater than I, I am afraid. The honourable member will find that the mining industry, after a rocky start when it did not accept the decision very well at all, now realises that it continues to be provided with the same level of services. My discussions with people in the mining industry have focused on the fact that they feel very happy with Dennis Mutton, the Chief Executive, PIRSA. They have been meeting with him constantly.

Initially, I think the mining industry felt that it had to have what it used to call its own director. It has directors within our executive, and the feedback from them about the department and the chief executive has been very encouraging.

**Ms HURLEY:** Page 443 of the Auditor-General's Report comments on the extractive areas rehabilitation fund and calls into question the way in which the fund operates and says:

... that, in most years, receipts have exceeded payments. In part, this may be related to the administrative model which relies on mining companies to make applications for specific projects, which in turn may be accepted or rejected based on predetermined criteria and established review processes.

Has the Minister looked at this fund and seen whether it is operating in the most effective way, or is the Minister content to let the cash in the fund accumulate indefinitely?

**The Hon. R.G. KERIN:** Yes, I assure the Deputy Leader that, like all good Ministers, I do keep an eye on that fund.

One of the interesting things is that, despite the comments in the report, in the past couple of years payments have exceeded receipts, which goes against the statement made in the report. The build-up over the past—

**Ms Hurley:** By \$11.

**The Hon. R.G. KERIN:** No, \$11 000. What we have seen is only a build-up of \$300 000 over the past five years. It is running at about the right level. Obviously it fluctuates depending on the level of income generated in the year and which mining operations come up for rehabilitation at any time. It is built up from industry levies which are specifically for rehabilitation. It is run at a very even keel. I noted those comments with some glee. It has done very well. In relation to the fund, it is not up to me or the department to say what rehabilitation occurs. There is a body responsible for grants from the fund. I am very happy with the fund. If members look at the fact that the receipts and payments are running very close together, it is operating extremely well.

**The CHAIRMAN:** Order! I have to report that the time for the examination of the Auditor-General's Report and the budget results of 1996-97 has concluded as it relates to the Minister for Primary Industries, Natural Resources and Regional Development.

#### **INTERNATIONAL TRANSFER OF PRISONERS (SOUTH AUSTRALIA) BILL**

Received from the Legislative Council and read a first time.

#### **PUBLIC SECTOR MANAGEMENT (INCOMPATIBLE PUBLIC OFFICES) AMENDMENT BILL**

Received from the Legislative Council and read a first time.

#### **ADJOURNMENT**

At 10.25 p.m. the House adjourned until Thursday 19 February at 10.30 a.m.