

**HOUSE OF ASSEMBLY**

Wednesday 16 June 2004

**ESTIMATES COMMITTEE A****Chairman:**

The Hon. R.B. Such

**Members:**

Mr P. Caica  
 The Hon. M.R. Buckby  
 Ms V. Ciccarello  
 The Hon. R.G. Kerin  
 Mr M.F. O'Brien  
 Mrs I.M. Redmond

*The Committee met at 11 a.m.*


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House of Assembly, \$6 470 000  
 Joint Parliamentary Services, \$7 184 000  
 Legislative Council, \$3 976 000

**Witness:**

The Hon. M.D. Rann, Premier, Minister for Economic Development, Minister for Social Inclusion, Minister for the Arts, Minister for Volunteers

**Departmental Advisers:**

Mr D. Bridges, Clerk, House of Assembly.  
 Mr J. Neldner, Finance Manager, Joint Services Division.  
 Mr H. Coxon, Parliamentary Librarian, Parliamentary Library.  
 Mr G. Peschel, Catering Manager, Catering Division.  
 Ms J. Richards, Leader, Hansard.

**The CHAIRMAN:** Good morning everyone. Estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of proposed payments, to facilitate the changeover of departmental advisers. I believe that the Premier and the lead speaker for the Opposition, the Leader of the Opposition, have agreed on a timetable. Changes to committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed request to be discharged form. If a minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 23 July. The minister and the lead speaker can make an opening statement, but I would urge members to be brief.

There will be a flexible approach to giving the call for asking questions based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may at the discretion of the chair ask a question. I will not ask members to identify a page from the budget papers, unless they stray from the substance of our reference.

Members unable to complete their questions may submit them as questions on notice. There is no formal facility for the tabling of documents; however, documents can be

supplied to the chair for distribution to the committee. Incorporation of material into *Hansard* is under the same rules as normally apply, namely, that it must be purely statistical and limited to one page.

All questions are to be directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response. I advise that, for the purposes of the committee, some freedom will be allowed for television coverage by allowing a short period of filming from the northern gallery.

I now declare the proposed payments open for examination, and refer members to appendix C, page C2 in the Budget Statement. I now invite the Premier to make an opening statement.

**The Hon. M.D. RANN:** With agreement from my esteemed colleague the Leader of the Opposition who, I think, shares my excitement about today and the opportunities that it gives us all for a long and interesting time together, we will save our opening statements and remarks until after we have proceeded through the parliamentary votes and the State Governor's Establishment vote. I think that is correct, Rob?

**The Hon. R.G. KERIN:** Yes. I have no statement and just a couple of questions within this section. Is the Premier considering the proposal of having parliament filmed and, if so, what is the latest costing?

**The Hon. M.D. RANN:** I have not seen any proposal in recent times for the filming of parliament. We are already filmed on a daily basis. I understand that some of the proposals that have been looked at in the past have been considered to be very expensive. I can say, however, that I very strongly support the idea of the parliament meeting in a country location. It is really important that, just as we hold community cabinet meetings in regional centres (and I think that we have been right around the state already from the Riverland to Ceduna to Port Lincoln to Mount Gambier, parts of Adelaide, the Spencer Gulf cities and Murray Bridge), it would be a fantastic thing if this parliament were to meet in a country centre some time in 2005. I know this needs to be agreed by everybody involved, but it would be a major event. It will be a real demonstration that the parliament is the parliament for the whole state and not just for Adelaide, and it would give country people and country schoolchildren access to the parliament and its processes.

**The Hon. R.G. KERIN:** Will the Premier inform the committee as to whether the government is giving any consideration to the extensions to Parliament House, which were publicised this morning, and is there any indicative costing?

**The Hon. M.D. RANN:** I have just returned from Washington DC. Whilst I was impressed by the Capitol building and by the White House, I have not seen any plans for a new Parliament House building in South Australia, or for additions.

**The CHAIRMAN:** I believe that the Speaker is very interested, as I am, in the issue of improving accommodation in Parliament House. I know that people say that schools and hospitals need improving, too, which we know. The facilities for staff, in particular, are substandard, and staff accommodation spreads along both sides of North Terrace. Is it possible for the government to look at that question of a development on the north-west corner, perhaps in conjunction with the redevelopment, as I understand it, of the casino?

**The Hon. M.D. RANN:** I have not seen these plans. The only thing I can say is that my priority and the priority of my government is for the refurbishment of our hospitals—the

QEH, the Lyell McEwen and the Royal Adelaide. It is about improving our schools and employing extra police. Not only are they my priorities but they will remain my priorities.

On the issue of having the parliament meet in another centre, I mentioned it to the Speaker. Obviously, agreement must be accorded to it, and it must be done in a bipartisan way, otherwise it cannot work. But it seems to me that this would be a fantastic initiative. Other states have done it—Queensland, Western Australia, Victoria and the Northern Territory. The second biggest city in South Australia is Mount Gambier, and it would be tremendous if we could have parliament meet in Mount Gambier. Perhaps the House of Assembly could meet in Mount Gambier and the Legislative Council could meet elsewhere. I am saying that without any undue irony.

**The Hon. M.R. BUCKBY:** With respect to this meeting in the country, does the Premier envisage it would be once a year, and has he thought about a timetable, security measures and cost?

**The Hon. M.D. RANN:** We have to look at all of that. The member for Fisher raised the issue and has attended one such meeting.

**The CHAIRMAN:** Yes, in Western Australia.

**The Hon. M.D. RANN:** I spoke to Clare Martin about it in the Northern Territory. They moved the parliament to have a session in Alice Springs, which was incredibly well received. That is the feedback that I am getting from the other states. We usually lead on these things, but here we can learn from the other states. Obviously we would have to look at the cost. If we did it in Mount Gambier, we would probably have to meet at the Robert Helpmann centre or the regional theatre so that the public could come in. Apparently interstate queues of people as well as school kids have wanted to come in, so it is part of an exercise in participatory democracy. We have to look at the cost—that is of concern to me—but we also need to look at the technology about how we could do it. If they can do it in the other states then surely we can do it here.

**The CHAIRMAN:** For the Western Australian parliament, the cost was \$110 000, which included some refurbishment of the Albany Town Hall. With modern technology, it is not necessary to take all the Hansard staff to the location.

**The Hon. I.P. LEWIS:** My question relates to the present arrangements in the parliament for the provision of services to the parliament and to members of parliament, particularly members of the House of Assembly, all of whom have their electorate offices, at least one anyway, outside parliament. Is it possible for the Premier to identify to the committee the number of portfolios through which services are provided to members of parliament during this last 12 months and during the next 12 months, and, without quantifying them, any time during the last three years and for the last 12 months and the next 12 months state what resources are being allocated in terms of money and what broad services are provided by that portfolio to the parliament?

My intention in asking that question is to discover how much it actually costs to run the state parliament and thereby enable us to accurately transfer responsibility for raising that revenue through the parliament in a separate bill from the budget. There are two strong reasons for doing so: the first is that the money spent by parliament ought not to be a matter of political contention between the government and opposition, or the government and any other honourable member. It ought to be completely open and accountable, and also it ought to be administered in a way which ensures that no honourable member in either chamber feels that they are at

risk of being bullied by the minister who, from time to time, may have responsibility for the provision and delivery of those services.

From the almost 25 years that I have been in this place, I can say that there have definitely been occasions on which ministers with responsibility for the provision of services to members of the parliament have indeed for a variety of reasons used their position to coerce members into doing what the minister would want, rather than what the member may have otherwise chosen to do. I think that unfortunate.

As the Premier knows, that background explanation is the reason for my having personally included a provision to establish the budget of the parliament separately and independently from the state's budget, as occurs in many other parliaments, to avoid the issues to which I have referred in the course of explaining the reason for the question.

I make no reflection whatever on the Premier in pointing out that this was an arrangement we had with each other. It is part of the compact, as the Leader of the Opposition would know, as he read the same document. It will provide for completely transparent, open and accountable provision of services to members of parliament by a committee of the parliament, rather than by an eclectic collection of ministers who, most of the time, probably find that separate from and an irritation to their other portfolio responsibilities. However, in the process it ensures that the public knows what is going on and how the money is obtained and the purposes to which it will be applied when it is appropriated by the parliament for the parliament's use prior to the state budget itself.

I thank you for the opportunity to ask that question. In answering it, will the Premier tell me how long he expects it might be before he can provide us with that information?

**The Hon. M.D. RANN:** I thank the honourable Speaker for that question. I think he raises a number of cogent points. Of course, there is a whole range of issues relating to the electorate offices—for example, in terms of parliamentary privilege. Does parliamentary privilege apply to the electorate offices in terms of matters raised with members of parliament? These issues need to be clarified.

I know that DAIS has the greatest relationship with offices. I have not been in the parliament as long as the honourable Speaker, although I have been here for 18½ years. The relationship between the electorate offices and the parliament, and the electorate offices and the government, has certainly changed over time and in many ways has improved—certainly, it has improved since I came into the parliament. But there is a need for clarification, and I am very happy to take up that issue for the honourable member. Because it involves a number of different departments, I will try to do that as speedily as possible.

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

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State Governor's Establishment, \$2 498 000

**Departmental Advisers:**

Mr W. McCann, Chief Executive, Department of the Premier and Cabinet.

Mr A. Bodzioch, Executive Director, Corporate and State Services.

Mr A. Blaskett, Director, Corporate Affairs.

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

**The Hon. M.D. RANN:** I want to take this opportunity to say some things about the Governor and clarify my previous comments. I strongly support the first regional parliament being held in Mount Gambier. I pay a tribute to the way in which the Governor, Her Excellency Marjorie Jackson-Nelson AC, continues to serve the South Australian community. Her approachable style and generous spirited engagement with people from all walks of life have generated high praise and highlighted the value of the vice-regal role in the celebration of community achievements. We have an outstanding Governor in South Australia—a non-partisan Governor who enjoys bipartisan support.

Her Excellency has participated in a heavy program of vice-regal commitments, including 19 country visits over the year. In addition, Her Excellency also undertook travel to Europe, Malaysia and Japan in pursuit of the state's interests, particularly focusing on the promotion of forthcoming Adelaide sporting fixtures in France and Spain, education and trade links with Sarawak, and sister state relationships with Okayama Prefecture in Japan. Priceless goodwill has been generated.

The feedback we get not only from the country visits but also from the overseas visits has been overwhelming. Of course, Her Excellency's stature in promoting the Tour Down Under and the Police and Fire Games, as well as her stature as someone who has won nine gold medals and 10 world records means that she is someone who is embraced. But it is more than that: it is her personality as well. So, thank you to Her Excellency for the good work that she does on behalf of the state.

Maintenance of Government House and grounds is ongoing. It is a big issue, as the Leader of the Opposition would know. There have been issues of salt damp and all sorts of things over the years. Major works undertaken with recurrent resources include the extension of better access for people with mobility impairments by installing a permanent ramp to the eastern entrance and the automation of two sets of disabled toilet doors.

In order to avoid ad hoc or poorly based decisions being made about the development and maintenance of the grounds of Government House, \$25 000 was spent on a landscape conservation study and the development of a master plan and management plan. Some recommendations have already been implemented, such as the opening up of a vista of the house from the front gates and the progressive minimisation of grassed areas to help conserve water. A major focus in current months is the upgrading of bitumen roadways and parking areas and the projected cost of \$300 000 to avert ongoing maintenance issues and costs.

Government House, in its currently well-maintained state, makes an unforgettable impact both on visitors from elsewhere and on those South Australians whose achievements and efforts on behalf of the community are acknowledged by the Governor's hospitality. The highest standards of presentation are pursued.

Visitor numbers amounted to over 21 000 this financial year. The Governor, of course, has opened Government House grounds to the people on a number of occasions and, again, that has had fantastic feedback. This is part of our history. It is a meeting ground and celebration place for our state, and it could not have a better hostess.

**The Hon. R.G. KERIN:** I certainly back up everything the Premier has said. We are extremely lucky to have the

Governor that we have. She is extremely dedicated to the job, she is very dignified, and she is extremely popular with all South Australians. There is no doubt that she has been very willing to put her heart and soul into the job. The fact that 21 000 South Australians have been through Government House shows that she is sharing that residence with South Australians.

The Premier mentioned the 19 regional visits: Her Excellency leaves an enormous impression with the people whom she visits, whether they go there or whether she is out in regional areas. She visited Snowtown on a Sunday late last year and—getting there about half an hour before she did—everyone was so nervous about where they should stand, and what they should say, and everything else. I think people are somewhat in awe of her because of her persona and because she has won nine more gold medals than even the Premier and I put together!

Her Excellency is held in enormous regard, and what you find is that after she has finished her visit those people give one big sigh of relief because she is just so easy for them to look after, and she puts them totally at ease by the way she carries herself and the way she talks to people. She spends a lot of time on each of those visits, making sure that she not only talks to the organisers but also gets around and meets the general people in the crowd at virtually all those functions. That is a magnificent effort and we can all be very proud of her and the way in which she goes about making an ongoing contribution to both South Australia and Australia. For someone who has done it all her life it is terrific, and we congratulate Her Excellency on yet another year of contribution to this state.

**The CHAIRMAN:** I indicate my affection for Her Excellency and the great respect and admiration that I have for the work she does.

I raise an issue that I have canvassed before and ask for it to be looked at in terms of feasibility: that is, whether that is still the best location for the Governor. I say that for various reasons. We do not have a major park in that part of the city and that could be opened up to the public. Also, I do not believe that the actual location itself is conducive to a pleasant lifestyle for the incumbent. If you think about the noise of traffic and other activities, I do not believe that it is necessarily the ideal location. I ask whether the government would consider some alternative sites. Some people have mentioned Carrick Hill—not to live in the actual building, but there is land there to build a facility which would be quieter and would serve the purpose.

I raise the issue of whether, in terms of opening up that up as a public park, it is a suitable residence for the Governor any longer because of the noise, and whether the Premier will have some of his people look at whether it is possible and desirable to consider an alternative location for the Governor. As I say, I make that statement within the context of having the utmost respect for the Governor and her position but questioning whether it is time to look an alternative location for Government House.

**The Hon. M.D. RANN:** I thank the Chairman for his comments and I know that he has, as he acknowledged, a profound respect for both the incumbent Governor and previous governors. I think it would be quite impractical to shift Government House to, say, Carrick Hill. It has been mentioned before. Carrick Hill was left to the state and there was a clear message that the integrity of Carrick Hill should not be altered. If we were to build new buildings on the grounds of Carrick Hill, I think there would be a massive

community backlash. Carrick Hill itself is quite impractical for a Government House in terms of reception areas and things such as kitchen support. Also, of course, Carrick Hill is now a significant art museum in itself, as well as a conservation zone. In fact, I am sure that all members would be aware that one of Australia's few Gauguins, if not the only one, is located at Carrick Hill.

I understand what you say about the noise. I think it is quite noisy, but I am sure that if at some time, 10 years or maybe 20 years down the track, people are considering future governors maybe the Leader of the Opposition and I could do a job share and we would cope with the noise.

**The CHAIRMAN:** What about alternative locations? People suggest Carrick Hill and I accept that it would have limitations. However, I do not think the function of Governor requires that the Governor be adjacent to Parliament House any longer. I am just asking whether or not alternative sites could be looked at. I am not obsessed with Carrick Hill, but the question arises of opening that up as a park—and we do not have a Hyde Park in Adelaide: we could have our own park right on North Terrace. I just ask if the Premier would get some of his people to have a look at this as an option, although it may be completely non-feasible.

**The Hon. M.D. RANN:** I guess my only concern is what would we then do with Government House. The Governor has opened up the grounds of Government House more than probably any previous incumbent, and is really keen to do so. Recently, to give you an example, there was the anniversary of Meals on Wheels, and Meals on Wheels volunteers and a massive number of people were invited in to Government House.

It is used for ceremonial purposes, such as the swearing in of ministers. But also, of course, the Speaker presents the Address in Reply there and meets regularly with the Governor. So, ease of access between Parliament House and Government House is useful. Also, we as a parliament regularly visit Government House.

I am not in any way diminishing what the member for Fisher is putting forward, but I think the grounds are one thing, and it seems to me that Government House itself is well suited for its function, which is to be a centre for ceremonial life—a non-partisan centre of what people can hold functions in. I think there would be quite a community backlash if Government House was to become just an annex of an art gallery or the Museum. I am certainly happy to look at issues such as the use of the grounds, but I think the Governor has shown her own leadership in that area by opening it up to the people. I am happy to discuss it further with the honourable member.

**The Hon. I.P. LEWIS:** I endorse remarks made by the Premier, the Leader of the Opposition and you, sir, about the incumbent and about the office of Governor and add to them my own appreciation of the necessity for us in our democracy, if we are to continue to avoid circumstances like Watergate, to have an independent head of state, separate from head of government, and distinct from the two houses of the parliament in the process of making law.

This is for two reasons. One is that the Governor, by giving assent to the legislation which has passed both houses of parliament and which has been sworn to have passed both houses by the presiding officers and the clerks of those chambers, then satisfies herself or himself in their exalted office that due process has been followed and that the law has been made by the parliament, according to that process. I will

not go into the manner and form argument here, but it warrants something of a short dissertation, I am sure, for the benefit of honourable members, sir, not the least of whom might be yourself.

In addition to that point, in ensuring that we do have appropriate processes followed in making law, the Governor's office is part of what the whole of government as a concept provides to the society and the jurisdiction in the constitution in which it is established in its capital city. That is the purpose of it, so that all the heads of government agencies, the ministers and the parliament, the courts and the governor are located in the capital city for that very reason. If we were to shift it outside the capital city, we have immediate problems of access for the general public, because our transport system is designed to provide citizens with ready access to the capital city and the things that are there.

I am strongly of the view that the ample grounds serve as an insulation to diminish the effect of the noise to which the Chairman refers. More especially, however, on the point of noise, I make the strong point that there are thousands of other residents in the capital city itself who are much closer to the noise that is being generated by traffic and so on than the Governor in her rooms in that dwelling. No governor, at any time that I have had contact with them in the last three decades, has ever complained to me about noise on the premises. I have not known it to be a problem.

The fact that the ample grounds are used for public functions to ensure that the public understands the role and function of the office of the head of state and its patronage of the people who are sovereign makes it an entirely appropriate location, as well as an entirely appropriate function. I have three questions about this line.

First, how many functions have been held in the grounds of Government House at public expense to which members of the public have been able to go in each of the last couple of years, and what has that cost the taxpayer? This is, in a sense, separate from the costs of running the establishment. I think that is an important benefit that all of us get out of it as a society.

Secondly, can the Premier provide to me—taking on notice the question, as with the previous one—the details of what changes have been made to the protocol order in the last four decades—since, say, 1965—as to the ranking in public events of judges of the Supreme Court, the Governor, the Premier, ministers of the crown and the officers of the parliament.

The third question relates to a matter—which I was annoyed to find being thrown around in the chamber here during the last week of sitting—raised by me entirely of my own volition. I have set out to discover why we have the present arrangements for determining who has, by virtue of their office in the parliament, been given the title of 'honourable' and why the criteria are set at the points where they have been set. All members of the Legislative Council have the title 'honourable' from the day they are elected. Ministers have the title, as do officers of the parliament, from the day they are sworn in—elected or appointed as the case may be—yet they do not retain that title, as do members of the Legislative Council, unless there is a certain period of time over which they have served, either collectively or continuously.

I believe the period of time needs to be reviewed and reduced to two years, and have said so in correspondence. I was amazed when I learned that several ministers knew of that correspondence—I had sent it to no one else. There was

only one letter. So I am asking the Premier now if, in Executive Council, he can raise the question again with Her Excellency and find out if we can review the circumstances in which the title of 'Honourable' is awarded, and to give it for life to people who have served for, in total, at least two years. At present it is variable, and I believe it ought to be reviewed and brought back to a single threshold beyond which honourable members who have had higher office retain it, should they have served two years—not necessarily continuously but collectively in that office.

**The Hon. M.D. RANN:** That is a very broad ranging question, particularly the issue of changes in protocol ratings since 1965. I will do my best. Some people might ask—because I am such an avid supporter of the role of the state Governor—how that is consistent with the views of many people in this parliament about, for instance, a republic. This was raised at the Republic Convention in Canberra, which was held at the beginning of 1998, and I was challenged on this issue. I pointed out to those challenging me that, in fact, a number of republics have state governors. The United States of America has state governors who are not members of the legislature but they are heads of government as well as heads of state of their respective state. Also, of course, members would realise that India, the world's largest democracy, is a republic which has an elected non-partisan president, in a similar function to the Governor-General of Australia, but also has in each of its states a state governor. I also pointed out to honourable members at that Republic Convention that Brazil, which is a republic, also has state governors.

So, there would be no inconsistency whatsoever if at some stage in the future Australia became a republic—and there does not seem to be any yearning desire from the population for this to occur, certainly as registered a few years ago in a referendum—and the role of the state Governor continued, and I think that the role of the state Governor as a non-partisan figure, with bi-partisan support, is very helpful to the processes of democracy. I can also say that I understand that some years ago, and the honourable member has asked me quite a difficult series of questions, that the Lieutenant-Governor used to be the chief justice of the state. So, this is a major change that occurred. I believe it was decided on the advice of a former chief justice—I do not want to be held accountable for this but it may have been John Bray; the Speaker may know, I am not sure—who felt that there was an inconsistency in terms of the separation of powers, because if the governor was overseas then the chief justice would preside over Executive Council, which is the executive arm of government, and therefore you have a situation where the chief justice, who is separate from the parliament—the judiciary is independent from parliament—and separate from the executive arm, ended up not only presiding over Executive Council and thereby and therein the executive arm of government but also assenting to acts of the parliament—

**The Hon. I.P. LEWIS:** And may be then challenged in that very court over which he presides.

**The Hon. M.D. RANN:** Which could then be challenged in the very court that they preside over. So, there was considered to be a substantial anomaly in the constitutional arrangements of South Australia that were rectified during the timeframe referred to by the honourable member—or perhaps earlier, I am being advised, if it was indeed John Bray, but I am not sure. We will investigate that and get a report for the honourable member on the issues that he has raised, which are important issues because they go to the substance of our democracy.

On the issue of the title 'honourable', I have always felt that it was an anomaly that backbench members of the Upper House not only received the title 'honourable' the moment they entered the building but also retained it for life. It is true that several former ministers have an interest in having the title 'honourable'. In South Australia, if you are a cabinet minister who is also a member of Executive Council for three years either consecutively or in total, you are entitled to retain the title 'honourable' for life, and one receives, as I received many years ago, a letter from the Governor inviting acceptance of that title. I think the confusion occurs about whether people have been junior ministers, and I understand that there are a number of people who are junior ministers who wanted the title 'honourable' but who were not members of Executive Council and therefore, once having no longer been a junior minister, could not then have the title 'honourable' because they were not a member of Executive Council.

I think that is where the confusion has come in. Certainly, interest has been expressed from several members of the previous government in retaining the title 'honourable' for life, but the advice is that they had to have been a member of Executive Council for three years. In fact, if you are a junior minister for all that time you are never a member of Executive Council, although some went from being a junior minister to a senior minister and, thereby, became a member of Executive Council, but not for the sufficient time period. I am happy to look at that issue. Obviously, it is an area where there needs to be bipartisan acceptance of any changes.

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Department of the Premier and Cabinet, \$42 252 000  
Administered Items for the Department of the Premier  
and Cabinet, \$19 209 000

**The CHAIRMAN:** I declare the proposed payments open for examination. Does the Premier wish to make a statement?

**The Hon. M.D. RANN:** An opening statement has been prepared for me which could only be described as lengthy. Basically it talks about the task of prudent financial management, which is the hallmark of this government. We have been able to increase spending on those community priorities by delivering a healthy surplus next year and across forward estimates. I am happy to table this opening statement.

**The CHAIRMAN:** The Premier can have it circulated but not tabled.

**The Hon. M.D. RANN:** Perhaps I will have it circulated for people's enjoyment! The role of the Premier's Department is changing, due to changing circumstances. I want to point to two examples of where there have been changes, apart from the structural changes that involve setting up my ministries as Minister for Social Inclusion and also Minister for the Arts, which now comes under Mr Warren McCann, as head of the Premier's Department but also now head of the arts department. He is an arts mogul as well as the head of the Public Service. There are other issues.

We have established some extra responsibilities in terms of counter-terrorism and security. My government takes the threat of terrorism seriously. Since the terrorist attacks on 11 September and the Bali atrocity, we have embarked on the most significant counter-terrorism measures ever seen in our state. The human cost of terrorism is beyond comprehension. We now live in a world of fear, where we have seen thousands of men, women and children killed and wounded

because of terrorism attacks. It is no secret that nowhere in the world are we immune to terrorism and other threats, including in Australia. Our government is working to enhance South Australia's preparedness to prevent, detect, respond to and recover from terrorist incidents and other disasters.

Late next year we will be tested like never before when South Australia will be one of two lead jurisdictions involved in the national counter-terrorism exercise Mercury 05. It will be like a war game, likely to involve defence forces, ASIO, South Australia Police and Australian Federal Police, our emergency services, government departments and some private sector owners of critical infrastructure. The nation will be looking to South Australia to see how we respond to potential threats like those experienced during this year's exercise. The Mercury 04 scenario during March touched on an attack of two diplomatic representatives from overseas governments in an Adelaide restaurant. Star Force officers killed one attacker and wounded another who ended up under guard at the Royal Adelaide Hospital in terms of this war game that occurred in South Australia to test our preparedness for terrorism. Next year we will be one of the lead states in another major national exercise on counter-terrorism.

That hypothetical incident in March resulted in the activation of the State Crisis Centre for the first time in more than 10 years. The Police Operations Centre and the State Emergency Management Operations Centre were also activated, and there was a link-up with the National Security Council and State Crisis Centre for national decision making. The Prime Minister telephoned me and other premiers in the process of declaring a terrorist situation and the implications for our community and infrastructure protection to be considered.

Since that exercise, I can announce today that we have bolstered the Department of the Premier and Cabinet budget for counter-terrorism and emergency management activities with an additional \$2.3 million over four years allocated for additional staff in the recently formed Security and Emergency Management Office. The office's first task was to develop a state counter-terrorism plan, and the additional staff will help complete urgent projects in critical infrastructure protection, establishing protective security standards within government and enhancing emergency planning. The additional staff will also be implementing targeted staff training as well as recommendations from the review of government buildings' security, which has looked closely at vital infrastructure such as hospitals and emergency facilities, as well as key government buildings.

The office is central to South Australia's counter-terrorism activities. It works with all state government agencies and emergency services to provide strategic direction, leadership and coordination for whole-of-government protective security, emergency management and counter-terrorism policy. The office also works in close partnership with South Australia Police on security and counter-terrorism matters and with the State Disaster Committee on emergency planning and related projects. It also has links to similar bodies in other jurisdictions to ensure that plans are coordinated in the case of a national emergency such as the Bali attack.

SAPOL's counter-terrorism budget has also been strengthened, with eight of the extra 200 police being funded by my government to be dedicated to the State Protective Security Branch. They will assist with the implementation of the critical infrastructure support team to provide on-the-spot support and information to the owners and operators of our

state's critical infrastructure, maximising their protection. All critical infrastructure is overseen by the critical infrastructure advisory group, which involves senior representation from government agencies coordinating work across government. It also provides information on our critical infrastructure to a secure ASIO database and in return receives threat assessments and advice for particular areas of infrastructure. Separate to that, another \$850 000 is going into the Police Security Services Branch next financial year to improve security at the state's high-risk sites. An injection of \$1.46 million has been allocated in 2005-06.

The government is also investing in crime-fighting tools that can enhance our protection from terrorist activities. The \$4.2 million allocated for counter-terrorism and state disaster response in last year's budget has seen the purchase of a mobile intelligence command centre that will be commissioned next month. This equipment will put police at the scene of a crime online to scan databases while gathering and sending intelligence. A chemical, biological or radiological (CBR) event would seriously challenge any government's capacity to respond. In preparing for the possible threat of a CBR incident, the commonwealth and state governments have jointly contributed to preparedness. The commonwealth and state governments have contributed over \$1.8 million for protective suits and other equipment. Specialist protective suits for tactical police work have also been purchased. We are also the first state to install multi-victim CBR decontamination units at our hospitals. Our four units are designed and manufactured here in South Australia and they allow for a large number of people to be decontaminated quickly when time is of the essence.

South Australia's terrorism stand extends to the strengthening of our laws. We have endorsed commonwealth moves towards cross-border investigative powers and have agreed—I spell this out clearly—to the banning of terrorist organisations Hamas, Lashkar-e-Tayyiba (LeT), Palestinian Islamic Jihad, and Hezbollah's terrorist wing. Our cabinet was the first in Australia to endorse the implementation of a licensing and permit system for ammonium nitrate. We have since been taking part in the development of national guidelines that should be announced at next week's COAG meeting with the Prime Minister and other premiers.

It is essential that we have a unified and coordinated approach to any terrorist threat, and I am confident that the initiatives that the government is delivering through the Premier's department will greatly enhance our preparedness. Our new Emergency Management Bill, currently before parliament, follows a review of the State Disaster Act 1980. It will introduce an additional level of emergency called identified major incident that will provide a transitional step between a day-to-day emergency and the declaration of a major emergency. It may be used when emergencies require complex coordination or when a higher degree of management is required because of the management of an event. I should point out that, in the event of a terrorist incident, arrangements have been made between the Prime Minister and me for the instant application of a national terrorism incident involving a joint decision by the two of us.

Our bill also establishes a State Emergency Management Committee, replacing the current State Disaster Committee, which will be chaired by the Chief Executive of my department, Warren McCann, ensuring that emergency planning is taken at a higher level in government and given a broader priority. In spelling this out, we can show that we are doing everything we can to fight terrorism because we cannot let

terrorists succeed in their attempt to force innocent people to live in fear.

The Premier's department is the central policy advisory arm of government, and that has been occurring particularly in terms of our opposition to a nuclear waste dump in South Australia, and I have a statement to make about the nuclear waste dump issue. I am most concerned to have received correspondence from the Australian government about its intentions to notify us that they want to conduct hydrological studies within 500 metres of its proposed national repository site, and I can announce today that Warren McCann has advised the federal government of the following. I will read Mr McCann's letter to the commonwealth government, as follows:

Dear Mr Kellett,

National Radioactive Waste Repository—Proposed access to surrounding land to conduct field studies.

I refer to your letter of 10 June 2004 on the above matter and to the attached notice which purports to have been given pursuant to section 9 of the Lands Acquisition Act 1989. You have advised that certain 'authorised persons' intend to enter on land situated within 500 metres of the proposed site for the national radiological waste repository (site 40a) and its associated access corridor to perform a hydrogeological study.

I have been advised by the Crown Solicitor that the State's case is that the Commonwealth's purported acquisition on 7 July 2003 of site 40a and the access corridor was void and of no effect. The validity of the purported acquisition has been the subject of judicial review proceedings in the Federal Court, and an appeal by the State of South Australia was heard in May of this year by the Full Federal Court.

If the Full Court accepts that the purported acquisition was void, it will follow that the Commonwealth has not at any relevant time held an interest in site 40a or in the access corridor. It will follow also that there will have been no circumstances to enliven the power conferred by sections 11 and 12 of the Lands Acquisition Act to enter on land temporarily and perform the proposed works.

In these circumstances your proposal is quite inappropriate pending the outcome of the proceedings in the Federal Court. If the appeal is successful and it is found that the purported acquisition was void from the beginning, your occupation and use of the land may well constitute an offence under the Pastoral Land Management and Conservation Act.

I reiterate this to the committee: the state government has moved to stop contractors from carrying out tests on land surrounding the proposed radioactive waste dump in South Australia's Mid North, saying that it could be viewed as actionable trespass. The contractors were due this Friday to go onto the land to sink four wells, but an urgent letter from the government (sent late yesterday) has warned the federal government against going anywhere near the site. My view is that if the federal government has not carried out all the tests necessary on the site, it is not only too late, given the assurances it gave the people of this state, but it also makes a sham of the claim that the site is the best in Australia. The land is still owned by the state government unless the Full Federal Court decides otherwise. We are continuing to appeal against the federal government's compulsory acquisition of the site, and that has yet to be settled.

I am advised by the Crown Solicitor's Office that, on the arguments presented by the state to the Full Federal Court in May this year, the federal government has no right to sink wells on this land without our express permission, or it will be deemed to be trespass and in breach of state law.

Last month, a Nuclear Safety Committee report stated that more work was needed to demonstrate the site's safety before regulatory approval could be granted for the dump. It called for more information on six main issues, including bores and ground water flow at the site. At that time, the federal science

minister, Peter McGauran, was reported as saying that this was merely a presentation problem with the information. It now appears that the concerns were much more serious.

I am personally appalled that it is only now emerging that the scientific information surrounding the decision for this site is so lacking. We have been told by Mr McGauran that comprehensive tests had been carried out over many years to discover this site. We now find that not even basic ground water testing has been done sufficiently. As far as I am concerned, it is too late to go back onto the site and start tests now. Australians should have lost all confidence that the federal government knows what it is doing on this national radioactive waste dump, and we believe it is time that it abandoned its plans. We will regard any move this Friday to sink wells around the proposed radiation dump as an act of trespass in breach of South Australian law.

**The Hon. R.G. KERIN:** We welcome the opportunity to question over the next couple of weeks the Premier and his ministers on the budget. Before I talk about the budget itself, and in response to the Premier's comments, I think the government's attitude to the radioactive waste repository ignores many factors that are obvious to many who understand the issue—one factor being just how dangerous this stuff is. We have heard time and again from the Premier and the Minister for Environment and Conservation about how dangerous this waste will be, but that totally ignores several issues.

Currently, most of what would be stored there is actually sitting in rusting drums in a hangar in Woomera—put there by the Keating Labor government. If the government thinks that is responsible storage, it should have a good look at itself. Another issue is that currently the waste is stored at about 130 sites around South Australia. If we are talking about how stringent everything has to be for the national repository, what measures has the government taken to ensure that such stringent measures apply to those 130 sites where it is currently stored, some of which are along North Terrace? The people of South Australia—

**The Hon. M.D. RANN:** If that is a question—

**The Hon. R.G. KERIN:** No; it is not a question; it is part of a statement.

**The Hon. M.D. RANN:** The fact is that there is a proposal to bring a massive amount of radioactive waste from other states to dump in our state. You might support that, but I do not.

**The CHAIRMAN:** Order! I do not want to be shouting 'Order' in this way. The leader has the right to make an opening statement.

**The Hon. R.G. KERIN:** At the moment, a lot of what has come from other states is stored at Woomera in an unsatisfactory manner awaiting the approval of the repository. I think it is about time the people of South Australia were given all the facts. This waste is stored in the community at the moment. We need proper and appropriate storage. Anyone who has received a decent briefing on this issue is aware that, in talking about the associated danger, a lot of alarmist statements have been made. In reality what this is is low to medium radioactive. It just needs to be responsibly stored, and at the moment that is not occurring. But back to the budget.

Once again this year's budget is characterised by quite a few pre-announcements, some of which I will argue were rather misleading. In particular, on the day before the budget was brought down we heard about a jobs package. In reality that is heavily weighted towards the later years. Once we had

a chance to see the budget, it showed that what was announced as a boost to capital works was actually a reduction in capital works but a change in the way that cars are accounted for within the budget. The government did try to sell it as a jobs budget—and there is no doubt that we needed a jobs budget—but I argue that this is not a jobs budget. The government's own prediction for jobs growth over the next 12 months is only 0.75 per cent. We see that drop in capital works, we see an increase in taxation and, yet again, we see a lack of funding in the economic development areas such as what was formerly the department of industry and trade, the areas of food, and export promotion in general.

I think that jobs are probably the greatest concern for South Australians at the moment. There is no doubt that we have done well over the last few years, but it was important that this particular budget very much have a focus on jobs, because over the last 12 months the rest of Australia has increased the number of full-time jobs by 180 000. At the same time in South Australia we have seen a drop of 13 700. That really is a missed opportunity. We are not getting our share of what is happening with jobs across Australia. We have seen a large increase elsewhere and we are not getting that. From that low base, the budget prediction of a 0.75 per cent increase is very low. The other states are all between 1.5 per cent and 2.9 per cent. So, the net effect over the two years—given that we have lost full-time jobs for the last 12 months—will see South Australia in a net loss position whereas the rest of Australia will be up by somewhere in the range of 3 per cent to 4 per cent if predictions are met. That is very much counter to the targets set within the State Strategic Plan.

I would argue that the proper budget response to that should have been more taxation relief than we have actually seen, an increase in capital works, instead of a reduction, and the government stepping up activity in those areas where it can make a difference with things such as economic development, the food strategy, and whatever else. We really needed to act now and not in three of four years time. We need to address that loss of full-time jobs that we have seen in South Australia. As I said, we did have good economic times in the late '90s, and probably right through until June last year we were going pretty well. I think this last financial year has seen us fall somewhat behind.

In taxation, this last year has seen a tax take of \$587 million more than any Liberal government had ever taken in tax, largely led by the more than \$1 billion in property taxes—which was actually 30 per cent over budget—giving the government enormous flexibility in this last financial year. That is not just this government in South Australia: over the last couple of years Labor state governments have made a bit of an art form of the fact that property taxes have been underestimated, and that has given enormous flexibility in each of the states as far as having extra revenue to cover and help out with any other budget pressures that are there. I will exclude Western Australia; I do not think that they have done the same thing. But I would say that we are taking too much in taxation from the economy to put into the surplus. It is too easy to just build your surplus up by simply continuing to take more taxes. I think we have got to the stage now in South Australia where excess in property taxation has resulted in a reduction in retail spend. It is hurting investments and, therefore, it hurts employment; and spending on things such as recreation, hospitality, and holidays all drops because of the extra tax taken. Again, that means fewer jobs.

We have heard much about tax relief with this budget, and the Treasurer announced a \$360 million package of tax cuts. However, when you analyse that, that \$360 million is over four years, and \$180 million of the \$360 million is a bank debits tax, which was a decision made some time ago in the GST deal. That is not happening this year anyway; that will actually start in 12 months time. That only leaves \$180 million, of which \$40 million is this year, which will still be an increase in tax take for the government.

One of the two areas of greatest relief within the budget on tax was payroll tax where, disappointingly, there is actually no move in the threshold, which means that more will pay and there will actually be \$8 million more collected in this coming year than in last year. The small relief was welcomed by industry but it will still result in more being taken and more businesses paying payroll tax. The other area is first home buyers: any relief there is welcome but it is very little relief compared with that given across the rest of Australia. On the median price house in South Australia, which is \$250 000, the relief that comes out of the budget is \$792 compared to \$8 000 in New South Wales, \$5 000 in Victoria, and similar amounts in the other states. That is really on the lower end of the relief given and, certainly, it is far less than has been given in the other states. So, what we have is the highest taxing South Australian government ever and by Grants Commission independent figures the highest taxing state government within Australia.

Where should there have been relief? I think one of the major areas is property taxes, particularly land tax, where the rise in land values without any change to the threshold has seen some outrageous rises in what people have had to pay. That is having a lot of effect out there, it is creating hardship—particularly for people on fixed incomes. But I think what is now really starting to flow through is that, although the Treasurer keeps saying it is wealthy property owners who will have to pay the land tax, in effect it is starting to tell on those who are renting, both in rental accommodation and businesses renting premises.

On top of those taxes we have also seen government charges increased by greater than the CPI. In relation to capital works, we had a big announcement the day before the budget giving the impression of a big capital works boost. There are two issues with that: many of the projects which were mentioned and announced will not be financed for a couple of years; but even more misleading was that, once we had the papers and had time to inspect them, it became obvious that the figure had been boosted through a change in the way that the government motor vehicle fleet was accounted for. By my calculation, once you took the motor vehicles into account, there was actually a drop of \$50 million in capital works which—on top of the cancellations for last year—will have an impact on the construction industry, yet again meaning less jobs.

Likewise, much was made on the day before the budget of the \$250 million job package. There are going to be comments on that. Most of the \$250 million, when you line up the years in which it is going to be spent, is in years 3 and 4, which will do very little for jobs at a time when we are losing full-time jobs, certainly at a much faster rate against the national trend.

I am also concerned about the inclusion of some projects which were put up as new initiatives. I give just two examples: it was said how putting \$6.8 million going into shoulder sealing increased road safety. In reality, that was already in the budget for this coming year and the year after, with



\$6.8 million for shoulder sealing. This was simply \$6.8 million to continue the program into three years' time. It was actually the same money being continued for shoulder sealing and in overtaking lanes. The announcement there, when you slot it into years, does represent a reduction in the funding for overtaking lanes. Once again, that money was in years 3 and 4.

Over the next week, ministers will be questioned about spending in their portfolio areas. There are many areas which we were disappointed with in the budget. Pensioners really did miss out, tourism again gets whacked, spending on roads is totally inadequate, and country health is a major area of concern where the budget allocation actually does represent a drop in real terms. That will put some real pressure on the country health system and those who actually carry out the work in those areas.

The lack of hands-on initiatives to address our falling exports, which are now down to running at the annual rate of \$7.4 billion, has been a progressive drop from the level of \$9.1 billion where we were for some time in the 2001-02 period. Our level of exports has dropped, and that needed to be addressed. I cannot really see much in the budget which will have an impact there.

This a budget which does deliver a surplus, and we certainly agree with that. However, it is an anti-jobs budget. The level of taxation is not sustainable. It removes too much money from an economy which is already suffering compared to national performance. It does very little to create jobs, hence the government's own very modest jobs target of only a 0.75 per cent increase, a figure which would tend to back up the Liberal Party's assessment of the budget.

**The CHAIRMAN:** I take it that was a statement, not a question.

**The Hon. R.G. KERIN:** That was a statement, sir.

#### Additional Departmental Advisers:

Suzanne Carmen, Director, Security and Emergency Management Office.

Dr Adam Graycar, Executive Director, Cabinet Office.

Terry Tysoe, Executive Director, State Strategic Projects.

Michelle Evans, Parliamentary Coordinator, Corporate and State Services.

Madeleine Woolley, Executive Director, Social Inclusion Unit.

**The Hon. R.G. KERIN:** In last year's Estimates Committee, the Premier indicated that the Department of Premier and Cabinet was committed to a \$4.155 million, 11 per cent saving in 2003-04, and indicated that this would go to hospitals. On page 119 of the Statement of Financial Performance, it shows the estimated result to be over \$2.5 million over the budget for 2003-04 and \$2.3 million more than the previous year. What, if any, savings, were actually realised?

**The Hon. M.D. RANN:** Just before answering that part, some things were mentioned in the leader's statement to which I think I need to respond.

**The Hon. R.G. KERIN:** Answer my question!

**The Hon. M.D. RANN:** I will answer your question, because that is the way I am. There is a clear philosophical difference between the Liberals and Labor on the radioactive dump issue. The Liberal opposition clearly supports our state being the nation's radioactive waste dump: our government, Labor, does not. That is why we are continuing the fight. The fact is that we accept that we must take responsibility for our

own state's waste. We simply do not want to take responsibility for everyone else's waste.

We have had the Maralinga experience, where South Australia was the bunny to be the site of British nuclear testing. We have had decades of debate about cleaning it up; tens of millions of dollars have been committed to cleaning up Maralinga; and, of course, we know of the devastating impact of that, not only on veterans, but also on Aboriginal people from the Maralinga Tjarutja lands, and here we go again! You say that you have seen the evidence, but the fact that they are now wanting to do hydrogeological drilling shows that they did not have the facts before them when they made the decision. That is clearly why we continue our fight to oppose it.

The Leader of the Opposition mentioned today a range of other things. I think he mentioned on radio that the employment target within the budget is so low; South Australia's poor performances nationally over the last 12 months; and the fact that there is going to be fewer capital works; and that there were delays from last year, which will impact on jobs. I mentioned the high taxing nature of the budget. The point is that the budget estimates are not targets but estimates based on the need to frame a budget—revenue and expenditure aggregates. The targets are set out in the State Strategic Plan. The leader mentioned about the differences in—

**Mrs REDMOND:** I rise on a point of order. I have been listening patiently, but nothing said by the Premier so far seems to touch in any way on the question asked by the Leader of the Opposition.

**The CHAIRMAN:** In estimates, there is some flexibility in terms of responding to points made. The leader asked a question, I cannot compel the Premier to answer it in a particular way, and I guess he is responding in a general sense to some of the points made in the statement by the leader.

**The Hon. M.D. RANN:** The leader, by way of his introduction, asked questions, and I am just trying to respond. The growth and economic indicators such as business investment, household consumption, dwelling investment and employment in the past two years have been very strong. Comparing the most recent March quarter 2004 with the March quarter 2002 in trend terms, state final demand grew by 11 per cent compared with 7.7 per cent in the previous two years, according to my advice. Business investment grew by 28 per cent compared with 23 per cent growth in the previous two years. Household consumption grew by 9.3 per cent compared with 9.1 per cent growth in the previous two years, and dwelling investment grew by 30 per cent compared with a fall of 12 per cent in the previous two years. Comparing May 2004 with February 2002 labour force statistics, trend total employment in South Australia has grown by 27 300 persons or 4 per cent. Total employment in the 2¼ years prior to the election grew by 17 200 or 2.6 per cent. So, that is 4 per cent versus 2.6 per cent.

The trend unemployment rate in South Australia has fallen from 7 per cent in February 2002 to its current level of 6.2 per cent, and while the decline in agricultural production in South Australia was similar to Australia, the agricultural sector forms a much larger part of the state's economy than nationally, and thus the impact of the drought on the overall economy was proportionally larger.

Treasury and Finance estimates strong growth in gross state product of 4 per cent for 2003-2004, and this is consistent with private economic forecasters such as Econtech who say 3.8 per cent, and Access Economics 3.9 per cent. Both

forecasters agree that the strong growth is being supported by growth in dwelling investment, private consumption, and business investment, as well as the recovery in the export sectors. Today, members would be aware that the Manpower employment survey points to strong employment growth. The Manpower Employment Outlook Survey for July to September 2004 was released on Tuesday 15 June. It surveyed 2 892 employers across Australia. The survey shows a 10 per cent increase in the number of businesses expected to hire more staff in the three months to September 2004. This is a figure up from 17 per cent in the last survey to 27 per cent, and the survey states:

The quarter on quarter increase in South Australia was greater than any other Australian region.

Varina Nissen, Managing Director of Manpower for Australia and New Zealand, was quoted as saying:

Both the Northern Territory and South Australia are anticipating the highest rates with net figures of 31 per cent and 27 per cent respectively.

This is in addition to a very positive outlook in the ANZ Job Ads survey which has just recorded its twelfth consecutive rise. So, those are the figures.

On the issue of the last question asked by the Leader of the Opposition, the full savings asked for of the department were realised during the course of this financial year. A number of new initiatives such as our Big Business Migration Initiative, and also the Security and Emergency Management Office that I mentioned earlier, approved during the course of the year, produced the net result mentioned by the leader.

**The Hon. R.G. KERIN:** Supplementary to that, if those two last ones were responsible—the Security and Emergency Management Office—if that is only \$2.3 million over four years, and that was only set up during the year, surely that is only several hundred thousand dollars. My understanding is that the Migration Unit was actually shifted over from the economic development agency—what is the cost of that particular office?

**The Hon. M.D. RANN:** I gave just a couple of examples. There is also the North Terrace Solar Power Initiative, our Population Policy, the Business and Skilled Migration Program, and the Economic Development Framework State Strategic Plan. I can get you more details.

**The Hon. R.G. KERIN:** Across government what progress has been made to reduce the number of public service positions with a total employment package of greater than \$100 000 and what increase or decrease has occurred since coming to government?

**The Hon. M.D. RANN:** We will be examining the OCPE later in the day and we will have those figures then.

**The Hon. R.G. KERIN:** The State Strategic Plan sets a range of targets for monitoring progress over the next decade. Is the Premier confident that we can meet these targets and is there any consideration of altering any of the targets?

**The Hon. M.D. RANN:** In general, before I answer specifically—obviously the State Strategic Plan was launched on 31 March. It has 79 targets with measurable indicators and a series of priority actions by which both government and the non-government sector can contribute to achieving the targets. There will be two-yearly public reporting on movement in the indicators and progress towards targets. Work is underway on reviewing data sources for each indicator and establishing baseline levels for each. A committee comprising the chairs of the Economic Development Board, Social Inclusion Board, Sustainability Round Table, and Science and

Research Council, has been appointed to oversee monitoring of indicators and provide advice on corrective action to address indicator trends if necessary. This will ensure that reporting of progress is objective and transparent.

An audit of current action in agencies contributing to achieving the State Strategic Plan targets is underway. This will provide a basis for monitoring actions which support the plan and for considering new or amended policies and programs to fill gaps where necessary. The plan, of course, is not just about measuring government, it is also about measuring the community sector, private sector and a whole range of things that are not under the government's responsibility. Engagement with bodies external to government is part of this audit, as many of the actions required to meet State Strategic Plan targets rely on others outside government.

Action has also begun to ensure that the State Strategic Plan is fully integrated into government strategic planning and budget processes and becomes the driver for policy and program decisions. For example, there are new requirements to demonstrate clear links between cabinet submissions and the plan, and agencies' business plans and the plan. In addition, from the next budget cycle the State Strategic Plan will be integrated into the budget process from its outset. Are we confident? Some people have said to me, 'Your targets are too ambitious: you should have set lower sights.' The whole point of having the plan is to be a goad for action. I could easily have sat down and put a whole range of targets that we would easily meet, and then we could pat ourselves on the back and it would just be politics as usual in South Australia.

There have been so many plans over the years, including 2020 Vision and the Arthur D. Little report. There have been so many reports that never had any targets or time lines. People say that we have set ambitious targets: I would rather have ambitious targets than weak targets that we could easily meet. However, I hope soon to be announcing that we have met target number one, and that is in relation to the state Reading Challenge. The Premier's Reading Challenge has been an outstanding success, and we set a target for where we wanted to be within two or three years. As I understand it, we have either just passed that target or are about to. Hopefully, I will be able to report later in estimates.

**The Hon. R.G. KERIN:** As a supplementary question, in relation to the State Strategic Plan and to lend greater credibility to its targets, will the Premier commit to the government reporting on monthly employment data in a manner consistent with the measures to which it has committed in the State Strategic Plan, that is, in trend figures?

**The Hon. M.D. RANN:** We deal with trend figures and with the actual figures, just as the leader does and has. The fact that we report on both sets of figures is an example of how we are prepared to look at both figures. We have dealt with trend figures and we have dealt with the monthly figures, and I think it important that both are addressed separately.

**Mr CAICA:** To date, the government has invested an additional \$22 million over six years in response to the recommendations that came out of the Drugs Summit that was held in 2002. Is the Premier satisfied with the progress being made as a result of this investment and can he advise on the progress?

**The Hon. M.D. RANN:** I have to say that I was really nervous about the Drugs Summit. It had the potential to go horribly wrong. There were up to a thousand people, from memory, and a series of submeetings around the state leading up to the summit. At the Drugs Summit itself members of

parliament from all sides made a fantastic contribution. I know that our Chairman today was the Chairman of the Drugs Summit and it brought great credit to him and also to other members. The member for Bragg was a strong participant almost every day, if not every day. The Drugs Summit had the potential to go horribly wrong, as previous drugs summits have in other places, when you have people coming in with diametrically opposed viewpoints.

You had people who basically wanted total liberalisation of everything, including heroin, and you had other people who were opposed to any reforms and wanted a more draconian approach. The great thing about the Drugs Summit is that slowly, surely, day by day there emerged a consensus on some of the most difficult issues facing our society and community and, indeed, facing parents. The honourable member noted that the government has invested an additional \$22 million over six years in response to the Drugs Summit, and I am pleased to report that since the Drugs Summit we have introduced 35 new initiatives aimed at reducing the problems caused by illicit drug use.

Our aim is to do everything we can to prevent people using illicit drugs, and we are trying to reduce the devastation that so often goes hand in hand with drug abuse—devastation not just for them but also for their families and communities. We want them to be able to resume meaningful and healthy lives. With these new initiatives we are making significant inroads into achieving these goals. The government is committed to equipping young people with the skills they need to avoid drug-related harms. We are providing \$450 000 per year to ensure that our young people receive a sound drug education. Non-government schools are also developing their drug education strategies. We have enhanced the Drug Court program to divert drug users from the criminal justice system into appropriate forms of treatment.

I have to say that it was a huge education for me some years ago to sit in on the Drug Court in New South Wales and see how the judge there dealt with drug addicts who, as a result of their addiction, were constantly committing breaking and entering and other crimes in order to maintain their habit. Previously, the criminal justice system had simply been a revolving door rather than attacking the reasons for the crime, which was the addiction. So, the judge of the Drug Court basically gave addicts a choice, essentially along the lines that they either go to gaol or commit to going into a drug program that involves going cold turkey, which is incredibly hard, and then going into organised treatment and rehabilitation programs.

Every few weeks, they were brought back before the judge and they were given a urine analysis to detect whether or not they were complying. If they were doing well, they were praised and clapped in the court by the prosecutor, the judge and court officials and given encouragement, and if they had broken their compact, their covenant, with the court, they were given some pretty hard and stark choices: if you do it again, you will go to gaol. We saw people breaking down and crying but we also saw some other really inspirational things.

I am pleased that we have enhanced the Drug Court program to divert drug users from the criminal justice system into appropriate forms of treatment. This initiative presents a valuable opportunity to help problem drug users who may not otherwise seek out treatment and support. People who come before South Australia's Drug Court can get help for their drug problem, and successful completion of the treatment program assigned by the court means that a prison sentence is not imposed. Drugs Summit funding has allowed

the court to achieve a 20 per cent increase in its capacity to divert drug users into appropriate forms of treatment.

We have also increased the capacity of the police to investigate and dismantle clandestine drug laboratories. This initiative is already producing impressive results. The South Australia Police closed down 47 backyard laboratories in 2003 compared to a total of 27 in 2002. A further 15 laboratories have already been discovered and shut down this year, and SAPOL advises that it anticipates that this upward trend in success will be maintained for the rest of the year.

We are providing drug assessment and referral services at the Adelaide City Watch-house. A significant number of people who are arrested and taken into custody by the police are problem users of alcohol and other drugs, and we are trialling a new scheme involving the placement of drug and alcohol nurses in the City Watch-house. The nurses provide medical assistance where necessary and refer them to other health services.

The use of amphetamines in Australia is increasing. Only very limited work has been done across Australia to look at the most effective way of treating amphetamine abuse, and we are funding the Drug and Alcohol Services Council to develop and implement ways of treating such dependence. It is also looking at the best ways to reach amphetamine users and engage them in treatment.

Already, clinical protocols for the delivery of effective treatment to young psychostimulant users has been developed. The protocols cover check-up, psychotherapy, maintenance pharmacotherapy and withdrawal trials. Using these clinical protocols, 61 clients have been screened and 36 clients enrolled in the trial of the new treatment methods being developed. Work continues in this important area, and we continue to report to the Cabinet Committee on Drugs regarding the effectiveness of the state government's drug programs. Congratulations to everyone involved in the Drugs Summit. It is great to see initiatives coming through that result from that summit.

**Ms CICCARELLO:** Earlier this year both you and Monsignor Cappo were publicly critical of the lack of progress being made in combating homelessness. How is that initiative proceeding now?

**The Hon. M.D. RANN:** I have great confidence in David Cappo. I have great confidence, too, in the Social Inclusion Board and in the Social Inclusion Unit, which is headed by Madeleine Woolley, who is here with us today. As to the homelessness issue, we gave a number of references to the Social Inclusion Unit to look at. Social inclusion was an idea that we developed from Tony Blair's social exclusion initiative, which recognises that, whilst there are problems that have multilateral causes, or whilst there are problems facing communities and individuals that have a series of causes, too often governments deal with symptoms rather than dealing with those multilateral causes. I will give an example.

When we announced that we were going to put a series of references to the social inclusion initiative, and they included the school retention rate, the Drugs Summit and homelessness, people said that homelessness is about housing, so why is the social inclusion initiative, which is located in the Premier's department, dealing with an issue such as homelessness? Isn't that a job for housing? Homelessness is about a lot more than housing. Its causes include mental illness, drug addiction, alcohol addiction, family breakdown, poverty, unemployment—a whole range of other factors—and some

of them multiple reasons, such as people who have family break-up and also mental illness problems and people who have a series of drug and alcohol problems. We wanted to have joined-up solutions to joined-up problems, and homelessness is the key reference.

The government is committed to preventing and alleviating homelessness, and that commitment is backed by a substantial allocation of \$20 million of new funds over the next four years, including \$12 million in the 2003-04 budget and a further \$8 million in the 2004-05 budget. In March, I became aware from David Cappelletti of the difficulties that some agencies were experiencing in implementing the government's plan to reduce homelessness. This really angered me, as it angered David Cappelletti. The plan was there, it had been agreed upon, and the money was there. However, I was extremely disappointed by the lack of resolve by some agencies in implementing the plan. So I called together key senior public servants at the highest level and let them know that this was not good enough. As I say, the strategy is excellent and the money is there, and reducing homelessness is a priority of this government.

I can report that there has been an excellent response, and all relevant chief executives are now involved in the implementation of homelessness initiatives across government. The Minister for Families and Communities, who chairs the Cabinet Committee on Homelessness, is providing direction and is steering the implementation of homelessness initiatives. More importantly, 13 non-government organisations and eight government agencies are now working together to implement the government's plan. This includes the five non-government agencies engaged to deliver support to Housing Trust and Aboriginal Housing Authority tenants at high risk of eviction from moving into homelessness.

The Baptist Westcare Service does a brilliant job. The member for Norwood, the member for Adelaide and I were there on Christmas Day to help them serve meals to homeless people. That service has been funded to employ extra staff for its invaluable work providing daily meals to hundreds of homeless people in the city, many of whom have drug and alcohol problems. I am advised that the focus of these new positions is to identify people who are new to homelessness and to work intensively with these individuals to ensure that the time they spend homeless is as brief as possible. This is a small group of homeless people with complex and multiple needs who are frequently detained in the City Watch-house.

The Exceptional Needs Unit of the Department for Families and Communities now has additional resources to implement a multi-disciplinary response to the needs of these people. This multi-disciplinary response complements the work of the social inclusion initiative and has funded drug and alcohol nurses, providing medical assistance and referrals in the City Watch-house. I am told that more support is also being provided to homeless families to assist them to find stable housing and to improve the educational and health outcomes of the children of these families.

There is solid evidence that family homelessness has been on the increase over the past decade. The government is implementing a range of strategies to prevent vulnerable families from becoming homeless, especially those with young children. The social inclusion homelessness initiative to address family homelessness links in with the government's response to the child protection review. The full range of social inclusion initiatives supports and complements other homelessness responses, including the supported accommodation assistance program (around \$27 million per year) and

the crisis accommodation program (around \$3.1 million per year) run through the Department for Families and Communities.

The government is implementing a response that is about working in partnership with the community. We have set out a positive course of action to address the serious problem that has been neglected for too many years. I am advised that the implementation of the government's reform program is now on track, and mechanisms are in place to ensure that better outcomes are achieved for our homeless people.

#### Membership:

Ms Chapman substituted for the Hon. M.R. Buckby

**The CHAIRMAN:** According to the schedule, population was to be the topic from 12.30 to 1 p.m. The member for Napier has a question, so we may not get to that subject. Is it possible for the relevant officers to be here for a short period after lunch so that questions can be asked about population?

**The Hon. M.D. RANN:** Yes; that is fine. I am sorry that I was too prolix.

**Mr O'BRIEN:** Will the Premier provide advice on what the Social Inclusion Board's strategy for school retention aims to achieve over the next three years?

**The Hon. M.D. RANN:** This is one of the key issues. It is important not just for the educational outcomes of our young people but also for the economy of our state. I know that the honourable member has a particular concern on this issue in his own electorate.

The goal of the school retention strategy is to increase the number of young people completing their secondary schooling and entering successful pathways to further training or work. Of course, in the early 1990s, when school retention rates were about to 90 per cent—

*The Hon. M.R. Buckby interjecting:*

**The Hon. M.D. RANN:** Obviously, there have been changes to SACE and so on. SACE is currently under review—and about time—and we saw that figure drop to below 60 per cent.

**Ms Chapman:** Haven't you heard the AEU this morning?

**The Hon. M.D. RANN:** Pardon?

**Ms Chapman:** Haven't you heard the AEU this morning?

**The Hon. M.D. RANN:** The number of Aboriginal students finishing year 12 is even lower. In some regions and in country areas, there are very low retention rates. We all know that a good education is critical to young people's future personal and career success, and they deserve the best education we can provide because it is the key to opportunity. This has been demonstrated by the government's large funding commitment to education.

In the last financial year, the government devoted more than \$1.6 billion to education. In the 2004-05 budget announced last month, a further \$63.2 million has been allocated to strengthening our education system. The sum of \$28.4 million has been specifically devoted to improving school retention rates and providing training and work experiences of real long-term value to South Australia's youth. Achieving this is the responsibility of all of us. I have called on South Australia and communities—as well as business and industry sectors, parents, community groups and young people themselves—to work with us to make a real difference. The school retention action plan is just that: people connecting and working together for a common purpose.

Rapid response services will be available to students experiencing problems caused by poverty, family crisis, lack of direction, or the influence of criminal activities. Children under the guardianship of the minister or children suffering with mental illness will receive support in a more coordinated way across government. Nearly \$13 million will be spent on programs that focus on these children, on young people in rural and remote committees, on Aboriginal young people and on those in the juvenile justice system.

Supporting the strategy includes programs such as the No Turning Back initiative. This program is about getting the young people of Ceduna and Koonibba back into education. It will incorporate different styles of teaching and building in flexibility to involve the whole family in the education of their children and young people. One hundred and ten year 11 students will benefit through pathways into the transport service and repair industry and allied trades. The programs are up and running and will be extended to ensure that students from Eyre Peninsula, Yorke Peninsula, the Mid North and the Adelaide Hills have access to them. The Murray Bridge High School and the Onkaparinga Institute are about to receive funding and support from FAYS, SAPOL and the youth education centres to help 30 students. This program is called Reconnect, and will tackle severely at risk young people who have dropped out of school and any form of training. Insight into their needs has been provided through obtaining inside knowledge from people within the community, parents, community groups, young people themselves and government employees. They are dedicated to working together to make a real difference for these young people.

Members will, of course, be aware that one of the first actions the government took was to raise the school leaving age from 15 to 16 years—the first time it has been raised in more than 40 years. Of course, we have also lowered class sizes in the first years of primary school because getting it right in the first years is so important. We have also put in new literacy measures, announced in the budget.

We have experienced increased numbers of Aboriginal students completing their SACE, and we intend to extend this good record—\$156 000 has been allocated to increase the accommodation needed for regional Aboriginal students to attend high school in Adelaide for the very purpose of completing their SACE. SACE is now under a major review, and I am pleased that the President of Business SA is involved in that.

Regional youth and business round tables are to be held across the state to canvass the views of young people and find out directly from them what they consider to be the most burning issues for the government to address. We will listen to them. We want these young people to be positive citizens who will contribute to their communities. We want to know why they have been dropping out of the education system and what we can do to reinforce that system to meet their personal needs.

The school retention action plan is an important part of the commitment and vision that we have had to support successful education, training and career outcomes for young South Australians.

*Ms Chapman interjecting:*

**The Hon. M.D. RANN:** The honourable member mentions that the retention rate is dropping. Well, it certainly did during the time that the former government was in power. Look at the difference between the figures for school retention when Greg Crafter was minister for education and

there was a young and eager minister for employment, training and further education running TAFE.

**The CHAIRMAN:** That name will remain anonymous. We are almost to the lunch break, and I know that the member for Bragg has a series of questions on population. But, Premier, going back to your opening statement on anti-terrorism—and I commend you and acknowledge the importance of those measures—I realise that the federal government has prime responsibility in this area. However, at ministerial councils does anyone ever ask why people hate us so much that they want to kill us? In other words, what effort is put into addressing the root causes of terrorism rather than what, in effect, is an attempt to deal with the issue after it has got out of hand? Does anyone ever ask the obvious question: why are we a target, because some countries, such as Sweden and so on, are not targets?

**The Hon. M.D. RANN:** That was an issue that I addressed recently in Washington. I asked basically the same questions. My view is that too often we talk about terrorism as if it were an ideology rather than a tactic used to further an ideology. I think about 50 per cent of the people who live in the unstable Arab nations, with a population of about 280 million, are under the age of 18. Roughly, about 55 per cent of girls and 45 per cent of boys do not attend high school, and that is the age that people are recruited into terrorism. What we need is a Marshall plan like the one that helped rebuild Europe, perhaps coupled with a Colombo plan—and we all remember how the Colombo plan played a major role in terms of education in India, Sri Lanka, Singapore and Malaysia.

We need a Marshall plan and a Colombo plan to address this issue, and I think that development aid should be linked to, and given to, governments that are prepared to commit to, say, doubling their investment in education in their own countries within 10 years. It seems to me that we really have to embrace the issue of a decent secular education; otherwise, things will be worse and we will see an even bigger recruiting ground for terrorists.

**The CHAIRMAN:** Just quickly on that, in Indonesia there are about 120 million people predominantly of Muslim faith, and there is a perception there and elsewhere that we are anti Muslim. I know that a state government cannot do a lot, but in terms of promoting education and friendship with people in Indonesia are there any measures that your government, under your leadership, can undertake to promote better relationships between the peoples of Indonesia and Australia—and South Australia, in particular?

**The Hon. M.D. RANN:** I think you will be aware that TAFE has had a strong relationship with Indonesia. I remember going to Bandung in about 1990: we had a number of TAFE teachers training TAFE teachers in Indonesia. Also, at TAFE colleges in South Australia—including, from memory, the Tea Tree Gully TAFE—there is a special unit which welcomes and encourages Indonesian students of Muslim background.

But I think that there needs to be a multilateral response. Is interesting that in America there is the East-West Centre in Hawaii, which has been there for years funded by the US federal government that looks at Asia-Pacific issues, and there is also a federally-funded North-South Centre in Miami that looks at South American issues and so on. But there is no centre that looks at the Middle East; there is no centre that looks at Muslim studies that is funded by the US federal government. From memory, there are only 52 Arab speakers in the US State Department.

I think that we have to engage with people. I think that the Colombo plan was a brilliant initiative, and so was the Marshall plan that was about affecting the leadership of countries down the track. We have to fight terrorism but we also have to fight the causes of terrorism, one of which is ignorance upon which evil is able to influence young people to perform terrorist acts.

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

**Ms CHAPMAN:** The EDB recommended that the Minister for Federal/State Relations have the overall responsibility for implementing migration recommendations and, further, you had announced that you would be supporting a consolidation of population related functions into your department and the Department of Manufacturing, Trade and Business. So why is population still under the auspices of Premier and Cabinet and why is Minister Foley not handling this matter?

**The Hon. M.D. RANN:** He is, and I guess you could pop next door, but I am quite happy to help.

**Ms CHAPMAN:** I am here because it was required that I put these questions to you.

**The Hon. M.D. RANN:** It is okay: calm down. There is no media looking at you, so you do not need to puff up.

**Ms CHAPMAN:** I do not need to respond to that: only you do.

**The Hon. M.D. RANN:** The thing is that it is located, as it appropriately should be, inside the Department of the Premier and Cabinet, but I am quite happy to answer any questions that you like on the issue of population. If I cannot help answer them, then I will refer them to Dr Adam Graycar, who will.

**Ms CHAPMAN:** I have a supplementary question. Do you agree that the recommendation of the EDB, which was that the population functions be consolidated with those departments and that they be reportable to the Minister for Federal/State Relations, has not been undertaken?

**The Hon. M.D. RANN:** They service the minister from my office rather than moving people around, which is the sort of thing that your government used to do. They service the minister, and the Minister for Federal/State Relations is Kevin Foley. He is serviced from within the Premier's Department, which has a policy field. There is nothing unusual about that.

**Ms CHAPMAN:** On 15 May 2004, the Premier announced that his government would:

... appoint a dedicated migration specialist to spearhead its promotion of South Australia in the United Kingdom. This was part of the government's State Strategic Plan to seek a population of two million people in South Australia by 2050. . . the migration specialist will travel throughout the UK promoting South Australia's virtues to potential migrants and represent the South Australian government at migration events such as London's Annual Immigrant Fair.

Further, the Premier said:

The person is expected to commence in the new financial year.

Who is the person appointed, how much will they be paid and, as it is part of the exact role of the Office of the Agent-General for South Australia 'to encourage people to migrate to South Australia under the skilled and business migration program', will any one or more of the staff of the Agent-General's office be dismissed?

**The Hon. M.D. RANN:** For the assistance of the committee and of the member, I will give an overview of

what we are doing and then we can deal with the minutiae. In the next few decades, South Australia faces the prospect of declining population, labour shortages and accelerated population ageing. This would seriously impact on the state's national relevance, economic and social development as well as the state budget. I do not believe this is a guaranteed outcome. It is a challenge that we must be aware of and meet with a comprehensive response. To address these demographic challenges, the government released a population policy for South Australia on 31 March of this year.

The policy sets strategic objectives in two broad areas: to improve the state's net overseas and interstate migration performance and to improve participation and productivity of the state's work force. To achieve these objectives, the policy adopts some ambitious targets including: to at least double the intake of independent skilled migrants by 2008; to achieve a five-fold increase in business migrants; to reduce the net outflow of interstate migrants to zero in that time; to at least match Australian fertility levels; to achieve a balanced and stable aid structure; to improve work force participation; and to achieve a South Australian population of two million by 2050. This will and must be done on an environmentally sustainable basis. The government will invest \$10.2 million over the next four years in a package of new initiatives to achieve these targets.

Major areas of spending over the next four years will be: migration initiatives, \$6 million; return to work credits, \$3.84 million; and other workplace initiatives, \$0.4 million. The expenditure on migration initiatives is in addition to \$6.2 million previously allocated to business and regional migration programs. The major initiatives in the policy package are: to supplement existing visa classes; active participation in the new two-staged skilled independent regional visa, aimed at attracting and retaining migrants to regional areas including all of South Australia—that is two million over four years; a series of population and migration workshops in half a dozen regional centres around the state, \$40 000 in 2004-05; and a dedicated migration representative in the United Kingdom, \$65 000 in 2004-05.

His name is Scott Oster. He was selected and appointed by the Agent-General, Maurice de Rohan, is commencing on 1 July and will work out of the Agent-General's office and spend half time on migration and half time on business investment, which the honourable member would know are clearly interlinked. We are also participating in the National Expatriate Program run by the Australian Institute of Commercialisation to connect highly skilled expatriates with local businesses and research institutions. That is \$300 000 over four years. This program will be administered by Business SA, under the leadership of Peter Vaughan, as the CEO of Business SA. A new return to work scheme will provide eligible South Australian parents, who have been out of the work force for at least two years caring for children, \$1 200 credit towards the cost of an approved education or training course, part-time payment of first year HECS, child care or materials. That is about \$960 000 per annum for four years.

DFEST is currently finalising the criteria for this program, and the following information will be provided at least in draft form, I hope, by the end of this month: draft eligibility criteria; the level of resources required to administer the program; the number of credits that would be available; the basis on which program outcomes would be measured and reported; dates for finalisation, no later than 1 August 2004; and release of the eligibility criteria closer to implementation.

The program is not simply a credit scheme but includes a broader case management individual planning approach. The broader approach requires more planning and development regarding strategic links with existing state-commonwealth programs and realignment of resources, risks and evaluation. Obviously there needs to be an appropriate advertising campaign, an awareness raising program workshop and information on the value of flexible workforce practices—that is \$235 000 over four years. A major promotion of South Australia throughout the eastern states of Australia and targeted overseas countries—I think that New Zealand will be one of them as well as Britain—that is \$1.4 million over four years. The program will complement a comprehensive state promotion campaign developed by the Department of Trade and Economic Development, and implementation of most of the initiatives will commence from 1 July 2004—that is certainly my intention. The Return to Work scheme will commence on 1 January 2005.

The state government has little control over many determinants of demographic trends and will need to work collaboratively with other levels of government especially the commonwealth, business, and the community, to achieve the targets set. I want to congratulate Amanda Vanstone for her cooperation—if the honourable member can pass on my congratulations to the federal minister—and her department. The state government welcomes recent changes to some commonwealth policies that have significant impact on population and workforce trends and will work in partnership with the commonwealth to achieve the state's population objectives.

Some examples of commonwealth policy changes include the introduction of two new visa classes—and I strongly endorse the work that Amanda Vanstone is doing here. There is the Skilled Independent Regional (SIR) provisional two-stage visa involving a three-year temporary stage requiring the applicant to live and work in regional Australia and pathways to permanent residency if they comply with the requirements of the temporary visa. This visa is available to applicants who fall short of the general skilled pass mark. It will also provide the only on-shore visa option to some overseas students. The second new visa class is Investor (Retirement Temporary), a temporary four-year visa that is easily rolled over for ongoing four-year periods. Applicants are required to invest in state bonds or projects, maintain health insurance and be financially independent. The eligibility criteria will be less stringent in regional and low population growth metropolitan areas.

We also want a placement of an outreach officer in the federal department's Adelaide office dedicated to increasing migration into South Australia. As part of the 2004–2005 federal budget there is the introduction of a package of incentives to help families, including a maternity payment of \$3 000 for each newborn child after July 2004, the creation of 40 000 extra outside school hours places and 4 000 extra family day care places. Before 30 June 2004 all families eligible for family tax benefit will receive a lump sum payment of \$600 per child, an increase of \$600 on the base and maximum rates of FTB, and a reduction in the withdrawal rate between maximum base rates of FTB by reducing the effect of marginal tax rates, etc., etc.

**Ms CHAPMAN:** I thank the Premier for that comprehensive response and I am happy to convey his appreciation to the federal minister. The supplementary question is: how much will Mr Oster be paid and will there be any loss of employment in the Agent-General's office as a result of this

person undertaking duties, which are clearly within the ambit of the office in any event?

**The Hon. M.D. RANN:** He is working with the Agent-General, in the Agent-General's Office and the cost of employing him will be \$65 000, which we are transferring to the Agent-General's Office. Scott Oster, who has been selected and appointed by the Agent-General (who has, I believe, bi-partisan support, he was appointed by your government) will work out of the Agent-General's Office. That is part of the brief of the Agent-General, who has held various functions to encourage people to come home. You remember the big campaign, the big frontpage, 'Bring them back home'. It was a slogan and it was a good one. This is about putting some depth into it.

**Ms CHAPMAN:** Do I take it from your answer, Premier, that there will be no loss of other jobs in the Agent-General's Office?

**The Hon. M.D. RANN:** We are appointing Scott Oster into the Agent-General's Office and \$65 000 is being transferred—

**Ms CHAPMAN:** The Premier refuses to answer.

**The Hon. M.D. RANN:** —to the Agent-General's Office to employ him. So, they are getting more money.

**Ms CHAPMAN:** That's all right; I understand what that question is. My third question is: on 21 November the National Population Summit convened and issued recommendations including:

That urgent research be commissioned to establish an optimum population target and corresponding annual quotas for immigration, taking account of the natural population increase, environmental sustainability, infrastructure requirements, skills and labour market issues, immigrant categories and regional distribution.

What research, if any, has the South Australian government commissioned and/or undertaken?

**The Hon. M.D. RANN:** By the way, on the previous thing, I will get you all the details that you need about Scott Oster's appointment.

**Ms CHAPMAN:** You have answered that.

**The Hon. M.D. RANN:** But I am happy to provide the extra information, to make sure—

**Ms CHAPMAN:** Who gets the sack is the question?

**The Hon. M.D. RANN:** No-one is getting the sack, not that I am aware of. No-one is getting the sack. No-one's told me that anyone is getting the sack. I do not think that you should be concerned. I will check it all out and we will get it totally sorted out for you so that you can sleep easy. On the question of the research, I think Graham Hugo's research has been drawn upon. Is that correct Dr Graycar?

**Dr GRAYCAR:** Yes.

**Ms CHAPMAN:** Mr Hugo's research was, of course, before and after the summit. It is my recollection that Mr Hugo attended at the summit, which we were appreciative of. The recommendation and the communique from the summit was that urgent research be undertaken. So, in relation to that, because you had then announced that we would have a target of 2 million people here by 2050, which was announced in your Population Policy in March 2004, what research was relied upon for that figure in particular to identify where this population might reside, and all the aspects which had been outlined by the Population Summit as being necessary, to use your words in the budget, to ensure the 'long-term sustainability of the economy and the community'?

**The Hon. M.D. RANN:** The honourable member will be aware that business groups urged a much more ambitious

target. We set and discussed the target because we believed it was more achievable and more realistic and, most importantly, more environmentally sustainable. The honourable member will be aware that we have had thinkers in residence, such as Peter Cullen, looking at water issues, and so on. I can get more details for the honourable member, but the target of two million by 2050 was set by me.

**Ms CHAPMAN:** I think the Premier has kindly indicated that he will obtain the information as to what research was relied on to identify that that target was achievable, because clearly we need to know where this extra half million people will live, what jobs they will have, what schools and hospitals are going to be provided for them and, of course, what financial support will be given and where particularly they will live in South Australia, given that at the same time we are talking about how we protect the River Murray. Energy issues are clearly critical for the future of this state, so I appreciate the Premier's indication that he will identify the research that supports the sustainability, both environmentally and economically, of this matter.

**The Hon. M.D. RANN:** I can reveal today—major announcement—that a group chaired by Dr Adam Graycar is looking at these matters.

**The CHAIRMAN:** On matters relating to immigration, I find that there are some encouraging signs from Senator Vanstone's office, but the reality still seems to be that it is very difficult to migrate to South Australia. I can provide examples of where people with great qualifications, etc, cannot easily get in. The other point is that with business migration rumour has it that many people come in under that heading but do not actually continue doing what they said they would do, and it raises the question: why do we not give a go to some of the refugees, of whom there are many throughout the world? We have had a tradition of taking people from a disadvantaged background: why do we not encourage and allow some of them to come here?

**The Hon. M.D. RANN:** We have been working quite closely with Amanda Vanstone on the humanitarian front. As members know, we do not believe that kids should be in detention centres or behind barbed wire, and we have been working quite closely with the federal government in terms of assisting on the humanitarian migration front.

**The CHAIRMAN:** Just in relation to business migrants, do we have any evidence that they actually do what they claim they are going to do?

**The Hon. M.D. RANN:** As members know, it is very difficult for a state government to influence migration in a direct way, except from interstate or New Zealand, which is not required to go through immigration because New Zealanders can live here, thank God! That is why the two-staged visa, for instance, has been put in place, so that people do not just nominate South Australia and then disappear down the side to Sydney. Sydney is chocker. The Premier of New South Wales has made it clear that they do not need any more people over there. We have to try to work with the federal government in a cooperative way to ensure that greater points are given to people who choose South Australia, the Territory, Tasmania and Western Australia, but we have been doing particularly badly over the past decade in terms of getting business migrants compared to, say, Western Australia.

Getting back to your question, sir, about asylum seekers and humanitarian migrants, the state government has been proactive in implementing a strategy to work more closely with the commonwealth on asylum seeker and detention

centre issues since November 2002, and its comprehensive whole-of-government approach is led by the cabinet office. Regular meetings with the commonwealth Department of Immigration and the Port Augusta council are held to deal with detention centre issues. The commonwealth also attends a regular series of bilateral meetings with state agencies on asylum seekers in South Australia. These meetings provide an avenue for the state government to express its views and concerns to the commonwealth.

The relationship between state and federal agencies has continued to improve, which has been of particular benefit to the children and young people in immigration detention. Do you want me to go on with this, sir?

**The CHAIRMAN:** I am just interested in the general point about giving a go to the sort of people who come under the category of refugees. There are millions of them throughout the world, and we have had a proud tradition of accepting them in the past, and I would like to see us do more in that regard.

**The Hon. M.D. RANN:** One of the things we are undertaking is the Port Augusta residential housing project, which opened late last year with the capacity for 40 people. As at 27 May 2004 there were eight women and 14 children in the residential housing project. While the women and children in the residential housing project are, in effect, in detention, the housing project allows them to live in a low security, community-like environment, and partners and other children visit the housing project. We are also working with various aid agencies, and have been really pleased with the relationship with Centacare, the Catholic aid agency.

**Ms CICCARELLO:** I wish to refer to Budget Paper 4, Volume 1, regarding graduates. What is the government doing to recruit quality graduates into the public sector? What support is being offered to ensure that these graduates have the necessary skills and knowledge to effectively work in a government environment?

**The Hon. M.D. RANN:** The South Australian Public Sector Graduate Recruitment program assists agencies to recruit quality graduates with the skills needed in the public sector. To support this recruitment program, a structured graduate induction and development program has been developed and coordinated to ensure that graduates have the necessary skills and knowledge to work effectively in a government environment. To date for this financial year, 121 graduates have been recruited through the program, with 70 graduate positions currently undergoing selection process.

The OCPPE has entered into a contractual agreement with the commonwealth Department of Employment and Workplace Relations for the establishment and management of a centralised indigenous scholarship program for the South Australian public sector. To date, six scholarships have been offered and one is currently undergoing selection process. A graduate development program was designed for new graduates to support the recruitment scheme. Funding for this program has been provided from the OCPPE, and 109 graduates were enrolled in the graduate development program during 2003-04 with 97 currently enrolled for the 2004-05 program. This vocational education and training-based development program provides an effective pathway for graduates to obtain the necessary competencies to work effectively in the public sector environment.

**Mr CAICA:** On Saturday 3 April at the reconvened Economic Growth Summit, the Premier spoke of his frustration that the EDB recommendations were not being implemented as quickly as he might have liked. The Premier said,



'The plan was in place, so was the money, but not the energy I expected from the modern public sector.' An important recommendation from the EDB was No. 25, the need for a public sector recruitment strategy. Can the Premier update the committee on what progress has been made in improving public sector responsiveness, particularly in relation to recruiting?

**The Hon. M.D. RANN:** The EDB's *A Framework for Economic Development in South Australia* of May 2003 challenged government to improve the existing recruitment processes used in the public sector. In responding to this recommendation, the OCPE has developed through the senior management council, which is all the public sector leadership, a more sensible, efficient and effective recruitment proposal. OCPE will trial this initiative during the recruitment of a large number of the 186 child protection workers announced in the state budget. In the past, applying for jobs in the Public Service has sometimes been a long-winded, time-consuming and confusing process. Job descriptions sometimes include unhelpful detail about tasks and requirements. Some job descriptions have had 43 criteria against which people must demonstrate their abilities. Good people may have been discouraged from applying because of a very bureaucratic application process. Many applicants invest countless hours writing their application and then become frustrated if selection panels take months to contact them. I think that we can do better.

The OCPE trial will see most of these new positions advertised in the public domain. New job descriptions have been developed, making the jobs easier for candidates to understand, thus making it easier to apply, but the most important advance is the use of better selection tools. In this trial, the future child protection workers, for instance, will be subjected to a thorough assessment to determine their suitability. Candidates will undergo police checks, ability testing, behavioural and situational interviews, team exercises and problem-solving tests. Finally, it is expected that the recruitment initiative that began with national advertisements on Saturday 12 June will be completed within eight weeks.

I shared the Social Inclusion Board's frustration with the implementation of initiatives that have been announced, supported and funded, and I equally shared some of the frustrations expressed by the EDB in terms of getting implementation of reforms committed to by cabinet. Early this year, I called in senior management to express my concern about delays and to suggest that it was vitally important that the EDB's recommendations be implemented.

**Mr O'BRIEN:** What is the government doing to promote greater linkages between the public and private sector? Are processes in place that will facilitate the movement of personnel between the public sector and the private sector?

**The Hon. M.D. RANN:** This is a really important area because there needs to be greater understanding between the public and private sectors and it is of vital importance to the state. In 2003, the Economic Development Board recommended that 'the government implement a staff exchange program between the public and private sector'. The rationale was that an exchange of staff 'will give the public sector access to key areas of expertise in the private sector and increase understanding of government amongst the private sector'. The OCPE has subsequently developed the industry postings program, which aims to enhance relationships between the public and private sectors by improving utility, interaction and networking between business and the public

sector. Portfolio chief executives have been invited to identify the applicability of the scheme to their current business needs.

In late 2003, the OCPE developed an internal mobility program, the South Australian Public Sector Mobility Program. The program provides mobility placements for up to six months for public servants at the senior management and executive level across public sector portfolios. There are currently 10 participants from across government who have been matched to another portfolio. Their placements will commence in June 2004 and conclude in November 2004. The outcome of both programs will be a public sector and private sector benefiting from an infusion of new ideas, perspectives and approaches and an enhanced understanding of the business of government.

In 1994, I spent a couple of days out at General Motors- Holden's plant in Elizabeth. I attended quality and productivity circles, sat in on the management board meetings and worked on the line making parts for bumper bars. This was based on an idea which I got from New Zealand and which was also used in Britain and Canada. In those countries, there are schemes that not only swap executives and in the public and private sectors but also provide placements in various industries for backbench MPs who want to participate in the scheme. I think it was a Thatcher government initiative.

**The Hon. R.G. KERIN:** I will swap you jobs for a week.

**The Hon. M.D. RANN:** We have swapped! In those three countries there has been bipartisan support for the scheme. In New Zealand (I think it was a National Party government initiative, but I am not sure), backbenchers were placed in small, medium and large industries. It was about building a better understanding amongst decision-makers and legislators.

*Members interjecting:*

**The Hon. M.D. RANN:** That is an extraordinary statement from the Deputy Leader—talk about misleading parliament! That was an outrageous assertion. It is quite clear that some people do not have any political expertise. Other countries have found that this scheme has worked well in increasing the understanding of members of parliament of how business works—perhaps even for those members with an industry background in industries in which they had not been involved.

**Mrs REDMOND:** In the light of the Premier's comments about the public and private sectors, will he explain the difference between consultants and contractors and indicate whether any of the people previously in other budgets listed as consultants are now shown as contractors and, if so, how many?

**The CHAIRMAN:** Order, members on the right! I can hardly hear.

**The Hon. M.D. RANN:** I have just been advised that the rules have not been changed since you were in government, but I will see whether we can find any more information that will be helpful to you. Perhaps the Leader of the Opposition will advise how much was spent on the consultants for selling ETSA—tens of millions of dollars. I remember that the Americans had their hands full of dollars. I am really pleased that the member asked how much has been spent on consultants and contractors since 1995-96.

**Mrs REDMOND:** With respect, Premier, that was not the question. The question was—

**The Hon. M.D. RANN:** You do not want to hear this one, do you! The following table provides expenditure on consultants and contractors for the Department of the Premier and Cabinet since—

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

**The Hon. M.D. RANN:** This could be—

**The CHAIRMAN:** Order!

**Mrs REDMOND:** The question was: in relation to the current budget, are there people shown now as contractors who were previously shown as consultants?

**The CHAIRMAN:** As I have indicated before, the Premier has considerable latitude in answering, particularly in the committee.

**The Hon. M.D. RANN:** I am advised by Mr Bodzioch that the answer is no, but I will give you these figures because they might help you understand the issues, given the member's tremendous experience, apparently, in the private sector. In 1995-96, the Department of the Premier and Cabinet spent \$3 065 420; in 1996-97, \$3 581 915; in 1997-98, \$2 509 364; in 1998-99, \$1 446 732; in 1999-00, \$2 447 799; in 2000-01, \$2 338 000; in 2001-02, \$2 900 016; in 2002-03, \$2 881 497; and—wait for it—from 1 July 2003 to 31 May 2003, \$1 434 061. Here is the key: the departmental consultancy budget for 2004-05 is \$769 000. That is the difference. I will finish before you butt in. Quite frankly, I find it extraordinary that someone who aspires to be the Liberal leader puts their chin out on the issue of consultancies after what they did over ETSA. Compare the difference between 1995 and 1996— from more than \$3 million down to \$769 000.

**Mrs REDMOND:** I have a supplementary question. The Premier has kindly given figures on consultancies over that period. Will he now give the figures for contractors over that period?

**The Hon. M.D. RANN:** That is the combined number I just read out for consultants and contractors, because the rules have not changed—but the numbers have.

**Mrs REDMOND:** Will the Premier explain why the number of his ministerial staff has increased from 28 in the 2002-03 budget to 32 in the current budget and why the amount of funding allocated to staffing over this same period has increased by almost half a million dollars—from \$4.14 million to \$4.5 million?

**The Hon. M.D. RANN:** The Premier's office budget for 2004-05 is \$4.5 million, with ministerial staff numbers at 31.7. I am not sure which one is the 0.7; I will have to guess! I understand that the previous government had 40 ministerial contract staff in the Premier's office as at March 2002. I am advised by the Department of Premier and Cabinet that the previous government had, at the point that it lost power, overspent the Premier's office budget by more than \$400 000. In fact, I have created ongoing savings to the taxpayer by having just one Premier's office rather than, effectively, two because when I came to government I found that John Olsen had the Premier's office in Terrace Towers (and it could only be seen to be believed) but also maintained offices next to the cabinet room on the 15th floor of the State Administration Centre in the Premier's office occupied by Dean Brown. So, there were two premier's offices—what an incredible waste of money! Perhaps John Olsen did not want to work in the office that Dean Brown and occupied or something; I do not know. But I am advised by the department that by consolidating the Premier's office in the State Administration Centre, where rent is much cheaper than Terrace Towers, we have created a recurrent saving in the order of \$145 000 a year.

**Mrs REDMOND:** I have a supplementary question. How does that saving of \$145 000 a year compare to the additional cost of the staff going from 28 to 32?

**The Hon. M.D. RANN:** I just pointed out, if the shadow minister and aspiring leader of the opposition had listened, that I have been told that the previous government had 40 ministerial contract staff in the Premier's office as of March 2002, and blew its budget by more than \$400 000.

**Mrs REDMOND:** When you delete media monitoring from it, your staff, Premier, has gone up from 28 to 32 under your watch.

**The Hon. M.D. RANN:** You talk about media monitoring—which is now, by the way, provided for the first time to the opposition. You ask me about what is in my budget—

**Mrs REDMOND:** No: I am asking you about your staff going from 28 to 32.

**The Hon. M.D. RANN:** I will get you the figures and get back to you.

**Mrs REDMOND:** Can the Premier outline the initiatives to meet the five-year target of equalling or bettering the national trend unemployment rate compared with Australia, given our poor comparative performance in the last year and the fact that this year's budget predicts that South Australia will have by far the lowest employment growth of any state in Australia?

**The Hon. M.D. RANN:** In response to this morning's opening statement by the Leader of the Opposition, I think you will find that I have already dealt with that.

**Mrs REDMOND:** And that is your answer, Premier?

**The Hon. M.D. RANN:** Yes.

**Mr HANNA:** I would like to ask the Premier about two projects which, at least in the last couple of years, were being given attention within the Department of the Premier and Cabinet. One is in relation to the Field River. There was talk of couple of years ago about getting some stakeholders together to address the ongoing environmental and heritage damage being perpetrated in the Field River valley, which is virtually on the border of the electorates of Mitchell and Reynell. Is work still being done in the Premier's office on that project?

**The Hon. M.D. RANN:** I do not have any specific information on that but I am happy to make inquiries and get a reply from the Minister for Environment and Conservation who, I think, would be the person to get a reply from.

**Mr HANNA:** The second project, which I am sure the Premier would know something about, is the Glenthorne Farm site. As the Premier would recall, that was handed over to the University of Adelaide to hold upon trust for certain purposes, but I understand that ongoing attention is being given to it by government because the terms of that trust deed have not actually been implemented.

**The Hon. M.D. RANN:** The honourable member is correct, and I congratulate him on his activities over the years to save Glenthorne Farm. Both he and I were concerned at one stage that at least some of it might be carved up for housing, and I know that he has been an active campaigner on this issue.

I have a current status report on Glenthorne. The University of Adelaide advises that it is still investigating options for the development of a commercial vineyard on the site. In the meantime, the university has requested an extension of time to present its concept plan for the property. The necessary documentation is in the process of execution. Glenthorne is currently managed by Martindale Holdings, a university-controlled entity, as an integral part of the university's portfolio of farming properties—and I guess that derives from its management of the Martindale Hall and associated farms near Mintaro.

I am advised that the property is presently used predominantly for sheep, and plans are under consideration to improve soils for cropping. All interim and longer-term plans will retain the property as open space in accordance with government requirements. As a community service, the university allows the Police Dog Squad to use the site for training on an ad hoc basis at no cost. Funding has been allocated from the Urban Forests Biodiversity Project for a vegetation management plan and revegetation using indigenous plant species. Clean-up, seed collection and planting is taking place with input from the Friends of Glenthorne. We want this to be part of our 3 million trees urban forests project.

The state government's open space policies aim to create a network of wildlife corridors and linked green areas, including both private and public open space. The government has committed funds to purchase strategic parcels of land adjacent to existing parks. Around 600 hectares has been added in Adelaide in the past year—including 80 hectares added to the O'Halloran Hill Recreation Park—and to improve areas of public open space through initiatives such as Parklands 2036, Yurrebilla and the One Million Trees Program. This is now, of course, three million trees, but it is still called one million trees, so that we do not have to change the logo.

The Glenthorne property forms an important link in Adelaide's open space network, and the government has a registered encumbrance on the land which will ensure that the university retains the land as open green space in accordance with the provisions of the agreement between the government, the university and the wine industry.

#### Membership:

The Hon. M.R. Buckby substituted for Ms Chapman.

**The Hon. M.R. BUCKBY:** Premier, does your government still commit to the trebling of exports to \$25 billion in 2013 and, if so, how does it intend to achieve this target, given that exports from South Australia were over \$9 billion per annum in 2002 and they have now dropped to \$7.4 billion, and also given that there has been in the last 12 months a bumper harvest in South Australia, in terms of export of wheat and barley?

**The Hon. M.D. RANN:** The answer is that we are absolutely committed to working with industry to achieve the target of \$25 billion in exports. We know that it is very ambitious. It has been set by the Economic Development Board. We know that government itself exports very little, but we have got some very good initiatives, some of which were started by our predecessors. I have to say that it is a great pleasure for me to chair the state's Wine Council and the state's Food Council.

To give you an example of where things flow out from that, I went to Germany last month. There were, I think, 33 or 34 winemakers from South Australia there. As you know, the wine industry targeted Britain 10 or more years ago; it was the place it wanted particularly to target, along with Scandinavia. Australia now sells more wine to the United Kingdom than France, even though France is just across the English Channel. I think last June, or maybe last May, we surpassed France in the United States in this respect. The next big target is Germany, so I went with the wine industry to Wein Woche to introduce our wine to the German market. I was told that the Germans are the biggest drinkers of wine,

not just beer, and also that they are one of the biggest importers of wine in the world.

This was quite a major promotion, including wine tastings, wine marketing, media, launches in different cities of Germany to introduce the German market to Australian wines. Of course, obviously I was there promoting South Australian wines, and I was delighted by the calibre of the people who accompanied me. We also, of course, had Andrew Fielke there, and he was matching the wines to South Australian foodstuffs. I am confident that the wine industry will massively increase its exports to Germany.

Concerning the Food Council, there has been a summit in recent times, and there is the next Food Plan, and again that was an initiative of, I think, the Leader of the Opposition. Is that right?

**The Hon. R.G. KERIN:** Yes.

**The Hon. M.D. RANN:** I think that the Food Plan and Food Council were outstanding initiatives by the former government, and we are working with them in a collaborative way in order to increase the value-add on exporting foods. So, there is a whole series of things. We have set up an export council, which came out of the EDB report. The EDB has got some pretty heavy hitters on it: Robert Champion de Crespigny, who is of course known as a mining magnate, but he is also one of Australia's biggest dairy farmers in the state, if not the biggest. I guess he mines cows. There is also people like Andrew Fletcher from KBR Halliburton, and there is Mike Moore, who is the former head of the World Trade Organisation. We have had Caroline Hewson on the board as well. There is Maurice Crotti, who exports pasta around the world, including to Italy. It is an outstanding board.

So, our target is to treble the value of South Australia's export income to \$25 billion by 2013, with exporters assisted by the work of the industry-led export council, which was established in 2004. Industry-agreed sectoral goals that will assist in meeting the overall target include \$7.5 billion by 2013 for the food industry, in meeting the Food Plan target, and over \$3 billion nationally for the wine industry by 2010, and further developing our exports of motor vehicles.

When I was in the Middle East, in Dubai and Abu Dhabi recently, I was very pleased to see South Australian-made Holdens, rebadged as I think a Chevrolet Caprice and a Chevrolet Lumina. In the United States, of course, the Monaro is rebadged as the Pontiac GTO. Other goals include increasing the current 20 per cent per annum sales and revenue growth of the electronics industry, and further consolidating Adelaide as the defence industry capital of Australia, and developing defence industry exports.

Minerals will also contribute to the overall target by achieving ambitious exploration and processing targets. We will work to more than double our share of national service export, and increase our exports of elaborately transformed manufactures. As you know, I have recently come back from the United States, and the defence industry was one of the keys to my visit, but there have also been discussions about how the United States/Australia free trade agreement will benefit Australia, and particularly my concern with South Australia and what opportunities that and the free trade agreement with Thailand offers us.

We went to part of the US/Australia dialogue that I attended with Premiers Carr and Bracks and Mark Vaile, and I think John Brogden from New South Wales. We were addressed by Ambassador Zoelic, who is the US Trade Representative, on the opportunities that there are for Australia.

**The Hon. M.R. BUCKBY:** Premier, thank you for your answer. You have identified part of my next question which is with regard to the Export Council. Can you tell the committee what the current arrangements are for the Export Council in terms of its operation and its budget? Also, I note that in what you were reading out from the Export Council, estimating \$7.5 billion food exports, have they indicated exactly what items are going to make up that \$7.5 billion? Are they relying purely on seafood exports or are there a range of other exports which they have predicted will increase?

**The Hon. M.D. RANN:** I can get you a report on that. I think that the matters will be raised probably in the Industry and Trade portfolio estimates, but I can get the details for the honourable member. My briefing is in my room but also Economic Development comes on tonight.

**Mr BRINDAL:** I refer to Ministerial Office Resources on page 1.6. What mechanisms of accountability has the Premier set up to ensure that appointments to his personal staff meet the standards of probity and responsibility that should be demanded by the parliament from all those paid for by the public purse? Does he accept that his personal staff can exert no power, statutory influence or control except with his clear authority, either as general delegation or for some specific purpose, and that even when that is exercised, final approval would have to be given, either under his signature as Premier or with approval of his cabinet and/or Executive Council?

**The Hon. M.D. RANN:** I am happy to get a report on that for the honourable member.

**The CHAIRMAN:** Premier, do you see any scope for reform of the federal system given that states have got responsibility for hospitals and schools yet do not have the funding base, and local government says that it does not have the money for roads and so on? We know that during the Whitlam era the notion of regional governments was floated. The Prime Minister, in a letter to me, says that he is happy with the current arrangements. Do you see any scope, any opportunity to improve our federal system to make it work better and more equitably in terms of funding and responsibility?

**The Hon. M.D. RANN:** This is a question that I think is very central to our future. I do not think anyone is happy with how federal/state relations work, and I am not talking about under any particular government. I think that there are so many overlap areas in health and other areas that we end up with this terrible blame game between the states and the federal government where we put more money into health and the federal government takes it away, and then there are arguments about the figures. A number of us have tried to see if COAG can play a much greater role in reform, and certainly we hoped that last year there would be a decent dialogue over health reform and there was not. That led, unfortunately, to a breakdown in relations between the commonwealth and the states at last year's COAG meeting, which I think was at the end of August.

However, there have been some good examples where we have worked well. For instance, last year we announced that South Australia had committed \$224 million over a number of years to River Murray action and reforms. Even though the figures show that of the total amount of water taken out of the River Murray, the extraction, I think that South Australia's is about 5 per cent, do not hold me to it, probably the member for Unley knows better than me, but about 5 per cent by South Australia; I think it was about 58 per cent by New South Wales, and 31 per cent by Victoria.

I have to say I went to last year's COAG hoping that we would have a good outcome for the River Murray but I guess, deep inside me, concerned that that would not happen because there had been decades and decades of brawling between the states—each other and also with the commonwealth—on this issue; and it does not matter who is in power, it has been brawling for years. It was fantastic to see a bipartisan commitment come out of last year's COAG. The Prime Minister came in with a set of figures that he wanted each of us to put in, again I think it was around \$120 million from each of the jurisdictions. I pointed out that we were putting in \$224 million and we only took five per cent of the extraction, compared that with New South Wales and Victoria, and thought that it was a bit rough that we were being asked to dip in again at the same level as states that took a look more out of the river than we do. I was very pleased that the Prime Minister backed me, and in fact agreed to put extra money in from the commonwealth. The end result, I think—the \$500 million package which we set out to achieve as a first step to get about 500 gegalitres—was a really good one and we agreed to that last year, and next week I hope we will be able to sign the deal and get some money flowing and some water flowing.

Just on the general issue of inter-governmental relations between the states and the commonwealth, Cabinet Office supports the Premier and the Minister for Federal/State Relations in their relationships with other Australian governments. These activities are defined under the interchangeable headings, Federal/State Relations and also under Intergovernmental Relations. Cabinet Office dedicated resources to intergovernmental relations comprise about three FTEs. Activities carried out by the Cabinet Office under this function include providing support to the Premier in his role as a member of the Council of Australian Governments, coordinating whole of government activity for the South Australian government on federal parliamentary inquiries, treaties, and productivity commission inquiries.

A major coordination activity is briefing executive government on intergovernmental activity. This includes coordinating for cabinet information on ministerial councils and key intergovernmental relations issues. The cabinet office briefs ministers on key intergovernmental issues by identifying key issues in each portfolio area. Cabinet office also prepares a timetable of future ministerial council meetings, thereby allowing all ministers to consider cross-portfolio and whole of government issues as they arise prior to each meeting.

Ministers provide cabinet with information about significant agenda items prior to each ministerial council meeting, and provide a ministerial council meeting report following each meeting to advise cabinet of outcomes. Some of these ministerial council meetings' outcomes result in legislation being put to parliament for consideration; for example, to provide for nationally consistent legislative schemes.

**The Hon. R.G. KERIN:** The Premier was talking about the river and the deal done for the 500 gegalitres. The second part of that agreement is an agreement in principle to get 1 500 gegalitres by 2018. Is the Premier satisfied with the use of the water that is being saved? Could the Premier give us an idea, with the two levels, out of the 500 and the 1 500 gegalitres, how much will go past the testing station at Morgan, which is where we normally measure the health of the river in South Australia? How much will we achieve, because the area of greatest concern to us is from Renmark

down? How much of the water in the 500 and 1 500 gegalitres will go past Morgan?

**The Hon. M.D. RANN:** I will have to get that information from minister Hill, who is the first Minister for the River Murray, and I am really pleased not only that he is the Minister for the River Murray but also that we have the first River Murray Act. I want to correct one thing for the Leader of the Opposition: last year's COAG agreed on the 500 gegalitres. They did not sign off, from my memory, on the 1 500 gegalitres, which we want and for which there is bipartisan agreement—but we thought it was a good start. I know that the relevant water and environment ministers of the Murray-Darling Basin Commission group are battling away for the 1 500 gegalitres. That is what we want to see—and that is certainly our objective—but I will get a report from the relevant minister.

**The Hon. R.G. KERIN:** I suppose, to explain it a little further, that it is great to have progress on this but, if there is any disappointment with that particular agreement, it is the fact that only 180 gegalitres will flow beyond Renmark. Within the agreement not only did the ministers agree to save the 500 gegalitres but basically they have spent the 500 gegalitres by allocating it to four separate areas; and, unfortunately, only about 180 gegalitres of that will flow down the bulk of the river in South Australia. That is to clarify that point.

**The Hon. M.D. RANN:** Thanks for that clarification.

**The CHAIRMAN:** We will move to questions relating to the Commissioner for Public Employment.

#### **Additional Departmental Advisers:**

Mr J. Walsh, Commissioner for Public Employment.

Ms M. Barnett, Director, Human Resource Development.

Mr G. Boxhall, Director Work Force Management.

**The Hon. R.G. KERIN:** A question was deferred from this morning to this session. Across government, what progress has been made to reduce the number of Public Service positions with a total employment package of greater than \$100 000? What increase or decrease has occurred since the change of government?

**The Hon. M.D. RANN:** I will ask Mr Walsh to comment on this, but I am advised by the Office of the Commissioner for Public Employment that for the period 1 July 2003 to May 2004 the number of executives in the South Australian Public Service fell by 5.6 per cent; the number fell from 447 to 422, a reduction of 25. In addition, a total of 14 executives have contracts due to cease as at 30 June 2004, which will also impact on that total. I am further advised that, on top of those two figures, there may be more reductions through TVSPs (targeted voluntary separation payments). As for figures for people earning over \$100 000, I am advised that we will need to wait for reporting beyond 30 June. I am happy to seek a further report from OCPE on the 150 increase in executives during the last five years of the previous government to 30 June 2002.

That was quite a lot, actually. So, there was an increase of 150 executives during the last five years of the previous government. Labor's election costings document targeted a reduction of SES numbers of around 50 by 2004-05. We have made progress to achieve this target. Of course, upon coming to government we found that the budget position was far worse than was revealed by the then government at election time, so we have had to find savings additional to those in the election costings document.

**The Hon. R.G. KERIN:** How does the Premier explain the slow implementation of the Indigenous Employment Strategy for the South Australian public sector? In last year's Budget Paper 4, Vol. 1 in the 'Highlights for 2002-03', the department claimed that it had developed an Indigenous Employment Strategy for the South Australian public sector. The 2003-04 targets included implementing the Indigenous Employment Strategy for the South Australian public sector, and the highlights of that year included 'commenced the implementation of the strategy'. This year's targets do not include the implementation of that strategy at all.

**The Hon. M.D. RANN:** This is a question very dear to my own heart. In fact, in December 1989 I was appointed Minister for Aboriginal Affairs and also Minister for Employment and Further Education. At that stage (and I am sure that the chair was also involved in this) we had a challenge, which was to try to ensure that 1 per cent of employment in the South Australia public sector was allocated for Aboriginal people. There was an active campaign by a number of departments—some much better than others—to recruit Aboriginal people into the Public Service.

The State Strategic Plan of 2004 outlines a commitment to raising the employment of Aboriginal people in the South Australian public sector from 1.2 per cent as of June 2003 to 2 per cent within the next five years. The objective will be pursued through attention to indigenous employee recruitment and support through existing programs of traineeships, special employment and training schemes, leadership and graduate programs and the whole of government recruitment strategy. A principal consultant has been appointed to coordinate and manage the strategy. The South Australian Public Sector Indigenous Employees' Network has been established.

The Indigenous Employment Strategy Portfolio Representative Group has also been established. The first SA public sector Aboriginal employee consultative mechanism has been conducted through discussion groups covering topics on recruitment and retention. As of June 2003, employment of Aboriginal people within the SA public sector was 1.2 per cent. We want to raise that to 2 per cent within the next five years.

**The Hon. R.G. KERIN:** As a supplementary question, has progress been made in this last 12 months? Does the Premier have any information about what has happened so far this financial year?

**The Hon. M.D. RANN:** I will ask Jeff Walsh to respond.

**Mr WALSH:** We believe that good progress has been made. One of the things that we have done is to explore with other states, such as Western Australia and the Northern Territory, some of the difficult issues around not only attracting people of indigenous origin into the public sector but also, and more importantly, retaining and developing them. We have really spent a lot of effort not only on recruiting numbers but also on trying to make sure that the public sector is a hospitable and good location within which young indigenous people can find employment. We have found, for example, that it is pointless recruiting single indigenous people into departments. We need to be looking at a grouping so that they can network. Good progress has been made, and we are confident that the numbers will start to pick up as the strategy really gets some traction.

**The Hon. R.G. KERIN:** I refer to program 3, subprogram 3.1, 'Strategic human resource management'. Will the Premier explain why the budget for this particular program blew out by over 30 per cent during the year, a blow-out of

\$1.626 million? The estimated result for 2003-04 is \$6.47 million when the budget was \$4.844 million.

**The Hon. M.D. RANN:** I will have to take that question on notice.

**The Hon. R.G. KERIN:** Will the Premier tell the committee how much of the Fahey report will be adopted and what progress has been made?

**The Hon. M.D. RANN:** Many things in the Fahey report were common sense. I guess that the intent of the Fahey report, in terms of changes to the public sector, have been drawn from, adapted and changed in terms of the EDB's recommendations and the State Strategic Plan. I should say that one of the key things is the Public Sector Reform Unit. The Economic Development Board made a number of recommendations for reform in the public sector. The board has expressed disappointment at the pace at which reform is proceeding. Representatives of business in South Australia have also been critical of the public sector's responsiveness, which, of course, was really underlined in my reading of the Fahey report.

At the Economic Summit held in April this year, I announced the formation of a new unit to spearhead a renewed effort on public sector reform in South Australia. The unit will consist of 10 to 12 highly motivated people drawn from both within and outside the public sector. It will report to the Premier through the Chief Executive of the DPC, Mr Warren McCann. A one-off amount of \$1 million has been provided in 2004-05 for the establishment and operation of the unit in its first year. Costs in subsequent years will be met from savings identified from the review of the functions of the Office of the Commissioner for Public Employment. The unit will have three main tasks: (a) to immediately review implementation plans for the EDB recommendations, establish and drive implementation; (b) to act as a reference for the EDB, Social Inclusion Board and ministers wherever there is a system of failure (in other words, if there is a concern that a particular policy, reform or recommendation is blocked somewhere, the units should be asked to fix it); and (c) to recommend in the medium term further reforms to the public sector.

Mr Brenton Wright, who has experience as a senior executive in the public sector but also in the private sector, has been appointed as interim Executive Director of the unit for a period of three months. His brief is to recruit and induct the full staff complement of the unit to establish its operating protocols and to make significant progress with the reform agenda. Also drawing from that is another initiative. We are reviewing the functions of the Office of the Commissioner for Public Employment. The Chairman of the Economic Development Board, Robert Champion De Crespigny, wrote to me on 22 March 2004 about the need to expedite reforms of the public sector so that measures proposed by bodies such as the EDB and the Social Inclusion Board can be accelerated.

Recognising the important role that the Office of the Commissioner for Public Employment plays in the operations of the public sector, the Chairman of the EDB requested that the Premier consider a detailed and urgent examination of the functions of OCPE and that this be carried out from an independent and external perspective. The review is being undertaken by Philip Speakman and Rod Payze, supported by a reference group of departmental chief executives. It is expected that the review will be finalised by the end of June 2004, and the review has been funded within the existing budget of DPC. As a point of reference, because this has not

been released, it flows on from the reform of culture being advocated by the Fahey report.

I turn now to the terms of reference for the delivery of the OCPE functions. The delivery of the Office of the Commissioner for Public Employment's functions are to be reviewed. The terms of reference for the review are:

1. To investigate the arrangements under the Public Sector Management Act in South Australia for the delivery of OCPE's functions, including those for:

1.1 developing and issuing directions and guidelines on personnel management.

1.2 providing advice on personnel management issues.

1.3 monitoring and reviewing personnel management practices.

1.4 making determinations on appointments to positions.

1.5 conducting reviews of personnel management practices.

1.6 investigating or assisting in the investigation of matters in connection with the conduct or discipline of employees. Particular attention should be paid to recruitment and employee development processes and OCPE's role in change management and structural change processes, including transfer of employees. The work force relations functions in DAIS are not included. In addition, the review should consider the extent to which powers are delegated to administrative units and the conditions on which they are issued.

2. Consider arrangements in other governments and the private sector for the delivery of human resource policies to identify scope for improved arrangements in South Australia.

3. Recommend changes that will lead to more effective and efficient human resource management for a contemporary public sector, including identification of roles that should continue to be performed by OCPE, those that should change and those that could be more effectively performed elsewhere (either through delegations or transfer to another body such as the new Public Sector Reform Unit).

The review will need to consult with the Commissioner for Public Employment, the chairs of the EDB and the Social Inclusion Board and senior management council. The review is to be completed within two months of commencement. It is not envisaged that the review will lead to changes in the Public Sector Management Act.

**The Hon. R.G. KERIN:** As a supplementary question, is Mr Brenton Wright an employee, a contractor or a consultant?

**The Hon. M.D. RANN:** He is on a contract at the moment.

**The Hon. R.G. KERIN:** So he is a contractor?

**The Hon. M.D. RANN:** He is contracted for a limited period of three months to head this review.

**The Hon. R.G. KERIN:** So he would be an employee? One thing I am not clear on is the definition of contractor.

**The Hon. M.D. RANN:** It is exactly the same as it was under your leadership and government.

**The Hon. R.G. KERIN:** So, under that definition, is Mr Wright an employee or a contractor?

**The Hon. M.D. RANN:** I will get some advice on that.

**The Hon. R.G. KERIN:** The 2004-05 targets on page 110 include providing greater access for regional staff to access leadership and management development to all levels. Which regional staff will be targeted to receive greater access to leadership and management development?

**The Hon. M.D. RANN:** Staff in regions have communicated a concern about difficulty in accessing leadership and management development activities. In the past, the OCPE has offered financial support to regional staff to attend the public sector management program. During 2004-05, the OCPE will increase the type and amount of support to staff in rural regions. The nature of this support will be determined after consultation with agencies. Options include greater financial support to regional staff, better marketing of development options to regional staff and, where feasible, taking programs to regional locations.

**The Hon. M.R. BUCKBY:** I have a supplementary question. In my experience, I have found that a lot of the professional development of public servants has been offered in Adelaide. Will the Premier investigate the possibility of ensuring that that professional development is offered in regional centres? As a result, that would save a loss of time and money in staff travelling to Adelaide, from Mount Gambier and Whyalla, for instance, and other outlying regional areas to try to access professional development, much of which they do not do because of the time taken and having to stay overnight in Adelaide.

**The Hon. M.D. RANN:** I will certainly investigate that. That makes sense to me. We also have an online internet program for staff development for senior management. I thank the honourable member for raising the issue and I will investigate it.

**Mrs REDMOND:** I was about to ask about that online learning program. Is that the one referred to as Savvy, in the performance commentary on page 118?

**The Hon. M.D. RANN:** Yes.

**Mrs REDMOND:** Will you explain the nature of what it involves that was previously only available to executives and is now available to senior management?

**The Hon. M.D. RANN:** I might ask Mr Walsh to explain.

**Mr WALSH:** It has been extended only to senior management in very recent times, and we find there is a very substantial demand, because it is accessible by anyone in the state. We can provide any information that you might like about it. It is a genuine learning instrument that contains all the back-up and support for people to be able to manage their own learning. It is not a replacement for the sort of activity that was referred to earlier: it is a complement. It is probably best if we send you a complete briefing with several hand-outs, if that is satisfactory.

**Mrs REDMOND:** Yes, that is fine. Premier, you mentioned earlier the establishment of an internal public sector and an external private sector mobility program for senior managers and executive staff. That sounds like a good idea. I am interested in finding out how that works in terms of how we identify which staff should go where; how we find the private sectors that will take them on; how long they go there for; who pays them while they are there; and how we implement anything that is learnt in the private sector back into the public sector, or assess it when they return. I want a fuller understanding.

**The Hon. M.D. RANN:** Those are all excellent questions and I will get a report for the honourable member.

**Mrs REDMOND:** I have one further question, which relates to another of the dot points on page 118 of the performance commentary, as follows:

The launch of a comprehensive performance management support program to assist agencies in their implementation, including online resources and workshops.

I want an explanation about what was involved. Apparently, it was launched. What is this comprehensive performance management support program? They sound like jargon management words. I want an understanding of what the program does, when it was launched, what it costs and what it will do.

**The Hon. M.D. RANN:** I will get you a report on that as well.

**The CHAIRMAN:** We are now scheduled to move to the Auditor-General's line, after which we will return to that of the Premier and Cabinet.

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Auditor-General's Department, \$10 112 000  
Administered Items for the Auditor-General's Department,  
\$851 000

#### Departmental Advisers:

Mr K. MacPherson, Auditor-General.

Mr I. McGlen, Director of Audits, Policy, Planning and Research, Auditor-General's Department.

Mr T. Knight, Manager, Finance and Projects, Auditor-General's Department.

**The CHAIRMAN:** I declare the proposed payments open for examination. Premier, do you wish to make any opening statement?

**The Hon. M.D. RANN:** No.

**The Hon. R.G. KERIN:** Last year (2002-03), the budget stated that:

During the year, the Auditor-General's Department experienced significant cost pressures associated with the department's salaries and wages budget as a result of a temporary overstaffing position arising from graduate recruitment to replace traditional employee turnover rates which did not eventuate.

I asked whether this would be ongoing and was assured that there was no ongoing difficulty. This year's budget identifies that exactly the same problem has occurred, as follows:

During 2003-04 the department experienced significant cost pressures associated with the department's salaries and wages budget as a result of a continuing temporary overstaffing position arising from graduate recruitment to replace traditional employee turnover rates which did not eventuate.

Is this issue likely to recur in the coming year? Has any correction been made to rectify this problem? Is it such a good place to work?

**The Hon. M.D. RANN:** In general terms, I have total confidence in the Auditor-General and his department. I do not see the Auditor-General and his department as an antagonist to government but, in fact, as a way of improving government on behalf of the people of this state in terms of better administration. I really want to make that point. The Auditor-General's role as the watchdog not just on the state's finances but also on probity is critically important not only to government and to what we do in this parliament but to what we do on behalf of the people of this state. I commend the Auditor-General for his leadership in that area over many years.

**Mr MacPHERSON:** Thank you very much, Premier. Mr Kerin, there is no doubt that it is a good place to work. Over the last couple of years, we have not had the anticipated outflow of personnel that normally occurs. We recruit graduates on two occasions during the year. Generally, the experience of the past decade or so has been that we probably

lose about 15 per cent of those people to other departments and to the outside profession.

When they do not leave as we would expect them to, based on historical experience, we have a bunching up. We invite people to join us, because we are in competition with the external professions, and if we do not make our offers ahead of them or at the same time as them we end up missing out on the cream of the crop, so to speak. We just have not had the turnover. It is one of those things that one just cannot predict. But we have absorbed those costs for the large part, so it is a case of trying to manage as best we can when things do not turn out as we would expect.

**The Hon. R.G. KERIN:** Obviously, a very good place to work! Last year I asked the Premier about the funding of special investigations and the possibility of an annual allocation for this line, and again we have the budget affected by an unbudgeted \$300 000. I ask the Premier again: will consideration be given to an annual allocation—as in some other portfolios—to give more certainty with budgeting? There are, within a number of portfolios, notional allocations on a yearly basis just to level out the budgeting. Has any consideration being given to having an annual allocation in this line?

**The Hon. M.D. RANN:** I am quite happy to raise that issue with the Treasurer, but again I will ask Mr McPherson to respond.

**Mr MacPHERSON:** The experience has been that whenever a need arises to fund a particular investigation or inquiry the Treasury has always provided the necessary funds. I think that these types of issues are, again, something that cannot be foreseen. If something does arise that needs to be funded, we go to Treasury and indicate what we believe it will cost, and they have always done the right thing. Even your government did the right thing.

**The Hon. R.G. KERIN:** They are much more generous to you than they are to most departments, I can tell you.

**Mr MacPHERSON:** Well, we are a fairly easy agency to get on with.

**The Hon. R.G. KERIN:** I wish locusts were in your area!

**The CHAIRMAN:** I would like to ask a question through the Premier. I understand, Auditor-General, that your power extends to what I would call 'efficiency audit', and I know that I have had a chat to you in the past about this. I do not see that there is much that happens in regard to efficiency audits rather than the conventional, what I would call 'balancing of the till', if you like. I understand that Victoria does more in that regard. Is there any reason for that; is it a lack of resources or something else? I think there would be benefit in knowing whether government moneys were spent efficiently within an organisation, rather than simply tallying up whether the cash matches what is meant to be in the till.

**Mr MacPHERSON:** The style of reporting varies between the jurisdictions. The Victorians put out separate reports on the types of issues that you are referring to—economy and efficiency auditing. We incorporate those types of commentaries in our Part B, and we do not put out a separate individual report in relation to those types of matters. There is no reason why we cannot, and I can certainly think about whether we do that on specific occasions, but you will find that our commentary in relation to those sorts of issues—the control issues, and the adequacy of the control environment, which really goes to the efficiency and economy with which things are done—is part of our Part B reporting.

**The CHAIRMAN:** Without singling out any agency in particular, bureaucracies can become self-serving over time,

but I think it would be useful to put some agencies—if not all—through the mill in terms of asking the question from your office: is this the best way of doing something? As I indicated earlier, bureaucracies tend not to ask the tough question of why continue to do something because we have done it for 100 years. Whether it be, for example, the opening hours of schools or the allocation of resources within the Police Department or whatever, agencies tend not to ask the tough questions of themselves and they go on perpetuating the routines that they have adopted for over 100 years. I suppose that is a statement, but I am asking whether we can move to a situation where there is more emphasis on the efficiency side of how government departments work?

**The Hon. M.D. RANN:** Also, of course, organisations such as the Economic Development Board have been quite confronting to government departments in terms of the way they do business and whether they should continue to do things in the same way. And so in a different way, in terms of the delivery of social justice outcomes, Monsignor David Cappo's Social Inclusion Board also plays a role of challenging departments to think about doing things in a different way, in a collaborative way, both with each other and with other sectors. But I will ask Mr MacPherson to respond in terms of his area.

**Mr MacPHERSON:** Dr Such, I am happy to consider what you have raised and see whether there is some way that we can deal with economy and efficiency type audits as separate reports into the parliament. They are an area which on occasion gives rise to some contention between the auditor and the auditee as to whether the auditor has got the right view of things, or whether the auditor's view is necessarily a sound one. It is something that ought to be addressed and I will turn my mind to it.

**Mr O'BRIEN:** Through you, Premier, to the Auditor, I would largely reflect your comments. I have met recently with the New South Wales Auditor-General. I was invited to attend a New South Wales Public Accounts Committee meeting at which he was giving a report. A report to which he was giving evidence, if you like, was a performance report, which I think is very similar to the Victorian Efficiency Report, and in New South Wales the Auditor-General's department is actually divisionalised into traditional audit and then performance audit, and he will actually go into a particular area of government and do a specific report on the performance of that area as to whether it is fulfilling the function for which it was established. So, it is a fairly rigorous analysis, and rather than just being efficiency they look at the whole performance issue. I think I would just back up the suggestion, if you like, of the Chair, that that may well be something that we could look at in South Australia, I think also in line with the Premier's establishment of the inquiry into Public Service efficiency. It would probably bolster that quite strongly.

**Mr MacPHERSON:** I am quite happy to take that on board and see what we can do.

**The CHAIRMAN:** If I can ask, not a provocative question—but sometimes you hear commentators say: who ensures that the Auditor-General's department operates to the same high standard they require of others? What is your answer to the critics, some of whom reside in the parliament, who sometimes make the off-the-cuff comment about the Auditor-General's department being the favoured son or daughter of government; I would not use the term law unto itself, but is in a privileged position and not subject to the



same rigour that it applies to others. What would be your response to that?

**Mr MacPHERSON:** The response is twofold. One is that we are independently audited by Grant Thornton. That is an appointment by the Treasurer, so we are subject to that audit process. Additionally, we have a peer review process within our office which involves an external accounting firm, Deloittes, and there is a fairly rigorous review of what we do in terms of ensuring that our quality assurance processes are what they should be. Over and above that, I am available to attend any committee of the parliament at any time it wants to invite me, to answer any questions about how we go about things, any issues that might be of moment to that committee. If you are asking who guards the guardian, I think, in our case, there are a number of checks and balances to make sure that we are performing as we should. But I am open to any suggestions you have got.

**The CHAIRMAN:** I am not agreeing with those comments that are sometimes made, but when you hear people make that comment I think that it is important to bring it into the open and allow you the chance to respond to what is often said, that somehow your organisation is privileged and can do things that others cannot do. I think it is important that it be on the record that that is not the case.

**Mr MacPHERSON:** Dr Such, I think that the fundamental check and balance for entities like Auditor-General, Ombudsman, and any others that report directly to the parliament, is the way in which the parliament itself goes about exacting the accountability of those statutory authorities, or statutory entities. If the parliament, through its committees, wishes any of those statutory officers to attend and to relate on how they discharge their responsibilities, they have to attend. They have to address the issues that are of moment to that committee. That is the fundamental check and balance. I suppose the other is, if you do not produce material that is relevant to the needs of the parliament, the parliament will raise that issue.

**The CHAIRMAN:** Exploring that a little bit further, not everyone is on one of those standing committees. What is the policy in regard to an individual MP raising a matter with you? I think there has been some difference of opinion among some MPs about whether or not your office will respond to a matter raised by an individual MP, or whether it has to come through a committee, of either house.

**Mr MacPHERSON:** It is a question of the statutory relationship of the Auditor-General to the parliament. The Auditor-General is responsible to the parliament. The parliament is both houses of the parliament, and not either house standing on its own. The parliament through its constitutional processes has established committees which are designed to ensure the accountability of persons such as myself. If an individual member rings me up and asks me a question, I will help him to the extent that I believe is proper to do so. But if an individual member stands up in the parliament and asks a question about the operations of my office, and that has happened in the upper house, and it is an issue that is quite appropriate to be asked, and something that I should account for, the parliament has established a process by which that can be done. That is through the Economic and Finance Committee, or through any other committee that the parliament may seek to establish. It is not a case of not being accountable; it is a case of I am not accountable to an individual member. I am not the gopher for every member of this parliament. If parliament wants to know what I am about,

it can invite me down through its committees. I am happy to deal with whatever matters are of moment to the committee.

**The CHAIRMAN:** Do you have adequate avenues to justify an action or defend yourself if someone makes an accusation about your office? Say, in the parliament, can you of your own volition, your office, respond to that, or do you have to have an invitation from the parliament?

**Mr MacPHERSON:** Are you thinking of the Hindmarsh occasion that happened? If somebody stands up in the parliament and—can I use the vernacular—‘slags’ me for whatever reason, can I respond? I think, yes, I can, if it is something that falls within the audit mandate and should be brought to the attention of the government and the parliament. It is provided for in the Public Finance and Audit Act and, yes, I believe I can and I would. I think an instance of that is where issues of public interest arise, which suggest that the audit process is not discharging its responsibilities. I think the public interest requires me to respond, not through the media, and not through any avenue other than the parliament. That is how I have gone about it.

**The CHAIRMAN:** Does that process of reporting to parliament, which tends to be in a big chunk or big chunks, allow you to do the job in the best possible way? Should you be able to come to the parliament more easily in terms of an issue, or do you feel you have that power now? If you were aware of something that was going wrong in an agency, that would be in your annual report, unless you have been commissioned, won't it, to do a special report?

**Mr MacPHERSON:** I think what you are raising is very significant and is an issue which is helpful to myself. My experience has been that if I have had a really significant issue I have been able to contact the Economic and Finance Committee and ask if I can come along. It has only happened on a couple of occasions but the committee has never denied me. If the issue is sufficiently serious and it involves allegations about various people, my approach is to suggest that the initial matter be determined in camera and then, if the committee, of its own volition, wishes to have it in public, I am happy to repeat whatever I have said in camera. I found that that is one avenue where I can raise issues that are of moment and there has never been a problem.

**The CHAIRMAN:** So, you are satisfied that that process is adequate?

**Mr MacPHERSON:** It is one mechanism. The other mechanisms, of course, are directly into the parliament, which is a bit of a king-hit if something is going off the rails. But at the end of the day I account with my job. If the parliament does not like what I am doing you can vote me out of office. That is the response if you do not believe I am doing my job. There are checks and balances in the system.

**The CHAIRMAN:** I do not want it to be taken in any way that I am suggesting that you are not doing your job. I am just trying to look at the process to see if it can be improved and whether it is adequate.

**Mr MacPHERSON:** I do not misunderstand you and I appreciate your raising this because it can be a sensitive issue and there is a need on occasion to be able to relate to the parliament through its committees.

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

**The CHAIRMAN:** We will now go back to examination of the votes for Premier and Cabinet.

**The Hon. R.G. KERIN:** Mr Chairman, I have a series of omnibus questions here which I will read into *Hansard*. I do not expect the Premier to have all this information at his fingertips.

1. Did all departments and agencies reporting to—in this case the Premier—meet all required budget savings targets for 2003-2004 set for them in the 2002-2003 and 2003-2004 budgets? If not, what specific proposed project and program cuts were not implemented?

2. Will the Premier provide a detailed breakdown of expenditure for consultants in 2003-2004 for all departments and agencies reporting to the Premier, listing the name of the consultant, the cost, work undertaken and method of appointment?

3. For each department or agency reporting to the Premier, how many surplus employees are there? For each surplus employee, what is the title or classification of the employee and the total employment cost of the employee?

4. In Financial year 2002-2003, for all departments and agencies reporting to the Premier, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2003-2004?

5. For all departments and agencies reporting to the Premier, what is the estimated level of under-expenditure for 2003-2004? Has cabinet approved any carryover expenditure into 2004-2005?

6.(i) What was the total number of employees with a total employment cost of \$100 000 or more per employee? As a sub-category, what was the total number of employees with a total employment cost of \$200 000 or more per employee for all departments and agencies reporting to the Premier as at the 30 June 2003?

(ii) What is the estimate for 30 June 2004?

(iii) Between 30 June 2003 and 30 June 2004, will the Premier list job title and total employment cost of each position with a total estimated cost of \$100 000 or more which (a) has been abolished and (b) which has been created?

7. For all departments and agencies reporting to the Premier, are there any examples since March 2003 where federal funds have not been received in South Australia or will not be received during the forward estimates period, because the state government has not been prepared to provide state funds for a federal-state agreement? If yes, what issues and what level of federal funding have been lost or will be lost?

8. Will the government advise the house of the government's progress in reducing the number and cost of government boards? Has the government refined its targets? How many boards have been scrapped and how many new boards have been created?

**The CHAIRMAN:** Premier, do you know those answers?

**The Hon. M.D. RANN:** I think the whole of government will be preoccupied with doing this for months. Can I suggest that, perhaps on things such as consultancies, you make a cut-off point of, say, \$500 or above \$1 000, or something like that? It is a massive diversion of resources.

**The Hon. R.G. KERIN:** Above \$5 000.

**The CHAIRMAN:** It would probably be useful to follow the traditional practice, if there has been one, of the cut-off. It is up to the committee.

**Mrs REDMOND:** I have another general question on the Premier and cabinet line. In relation to the targets for 2004-05, there is an inclusion of coordination of programs

and services by the state government in the APY lands. I have three questions which the Premier may care to take on notice, rather than give an answer immediately.

On 7 April it was announced that Bob Collins would be appointed to coordinate the provision of state government services to the APY lands, and in a ministerial statement made on 4 May the Premier tabled Bob Collins' first report. What amount is being paid to Bob Collins and what assistance is being provided to him? Why is he reporting to the Department of the Premier and Cabinet rather than the Minister for Aboriginal Affairs and Reconciliation? When does the Premier anticipate Bob Collins' assignment will be completed?

**The Hon. M.D. RANN:** I will take some of it on board but, in order to assist the honourable member and the committee, I will give some general information. The reason I wanted him to report to the Premier's department is that it is about coordination of state government services. It seems most appropriate that the coordinating department of government should be the area to which he reports.

The new arrangements for services in the APY lands were put in place to ensure improvements in service delivery. So, in April 2004, as the honourable member has advised the committee, the government appointed the Hon. Bob Collins as coordinator of state government services. Bob Collins, of course, brings extensive experience and understanding of the needs of indigenous Australians, particularly those living in remote communities. The coordinator is supported by a newly formed government task force.

By way of background, Bob Collins was a federal minister. He has been a Northern Territory opposition leader, and he is someone with an Aboriginal family himself. He is someone whom the Prime Minister appointed for a review of ATSIC. We thought it was important to have someone who had not only the confidence of the state government but also that of the Howard government.

Bob Collins has visited the lands and consulted widely, and he is now providing expert advice to assist the task force to address the recommendations of the coronial inquest into deaths from petrol sniffing. Bob Collins has also strengthened links between the commonwealth and state agencies involved in the COAG trial. In 2003-04, \$11.960 million over four years was allocated to the APY lands with \$7 million to the Department of Health and the Department for Families and Communities for health wellbeing initiatives related to petrol sniffing; \$1.16 million to the Department of Health to provide regional office and respite initiatives; \$1 million for policing and justice; and \$2 million for the Department of Administrative and Information Services to provide staff housing—and the cost of housing in the lands is enormous.

We have announced that an extra \$13 million will be spent over four years on policing, respite care, mental health workers, substance abuse programs, health and nutrition programs, child protection, land management, employment and training. There is now a permanent presence in the lands of six police officers, community constables and an inspector of police. I have to say on that that the big message we have been getting from people on the lands is that they want police on the lands, not nearby.

The Hon. Bob Collins reported to government that uncertainty about the validity of the AP council needed to be resolved and recommended that elections be held as soon as possible and practicable. To this effect, the government has introduced the Pitjantjatjara Land Rights (Executive Board) Amendment Bill to enable fresh elections for the chair and

executive board to be held. The government also proposes to conduct a review of the Pitjantjatjara Land Rights Act in consultation—and I stress ‘in consultation’—with the Anangu people to support the new health and safety programs being coordinated by the task force.

The government has taken measures to stem the illegal supply of regulated and illegal substances coming into the APY lands. The government has introduced a bill to amend the Pitjantjatjara Land Rights Act which substantially increases the penalties for a person who is caught on the lands selling or supplying a regulated substance. The bill includes provision for the forfeiture of the vehicle used to traffic the regulated substance. I know that most of these issues are not related to your question, but I will get a report on those issues.

**The Hon. M.R. BUCKBY:** Could the Premier advise the committee of the cost of the Thinkers in Residence Program in 2003-04 and what allocation is made for the 2004-05 year? Are those thinkers in residence contracted persons; if so, do they appear as employees of the government? What are their terms of employment?

**The Hon. M.D. RANN:** I will provide a report on the last part of the question. I have to say that I have been really pleased with the Thinkers in Residence program. Herbert Girardet was the first Thinker in Residence. He is a world expert on greening and sustainability and his report has led to substantial changes in policy. There is absolutely no doubt about that when one thinks of the range of initiatives that we have announced in terms of energy efficiencies, the tripling of the ‘one million trees’ campaign, solar and wind power initiatives, compulsory water tanks in new dwellings built after, I think, July 2006 (that is, plumbed rainwater tanks) and five star efficiency ratings. If ever there was value for money, we have a Thinker in Residence who has substantially given us advice.

One can think about the tens of millions of dollars that was spent on consultants who sold ETSA, yet here we have someone who came in as the Thinker in Residence and who has really changed the way of thinking of the government and the community. Herbert Girardet was the first and, without going through each of them, the most recent is Peter Cullen who, of course, is an expert on the River Murray, on water and salinity. He has been invaluable in terms of the time he has spent in Adelaide.

The Thinkers in Residence program brings world-class thinkers to Adelaide to live and work for between two and six months. Thinkers assist South Australia to position itself nationally and internationally as an innovative and dynamic community in which to live, work, invest and do business. The thinkers advise South Australian industries on key strategic directions and growth opportunities. They connect South Australian businesses to global markets and networks. The aim is to stimulate debate and discussion on matters that are vital to the state. The program recognises that there are a number of world-class people living in the state but that credible outside people can also bring in new perspectives and foster different approaches.

The program is a valuable source of networking for the state. The response from the universities, city councils and other groups has been terrific. We have had a number of thinkers. I mentioned Herbert Girardet. Charles Landry and Blast Theory have completed their appointments. Maire Smith has been advising us on how we can further enhance biotechnology in the state. She is the head of Manchester Innovation. I met with her at the Bio in San Francisco just

recently. She came to Adelaide last year and is coming back soon. I think that John Olsen’s government deserves great credit for the Bioscience Precinct. We are tripling its size and also building an incubator to which we are committing millions of dollars. Maire Smith is playing a fantastic role. She has massive, world-class experience and is helping to guide us on how we can build on the Olsen initiative and make it even better.

Baroness Professor Susan Greenfield has just arrived for a four-month appointment. She is regarded as one of the experts in the world on Alzheimer’s disease and other diseases of the brain. She has been recognised in Britain by being elevated to the House of Lords for her expertise in the area of science. She is here not only to work with leading people in the area of Alzheimer’s disease but also to promote science amongst our kids and to encourage them to go into science.

Each thinker has a tailored program of activities, which is designed to transfer skills, build local capacity, develop industry, advise government and inform and educate leaders in the community about their field of expertise. Each thinker presents a major public lecture, and these are achieving massive capacity audiences at the Town Hall. Each thinker also provides a final report. Some reports contain specific recommendations regarding government policy, others recommend immediate action steps or broad strategic directions or simply reflect on the state as it is now. Some of the recommendations are implemented immediately by partner organisations in the program.

The program, to answer the specific question, is funded for \$500 000 a year for four years. We have spent zillions of dollars in the past on consultants, and we are getting the world’s best. They are here, living and working amongst us, working with our universities, industry and the arts. They are working in bioscience, with medical people, with the environmental community, on the River Murray initiative and so on. Program sponsorship is provided both at whole of program level and for each appointment. Sponsors include government agencies, local government, universities, industry associations and companies. All appointments are achieving 50 per cent or more funding from sponsor organisations. Thinkers are appointed as contractors.

#### **Membership:**

Dr McFetridge substituted for the Hon. R.G. Kerin.

Mr Meier substituted for Mrs Redmond.

#### **Additional Witness:**

Ms Jennifer Rankine, Parliamentary Secretary for the Minister for Volunteers

#### **Additional Departmental Adviser:**

Ms Christel Mex, General Manager, Office of Volunteers.

**The CHAIRMAN:** Premier, do you wish to make a statement?

**The Hon. M.D. RANN:** I am very proud of the work of the Office of Volunteers, and I will summarise its achievements. There was Advancing the Community Together, a partnership between the volunteer sector and the South Australian government, which was launched after an extensive consultation process with the volunteer community and government agencies. It is the first time that the volunteer sector has a direct voice to government. The government is committed to the implementation of the Advancing the

Community Together partnership and has established the Volunteer Ministerial Advisory Group to drive the implementation process.

On International Volunteers Day in December last year, I hosted the second annual State Volunteer Congress. More than 250 volunteers participated and contributed valuable insights into the volunteer partnership implementation process. Volunteers continue to be supported by the government through the volunteers' support fund, training programs, free web site development, business mentoring and scholarships to advance the professional development of volunteer program managers.

**The ACTING CHAIRMAN (Mr Caica):** Does the lead speaker wish to make an opening statement?

**Dr McFETRIDGE:** It is good to see the government supporting volunteers and volunteering in South Australia. This is one of the areas of government where a truly bipartisan approach is not only seen but is absolutely necessary. The establishment by the former Liberal government of a permanent Office of Volunteers to support a Minister for Volunteers, a first in Australia, should be recognised, as we also recognise the current government's continuing contribution to volunteering. It is also good to see the government continuing to protect volunteers by introducing new legislation and reinforcing legislation introduced by the previous government such as the Volunteers Protection Act 2001. The Good Samaritan legislation introduced by the former Liberal government is now in place, as is the maintenance of a permanent public holiday to recognise the contribution of volunteers through the Adelaide Cup Carnival and Volunteers Day. We hope this strong bipartisan approach to volunteering continues and our estimates questions are about seeking clarification and explanation, not about condemnation. What initiatives have arisen from the volunteers partnership, Advancing the Community Together, that have required or been allocated expenditure (Budget Paper 4, Volume 1, page 1.14)?

**The Hon. M.D. RANN:** I will begin by saying that the Advancing the Community Together partnership was launched by me on Adelaide Cup and Volunteers Day on 19 May 2003. After the exhaustive consultative process that I mentioned before, there was a signing ceremony which involved key leaders of the volunteer community. The partnership provides a framework for the relationship between the government and volunteer sector which aims to increase consultation, address issues that impede volunteering, and promote volunteering to South Australians. I have mentioned the Volunteer Ministerial Advisory Group, and implementation of the partnership is well under way. The communication channels are being set up to assist both the government and volunteer sector to continue to work through major issues now and into the future. Government agencies have continued their involvement and commitment to implementation through the cross-agency working party on volunteers, but I will ask the parliamentary secretary to make a contribution.

**Ms RANKINE:** A lot of the initiatives that have come out of the implementation have not necessarily been about spending more money, and our volunteer community recognises that. However, we have put considerable amounts of money into training and research, and certainly the establishment of some resource centres throughout South Australia.

**The Hon. M.D. RANN:** On the training front, the Office for Volunteers facilitates training support to the volunteer

community through a range of programs and initiatives. Volunteer training is a significant activity of the Office for Volunteers, and \$150 000 was allocated to the volunteer sector for general volunteer training in rural and metropolitan areas. This training is being delivered by volunteer resource centres, including Volunteering SA, Northern Volunteering and the Fleurieu Volunteer Resource Centre.

Future training priorities for the volunteer community will be established in line with the commitments identified with the volunteer partnership. The importance of volunteer management training continues to be recognised, with the allocation of \$20 000 for scholarships for professional development opportunities. Volunteer managers working in the not-for-profit sector are eligible to apply for funding to undertake studies in volunteer management at the Onkaparinga TAFE. The Australasian Association of Volunteer Administrators is funded to provide a scholarship program for professional development of volunteers, including conferences and other training opportunities.

The 100 Hours project continues through funding to HETA Incorporated of \$60 000 in 2003-04. The project offers a free service that matches skilled business volunteers with not-for-profit community organisations, enabling business skill transfers to business community partnerships. It is great to see business people offering to mentor and train people from the volunteering sector. Volunteer organisations have also benefited from a partnership program between the University of South Australia and the Office for Volunteers entitled the Community Web Site project. Information technology students have created web sites for organisations at no charge, with over 200 volunteer groups participating in the project at a cost of \$14 000 in 2003-04.

**Dr McFETRIDGE:** In relation to Budget Paper 4, reference 1.14, what is the budget for the Ministerial Advisory Committee for Volunteers?

**The Hon. M.D. RANN:** I will obtain that information for the honourable member.

**Ms RANKINE:** My advice is that the budget for implementing the partnership is \$150 000.

**Dr McFETRIDGE:** In relation to the same reference, how many staff within the Office for Volunteers are employed to work on the ministerial advisory committee?

**Ms RANKINE:** Three executive officers are on each of the working parties. Each of those working parties have commitments that they work on under the partnership. There are eight areas of commitment, and each of those working parties have specific areas on which they work, and they come together to endorse change, or whatever comes out of those working parties.

**Mr O'BRIEN:** How is the government specifically assisting volunteer support services in regional South Australia?

**The Hon. M.D. RANN:** The state government has established three new volunteer support services in rural South Australia, located in Naracoorte, Clare and Port Augusta. The services are hosted by local councils and will assist community organisations to recruit and train volunteers in their local areas. The government recognises the incredible contribution that volunteers make to our communities, especially in rural regions. The program is an excellent example of 'joined up' government, with funding for the program of \$450 000 over two years sourced from Home and Community Care and from the Office for Volunteers. The new support centres will provide valuable training for volunteers and will give much-needed support to community

organisations to enable volunteering to grow and flourish in rural areas.

**Mr O'BRIEN:** I have been advised that community web sites have been developed under the Community Web Site project. Will the Premier explain how many have been developed?

**The Hon. M.D. RANN:** The Community Web Site project is a joint initiative of the government's Office for Volunteers and the University of South Australia. It is a unique community project that links university students with volunteer organisations, providing the organisations an opportunity to have a web site designed and hosted on the internet for one year, free of charge. More than 200 volunteer organisations have been involved so far, including the Chronic Illness Bridges and Pathways Institute, the South Australian Lebanese Women's Association, Mylor Parklands Bushcare Group and the Parndana Progress Association.

As well as providing volunteer organisations with an easy, low-cost web site presence, the project provides a number of other benefits, such as giving volunteers the opportunity to develop new skills related to web access and electronic communication; providing training to volunteer organisations so that they can maintain and improve their web sites over time; and providing university students with first-hand experience in client relations, web site design and web site building. At the same time, the students are exposed to volunteer organisations, which could increase the likelihood that they would consider volunteering in the future.

In 2004-05, a pilot virtual volunteering program will be run which will look at covering the overall information technology needs of community organisations, in addition to web site creation and hosting. The community web site project was a winner of the 2003 Chancellors Award for Community Service from the University of South Australia.

**The CHAIRMAN:** I apologise if I missed this, but is the number of volunteers increasing, decreasing or staying the same? Do you have any idea of the trend? We keep hearing that people do not want to give up their time, but is there any indication of what is happening in terms of a trend in volunteering?

**The Hon. M.D. RANN:** Certainly, South Australians volunteer at a higher rate than the rest of the nation, according to my advice, and I also think that people tend to volunteer more in rural centres than they do in the cities. There is some fantastic fundraising done in rural communities for local hospitals and schools. Obviously, one of the key things is to make sure that young people volunteer, and that is why we have the major promotion, the Hands Up campaign, and a new one coming online soon to promote volunteering, particularly amongst younger people.

I would also like to congratulate various members of parliament who volunteer in many ways, particularly the Parliamentary Secretary on Volunteers who just recently—and I think it deserves to be mentioned in this parliament—was awarded her Level 1 certificate with the Country Fire Service, Salisbury Brigade, and someone who recently won the British Fire Service medal for involvement over the years. I congratulate the honourable member.

**The CHAIRMAN:** I would like to add to that focus on young people, which I think is very important. It would be an oxymoron to talk about compulsory volunteering in primary and secondary schools, but what programs are being developed through DECS to promote volunteering, the idea of committing and giving something to the community, which is something that seems to be sadly lacking in many quarters?

**The Hon. M.D. RANN:** The Senior Secondary Assessment Board of South Australia, as part of the government's social inclusion initiative Making the Connections, is developing new methods to recognise what students learn in the process of community participation. The government has committed \$420 000 over four years to the recognition of community-based learning through this initiative. I can get more information if required, but I agree that we have to think of every way we can to encourage young people to volunteer. To give an example, through the One Million Trees initiative we have, I think, 100 sites throughout the city and are trying to get not only Trees for Life people but also a lot of young people involved in this process. It is about making sure that they appreciate the benefits of volunteering to their own development as well as to the community.

**Ms RANKINE:** I would like to add to that. I think the trend is that people who are being more and more attracted to volunteering are in the younger age group, and we hope that that will continue, but there is a misconception out in the community that young people do not volunteer. In fact, they do and, like older people, they volunteer in areas that interest them. I think the challenge to the volunteer sector is to ensure that what they do and how they do it is actually relevant to young people's lives, so that they will continue to attract their involvement. It is our intention to have a very strong focus on youth involvement at the next Volunteer Congress and, in fact, showcase what young people are doing in South Australia.

**The CHAIRMAN:** Finally, I think that it is critical, particularly at primary school level, to develop a sense of empathy, care and concern for others, which is, of course, the expression of volunteering. I will pursue that with the minister responsible for DECS, because I think it is something that is absolutely critical. Professors of psychiatry and other experts will tell you that the development of empathy is a key aspect of character development and eventual community participation and involvement, so I am pleased to hear that.

**Dr McFETRIDGE:** I refer to Budget Paper No. 4, pages 4.148-4.150, Community Emergency Services Fund. Payments for volunteer support, community grants, research and development from the Community Emergency Services Fund is reduced by \$714 000 from 2003-04 to 2004-05. Why is that so, and how much and what percentage of these reduced payments are volunteer support and community grants?

**The Hon. M.D. RANN:** In terms of the reduced budget for the Office for Volunteers, I just want to address that. The Portfolio Statement for Program 2, Office for Volunteers indicates a published reduction of \$196 000 in the volunteers program from \$1 983 000 to \$1 787 000 between the 2003-04 and 2004-05 budgets. This comprises a 50 per cent reduction in funding to implement the volunteer partnership. This was foreshadowed in the 2003-04 budget when new funding of \$200 000 was provided for this initiative to be followed by \$150 000 in 2004-05. On the basis that more was required initially to kickstart the process, a reduction in internal overhead charges of \$133 000 was allocated to the Office of Volunteers in 2004-05 due to reduced expenses within the department's corporate services functions and a small reduction to reflect savings and operating costs. But no grants to volunteer organisations have been affected, excluding internal overhead charges allocated to the Office for Volunteers and the foreshadowed reduced costs to implement the

partnership. The overall expenditure budget available is expected to be down marginally, approximately \$19 000.

**Dr McFETRIDGE:** In reference to Budget Paper 4, Volume 1, page 1.14, and the code of conduct for volunteer organisations. Why are committees which are usually made up of volunteers, when drawing up codes of conduct for their volunteer organisations, being charged \$1 200 to lodge and register their codes of conduct with the Office of Consumer and Business Affairs, and a further \$250 to register as a provider, with no net tangible benefit insurance premium reductions?

**The Hon. M.D. RANN:** Perhaps I could ask the Parliamentary Secretary to answer that question.

**Ms RANKINE:** That was a problem that was identified fairly early on. That matter is currently under review.

**Dr McFETRIDGE:** Further to that, are they being given any funding for legal assistance in drawing up their codes of conduct?

**Ms RANKINE:** As I said, that whole issue is currently under review.

**Dr McFETRIDGE:** I look forward to seeing the results of that. That will be good. On the same reference again, similarly about legal aid. Has any expenditure been allocated in 2004-05 to fund a paid risk management professional to work with volunteer organisations to conduct risk assessment and develop risk management plans as required by the insurance industry? I assume that is a similar answer.

**The Hon. M.D. RANN:** The issue of public liability insurance, I think that is what the honourable member seems to be pointing towards. The government has taken a number of initiatives to help community groups manage their risks and organise public liability insurance. These initiatives include the conduct of risk management training workshops, and the introduction of a range of legislative reforms. Organised and funded by local government risk services, the Office of Recreation and Sport, the Office of Volunteers and SACOR, a series of workshops on risk management have been conducted in both metropolitan and regional areas through 2003-04.

These workshops have provided participants with information about how to assess their levels of risk and how to determine risk management plans. As the establishment of sound risk management practices in an organisation can be a factor in negotiating insurance cover, we anticipate that providing the community with access to such skills will have a positive effect in the future.

During the past 18 months, state government has introduced a number of legislative reforms in an effort to reduce the cost of public liability insurance in the long term. Some of these initiatives are part of a national approach to law reform which has been based on the recommendations of the review of the law of negligence, conducted by Justice Ipp.

In South Australia, the Law Reform Ipp Recommendations Act (2003) came into operation on 1 May 2004. It addresses the key recommendations of the Ipp report in relation to liability. Other areas of legislative reform include the Wrongs (Liability and Damages for Personal Injury) Amendment Act (2002), and the Recreational Services (Limitation of Liability) Act (2002). The government has received some advice from the Insurance Council of Australia that the legislative reforms that we have introduced will assist in reducing claims costs.

Perhaps more importantly, the government also expects that the reforms will bring about greater certainty for insurers and that this will lead to more competition in insurance

markets. Community groups have been particularly affected by changes in the public liability insurance market. In South Australia, several options for these groups have been identified. Insurance packages tailored more directly to the needs of the not-for-profit sector have been marketed in South Australia by local government risk services, AON Risk Services Australia Limited, and Community Care Underwriting Agency, a joint venture arrangement between QBE Insurance, NRMA Insurance and Alliance Australia.

Current information on legislative reform, risk and insurance management, and contact details for the above mentioned groups have been published in the insurance risk management information paper, compiled in 2004 for the Volunteer Ministerial Advisory Group. The Insurance Risk Management Information paper is available to the public through the Office of Volunteers.

**The Hon. M.R. BUCKBY:** Premier, you might have to get this information; you might not have it to hand. How much expenditure has been allocated in 2004-05 for the volunteer training and volunteer support of the CFS volunteers, and are there any CFS volunteers being replaced by paid staff in CFS brigades?

**The Hon. M.D. RANN:** That is through Emergency Services. I provided an answer before on training programs provided for volunteers, but maybe in the emergency services area.

**Ms RANKINE:** Yes, their volunteering is not funded through the Office of Volunteers.

**The Hon. M.D. RANN:** But as you can see, both of us are particularly well trained by the CFS.

**Ms RANKINE:** Valuable assets we are to the state!

**The Hon. M.D. RANN:** I was equally amazed when the parliamentary secretary passed, I am told, with 100 per cent her written examination.

**Dr McFETRIDGE:** On pages 4.11 and 4.12, Premier, how much expenditure was spent in 2003-2004, and how much expenditure has been allocated in 2004-2005, for the publishing and distribution of printed information and material which promotes the Premier and state government volunteer initiatives or strategies? How much expenditure is allocated from the Premier and Cabinet to the Office of Volunteers to undertake this?

**The Hon. M.D. RANN:** I might have to get a report on that. I think we need to check that. Someone mentioned \$25 000 for the printing budget, but we might just check on that if that is okay.

**Dr McFETRIDGE:** Of the \$150 000, I think it was, you said was available in 2003-04 for the provision of training and development opportunities for volunteers for recruitment purposes and to purchase equipment, how many applicants received funds and were there any funds remaining? Has any money previously allocated to volunteers been reallocated to any other department such as the Office for Recreation and Sport or the Department of Human Services?

**Ms RANKINE:** As I am aware, no money has been transferred over to other departments but of course a lot of people involved in sport and recreation activities volunteer and so they would access some of the training that is provided through the Office of Volunteers training programs.

**The Hon. M.D. RANN:** Maybe I should also give you some of the grant allocation figures. The Office for Volunteers is providing the following grants for 2003-2004, Grant Program Volunteer's Support Fund: small grants to 114 individual organisations, \$150 000; discretionary core funding grants for Volunteering SA, \$55 000; Northern

Volunteering, \$12 500; and Fleurieu Volunteer Resource Centre, \$12 500. Project Grants: Australasian Association of Volunteers Administrators for a scholarship program, \$10 000; Onkaparinga TAFE for a scholarship program \$10 000; University of South Australia for the community website project and virtual mentoring program, \$19 000.

**Dr McFETRIDGE:** Thank you, Premier, and Parliamentary Secretary. I will put the rest of these on notice. That might be easier. There are a few others, but I will not read them now, to save time. As I said in my opening statement, there are points of clarification; and I thank you for your time.

**The Hon. M.D. RANN:** I appreciate the fact that in the volunteering area there is considerable bipartisanship in this state, and I think it is an area where there should be bipartisanship, and I appreciate it.

**Dr McFETRIDGE:** I would like to thank the officers of the Office of Volunteers. They have been very cooperative, particularly as a new member of the front bench. Thank you.

**The CHAIRMAN:** Given that there are no further questions, I declare the examination of the proposed payments completed.

**The Hon. M.D. RANN:** I would like to thank the officers who have assisted during today's proceedings so far and I have done my best to answer questions as truthfully and as accurately as I can. Certainly if there are any errors in my memory I will endeavour to check to make sure that as much information that can be provided is, in an accurate way. I am not perfect but I try.

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Arts SA \$91 984 000

**Additional Witness:**

The Hon. J.D. Hill, Minister Assisting the Premier in the Arts

**Additional Departmental Advisers:**

Mr G. Mackie, Executive Director, Arts SA  
 Mr J. Andary, Director, Lead Agencies and Planning  
 Mr G. Kling, Manager, Budget & Financial Planning  
 Ms J. Worth, Director, Projects  
 Ms C. Treloar, Director, Arts Industry Development  
 Mr J. Bettcher, Director, Business Services

**Membership:**

Mr Hamilton-Smith substituted for Dr McFetridge.

**The CHAIRMAN:** I declare the proposed payments open for examination. We have the Premier and Minister for the Arts and the Minister Assisting the Premier in the Arts—who is taking the leading role?

**The Hon. M.D. RANN:** We sort of share the arts down the middle. Unlike other ministers assisting—I was minister assisting Lynn Arnold some years ago in the area of multicultural affairs and I think that meant that I went to the dances—we actually divide the functional responsibilities in the arts department with specific reporting lines to both of us in different areas. It is unusual but it works.

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

**The Hon. M.D. RANN:** I have a brief one. This government stands firm on its commitment to supporting the arts in South Australia. In these changing and challenging times the arts provides a way of bringing people together as well as documenting and commenting on the world around. Investing in the arts is good for the economy and for communities across the state. In this budget, the government will increase operational funding to the arts by 5.6 per cent (nearly \$7 million), taking the total of the annual arts budget to \$92 million. We will ensure that funding will be distributed across the arts sector where it can generate the maximum economic and social impact for as many people as possible.

We want to get some of the fundamentals on a stronger footing by increasing spending to the major cultural institutions for facilities management, security upgrades and general operating revenue. In the past 10 years, the South Australian Museum, the Art Gallery of South Australia and, more recently, the State Library have undergone major building redevelopments, which means there is now a need to fund increased overheads and security requirements. The government has allocated an extra \$300 000 a year to the Art Gallery and \$290 000 a year to the South Australian Museum to meet these critical needs. The combined value of the collections housed in the Art Gallery, the Museum and the State Library is approximately \$689 million.

As well as protecting our cultural heritage for future generations, it is our responsibility to maintain a secure environment for the people who work in these high-profile public buildings, their visitors and, of course, the collections. This matter has been addressed specifically in light of recent threats to security around the world. The arts budget takes this into account with an extra \$510 000 per annum over four years, increasing to \$550 000 in the fourth year towards extra security guards for the North Terrace cultural precinct. Another \$1 million for each of the next four years has been allocated for facilities management and to address high priority occupational health, safety and welfare issues and those relating to compliance with the Disability Discrimination Act and the Building Code as related to South Australia's public and heritage buildings. In particular, remedial work will be done at the Maritime and Motor Museums.

The Adelaide Festival Centre has also undergone a major facelift in recent times and, in recognition of the importance of this flagship company, the Festival Centre will receive an increase of \$400 000 a year for operating costs and \$500 000 a year for the spectacularly successful Cabaret Festival. This budget has taken into account the enormous social and economic benefits that result when events such as the Festival of Arts, the Adelaide Fringe, WOMAdelaide or the Adelaide Cabaret Festival are adequately resourced. Later this year, South Australia is set to build on its cultural stature with the landmark staging of the first Australian production of Wagner's *Ring* cycle. This internationally anticipated production has the potential to generate \$15 million in 2004-05 for the South Australian economy.

These events bring tourists and their money into the state; they provide creative opportunities and employment for artists and technicians; and they provide incomparable career opportunities for performers and production personnel. The Adelaide Bank 2004 Festival of Arts is estimated to have produced a total net economic benefit of \$15.4 million to the state and attracted almost 10 000 visitors. People from interstate and overseas spent an average of 10.5 nights in South Australia. Businesses across the Adelaide CBD and metropolitan areas had significant increases in turnover

during this period. The taxi industry recorded an increase of 80 per cent. As the Chair of the Taxi Council, I am pleased about that. Car hire companies increased business by 60 per cent and accommodation providers experienced an increase of 57 per cent, while 81 per cent of visitors said that they would be likely to revisit South Australia as a result of their experiences at the Festival.

This year, the Festival of Arts presented a program that attracted record attendances and demonstrated uncompromising artistic innovation and excellence. We have committed an extra \$1.5 million per festival, taking gross state funding to about \$5.5 million for the 2006 festival. In 2003-04 the government invested just over \$1 million to enable the South Australian Film Corporation to continue filming 38 episodes of *McLeod's Daughters* in this state. The film corporation estimates that more than 60 per cent of the total \$20 million production budget will be spent in South Australia. This investment also creates jobs—a total of 333 full-time positions over the coming year. It is estimated that to date this series has generated over \$30 million in economic benefits to the state. I am happy to now proceed to questions.

#### Membership:

Mr Koutsantonis substituted for Mr O'Brien.

**Mr HAMILTON-SMITH:** As the opposition spokesperson for the arts, I begin by thanking you and all your staff, not only those at the table but also those in the gallery, who have put in a lot of work to prepare for today. The opposition appreciates their work and will try to be constructive with our questions.

We have found the arts accounts an interesting exercise. I will go straight to the nub of issues of interest to us and certain key industry stakeholders. In relation to Budget Paper 4, Volume 1, page 1.30, 'Targets', how much total funding has been allocated to the health promotion through the arts program? How will that money be spent?

**The Hon. M.D. RANN:** The budget allocation for the health promotion through the arts program for 2004-05 is \$1.916 million. Of these funds, \$250 000 is allocated for community arts programs, \$20 000 for brass bands, \$1.126 million for general sponsorships, \$170 000 for healthy initiatives and \$250 000 for partnerships for healthy communities. Funds have been allocated to pay Health Promotion SA to manage the associated health promotion campaigns and strategies. The committee that assesses this program has met recently and the recommendations and announcement letters are currently being prepared for my signature. Applicants will be advised of the outcomes in the near future.

**Mr HAMILTON-SMITH:** In relation to Budget Paper 4, Volume 1, page 1.38, Program 3, 'Arts industry development and access to artistic product', the Premier may wish to go through the information I am about to request or provide it in a table; I will be guided by the Premier as to how he wants to approach it. In regard to the lead agencies funded, how many lead agencies will the government be funding this year? How much total funding has been given to each of those lead agencies?

**The Hon. M.D. RANN:** There are 21 companies or agencies. It may be useful to give an idea, as follows: the State Library of South Australia is \$10.883 million; PLAIN Central Services (which is for the State Library), \$15.259 million; the South Australian Museum, \$7.423 million; the Art Gallery of South Australia, \$5.632 million; Carrick Hill, \$638 000; Artlab Australia,

\$1.268 million; the History Trust of South Australia, \$3.48 million; Adelaide Festival Centre Trust, \$8.484 million; Country Arts SA, \$4.65 million; State Theatre Company, \$1.639 million; the South Australian Film Corporation, \$4.9 million; State Opera of South Australia, \$2.66 million; Adelaide Festival of Arts, \$2.262 million; Tandanya, \$686 000; Community Information Strategies Australia, \$161 000; Disability Information Resource Centre, \$173 000; the Australian Dance Theatre, \$850 000; Adelaide Symphony Orchestra, \$1.74 million (it also gets commonwealth funds, as do some others); Jam Factory Contemporary Craft and Design, \$866 000; SA Youth Arts Board, \$1.794 million; Windmill Performing Arts, \$1 million; and Adelaide Fringe Festival, \$292 000 (because it is an off year). That is a total of \$76.74 million. The arts operating funding for 2004-05 is \$91.93 million; for 2003-04 it was \$85.028 million; and, for 2002-03 it was \$80.935 million.

New budget initiatives include: Adelaide Cabaret Festival—continuation of funding, \$500 000; Adelaide Festival Centre Trust—increased operating funding, \$400 000; Dunstan Playhouse—seating upgrade (which everyone knows is needed), \$200 000; Adelaide Festival of Arts—continuation of funding, \$750 000; Art Gallery of South Australia—increased operating funding, \$300 000; SA Museum—increased operating, \$290 000; SA Museum—additional one year support for research scientists (new money), \$390 000; SA Film Corporation—operational support, \$300 000; National Visual Arts and Crafts—funding, \$215 000; Heritage and Public Buildings—increased maintenance allocation, \$1 million; North Terrace cultural precinct—additional guards, \$510 000; State Opera of South Australia—additional support for Wagner's *Ring* cycle—new funding, \$1.5 million; Country Arts SA—continuation of funding for regional theatres upgrade, \$500 000; Art Gallery—employment of curator of Asian art, \$75 000; Adelaide Film Festival, \$500 000; and Live Music Fund—contemporary music development, \$500 000.

**Mr HAMILTON-SMITH:** My next question relates to Budget Paper 4, Vol. 1, page 1.38, program 3 and the second-tier organisations of which there are slightly more. How many second-tier organisations will be funded and how much total funding has each second-tier organisation been allocated?

**The Hon. M.D. RANN:** While I am getting those figures, I should say that, just a few months ago, I found some left-over funding in the Premier's department which was not allocated for arts. With the advice of Arts SA, of course, I allocated small grants to a range of companies which were not in replacement of anything but in addition thereto. A range of companies received grants, from a couple of thousand dollars up to \$15 000. It was the smaller end of town.

**Mr HAMILTON-SMITH:** The previous minister, Diana Laidlaw, also transferred some funding from within her department to the arts. I think it was transport. She was criticised roundly for it, but I am sure that the arts groups concerned are very thankful.

**The Hon. M.D. RANN:** Industry development funding supports smaller arts organisations across all art forms working predominantly in the research, development and service area of the South Australian arts industry. Funding is provided on an annual multi-year or triennial three-year basis to maximise the effectiveness of these organisations in achieving their goals and fulfilling their broader industry development roles. This funding is provided on a calendar year basis. The allocation for 2004, which was provided for



the 2003-04 budget, was \$2.906 million, including \$100 000 for the Strategic Investment and Regional Festivals Program.

The industry development budget allocation for 2004-05 was \$3.53 million, which is a 5 per cent increase. These funds will be allocated to organisations in 2005. Applications for funding for 2005 close this Friday, 18 June, so people had better get cracking. Organisations will be advised of their 2005 funding levels later this year. I can give the honourable member a list of what was provided in 2004, but it does not include the hundreds of thousand of dollars (I think it was more than \$350 000) I got out of Premier's department.

The list includes the Adelaide Chambers Singers, \$28 360; *Art Monthly Australia*, \$2 210; Arts in Action, \$74 780; Arts Law Centre, \$3 450; Ausdance, \$87 125; Ausmusic, \$12 000; Australian National Playwrights Centre, \$6 000; Australian Copyright Council, \$3 450; Australian Network of Art and Technology, \$25 625; Australian Society for Keyboard Music, \$4 485; Bakehouse Theatre, \$45 000; Brink Productions, \$205 000; Co-Opera, \$80 000; Contemporary Arts Centre of SA, \$180 085; Experimental Art Foundation, \$105 000; FEAST, \$58 000; Friendly Street Poets, \$12 000; Knee-High Puppeteers, \$20 000; Mainstreet Community Theatre, \$172 000; May Gibbs Children's Literature Trust, \$20 500; No Strings Attached (Theatre of Disability), \$12 000; *Object* magazine \$4 100; Parallelo, \$140 425; Radio Adelaide, \$25 000; the SA Council of Country Music, \$27 327; SALA Festival, \$80 000; The Firm, \$21 955; and, Vitalstatistix, \$200 000.

In terms of multi-year organisations for 2003-04: Adelaide Baroque, \$66 150; Artlink Australia, \$60 000; Australian String Quartet, \$207 200; Community Arts Network of SA, \$110 000; Craft South, \$110 000; Folk Federation of SA, \$46 800; Jazz Coordination SA, \$36 100; Leigh Warren and Dancers, \$230 000; Nexus Multicultural Arts Centre, \$126 000; SA Writers Centre, \$104 000; and Wakefield Press, \$66 200. Apparently the industry development budget allocation for 2004-05 is actually \$3 053 000. I said \$3.53 million: it is \$3.053 million. It is a 5 per cent increase.

**Mr HAMILTON-SMITH:** You listed 39 companies. Is that the number of second-tier companies being funded?

**The Hon. M.D. RANN:** Yes. In addition to that money, I mentioned that one-off strategic assistance totalling \$265 000 is being provided to the stretched small to medium performing arts sector, and that comprised \$100 000. It is for young performing arts. There is also \$190 000 to Arts SA's triennially funded small to medium performing arts companies. The following companies have received letters from me telling them that they are getting an extra \$15 000: Vitalstatistix; Parallelo; Brink Productions; Bakehouse Theatre; Knee-High Puppeteers; Mainstream Community Theatre in the South-East; and No Strings Attached. For dance: Ausdance SA Choreographic Lab; and Leigh Warren and Dancers. In music: Co-Opera; Adelaide Baroque; and the Australian String Quartet.

In addition, two companies, The Firm and Adelaide Chamber Singers, because they are on relatively low levels of ongoing funding, are to receive \$5 000 each. Further, \$30 000 has been allocated as a once-only contribution of \$5 000 each to the following project companies: Tutti Ensemble; Fresh Track Productions; Budgie Lung; Australian Performance Laboratory; 4bux; and Splash. There is quite a number of others as well. The Southern Theatre and Arts Supporters group (STARS) will receive \$5 000 for similar purposes. Independent Theatre, which produces very high quality work and provides many opportunities for emerging

actors and technicians, will also receive \$5 000 towards its program. In the amateur sector, \$15 000 is to go to the Theatre Association of SA, to which most amateur companies belong and which publishes the widely read magazine *Encore*.

**Mr HAMILTON-SMITH:** Was that latter group of companies from the special source of funding that you identified from within the Premier's department?

**The Hon. M.D. RANN:** The money that I have nicked out of Premiers, yes.

**Mr HAMILTON-SMITH:** Please go on nicking wherever you can find it. I refer to page 1.31 and the program net cost services summary. You announced last week in the media \$700 000 in funding over four years for youth arts companies. I just ask which particular source and budget line that \$700 000 will be coming from, and I seek to understand whether this is a partial reversal of the \$3.8 million. Because the \$700 000 is over four years, is this a partial reversal of the \$3.8 million worth of cuts to arts grants and subsidies over four years that was announced in last year's budget? I refer to last year's Budget Paper 3, page 2.9. If so, do I understand that, over the four years, grants and subsidies to artists continue in real dollars to be restrained or cut by \$3.1 million, because the government announced a cut of \$3.8 million over four years last year? Now we have had \$700 000 over four years this year. It seems to me that in net terms we are really still behind. Do I understand that accurately?

**The Hon. M.D. RANN:** As you can see, there has been a substantial increase in the arts budget. In the youth area there was the \$100 000 I mentioned that was moved from the DPC account, and there is also \$200 000 ongoing from Arts SA for youth theatre. There have been increases in the arts budget and we are trying make sure that there is a little bit of money around for the smaller end of town.

**Mr HAMILTON-SMITH:** I would like to explore that a little bit further. It is difficult when capital costs and certain other fixed costs are run into the budget. It looks as though more has been spent than may really have been spent. That is why I am exploring this. The reality is that if the \$700 000 that you announced for youth arts companies is from grants and subsidies, we had a significant cut over four years last year and now we have had a bit put back. It is important because in overall terms it may mean that grants and subsidies are still restrained by almost \$3 million. Could you address that point?

**The Hon. M.D. RANN:** First, as I understand it, all the figures exclude capital funding, so they are not being mixed up.

**Mr HAMILTON-SMITH:** Is that \$700 000 from grants and subsidies under program net costs of services?

**The Hon. M.D. RANN:** With your concurrence, I might have to get some detail and report back.

**The CHAIRMAN:** What do these groups have to do to justify their government grant? What process is in place to ensure that they do what they say they will do?

**The Hon. M.D. RANN:** In South Australia we have independent peer assessment, as has the Australia Council. We can think of the tens of millions of dollars across the arts but, in terms of the allocations to individuals and to companies, there is a certain global amount but there are allocations made by independent peer assessment committees. So, the standard of the arts work and the need for funding is determined by expert peer assessment panels. The only exception to that was my recent top-up of money, which was

more than \$350 000, I think, where we basically topped up some of the allocations to the smaller arts companies.

Every now and again there is criticism of independent peer assessment. When we had the arts summit last year, my message was that you cannot have it both ways. People say they do not want politicians to choose and to inflict their taste upon who gets what, that it should be done by experts in the arts, but it is interesting that, whenever an independent peer assessment panel recommends defunding or a reduction in funding, you get people writing letters saying that it is an outrage and that I should override it. You do not get people expressing outrage and asking me to override increases in funding from independent peer assessment. The classic example of that was the Barossa Music Festival. You get recommendations: you cannot have it both ways, otherwise there would never be any reduction. Peer assessment would simply mean keeping on keeping on.

Much as I would love to be able to personally determine how much money goes to each organisation, it is probably better for the arts that independent peer assessment continues. It is very interesting that a lot of the people who jumped up and down about the recommendations of peer assessment panels when I suggested that we should do away with them rushed in to say, 'You can't do that.' So, we have 'peer assessment, plus strict grant acquittal processes is required'.

**The CHAIRMAN:** Even though it is peer assessment, are the criteria available publicly? If someone wanted to—

**The Hon. M.D. RANN:** Absolutely.

**Mr HAMILTON-SMITH:** I refer to page 1.42, which refers to Wagner's *Ring* and the blow-out in costs. The Minister Assisting the Premier in the Arts advised the house a few weeks ago that he was not responsible for the *Ring*. Therefore, I ask: who has been the responsible minister for the *Ring* cycle on Labor coming to office? If it has changed since then, when did the responsibility shift?

**The Hon. J.D. HILL:** I will answer that as the minister responsible for the *Ring* cycle. In fact, the Premier calls me the Lord of the Rings, which is an honour I wear with some dignity and great pride. I was pleased—

**Mr Koutsantonis:** He dies in the end, you know!

**The Hon. J.D. HILL:** Well, we all do. I was asked by the Premier to look after the *Ring* cycle at the time of the most recent reshuffle of the cabinet, and I am not sure now exactly when that was. I have been looking after it, and I can answer any questions.

**Mr HAMILTON-SMITH:** My question relates to the decision by the Festival Centre not to produce the sets for the *Ring*. Why did the Festival Centre make the decision not to take up State Opera's work to construct the sets for Wagner's *Ring* but rather to take on other work, causing the State Opera, as I understand, to go interstate to have its sets designed at additional cost? Did the minister responsible make that decision? If not, when did he become aware of that decision having been made? If so, why did the minister not intervene to ensure that the State Opera sets were manufactured at the Festival Centre? Obviously, that has been a key issue in the last 18 months or so in the blow-out and has had a big impact on the arts budget.

**The Hon. J.D. HILL:** I think it is important that we try to put all the issues in relation to the *Ring* in some sort of context. It is worrying to those in the arts when issues about the behaviour of particular companies become politicised, because that provokes a kind of political response. The *Ring* was an initiative of the former government. In fact, the Hon. Diana Laidlaw was responsible for the staging of the

first *Ring* cycle in South Australia some years ago. It was an imported version, but it went over so well that there was enthusiasm for South Australia to produce its very own fresh production. I understand that it is only the fourth time since the 19th century that anyone has ever tried to produce a whole cycle in one go.

I am not being critical of that decision. It is an ambitious project, and I am sure it will be a huge success. Unfortunately, when that decision was made it was on an indicative basis. I have asked for details of the records, but no detailed budget was produced at that stage. What Diana Laidlaw signed off on was a notional understanding of approximately \$10 million which, in my view, had not properly been worked through. It was a kind of 'Hey, gang; let's put on show' approach to putting on the *Ring* cycle. Everybody was enthusiastic, and they decided to do it.

They estimated fairly crudely that it would cost \$10 million to \$11 million. It was put to me by the expert who was employed to look after the production that it was a naive budget, and it has certainly blown out. The detail has already been put before the house, and I will not go through the figures unless the member wants me to. The notional budgeting done by the opera company was that the sets (which I understand are the most expensive part of the production) would be produced in South Australia by the Festival Centre Trust. I think it is fair to say that there had been some discussions between the opera company and the Festival Centre Trust about the trust doing it but, as I understand it, there was no signed contract—no finalised arrangement.

The Festival Centre Trust, in the end, was offered a commercial contract by an independent company to produce the sets for *The Lion King*. They made that decision operating within their commercial charter, and that meant that the opera company had to go elsewhere. Things could have happened in different ways, but each of the companies operating within their own realms of responsibility made those kinds of decisions. As a result of the work being put out to tender on a national basis, the costs were higher than anticipated.

In my view, what ought to have happened back in 2000 or 2001, or whenever the original decision was made, was that there should have been a much more rigorous budgeting process, and that really did not happen until the blowout was discovered. After these concerns were raised (I should not describe it as a blowout at that stage) and the cost pressures were realised, the federal and state governments commissioned what is known as the Stewart inquiry, which made some recommendations about how these matters ought to be dealt with. As a result of that, as I understand it, the commonwealth and ourselves have employed Noel Staunton and Pamela Folks as experts in getting shows on the road. Noel Staunton, of course, worked with Baz Luhrmann and has international experience and credibility. He has gone through the budget in fine detail and has assured me that it is as close to being what it needs to be as we can possibly anticipate. He has also found about \$900 000 worth of savings that can be made in producing the budget, so he has been harsh on them. He will stay in the employment of the government until the *Ring Cycle* is finalised. They are the facts as I understand them. It is unfortunate that it happened but, if you want to keep pushing the point, the reality is that the initial decisions about the budget were inadequate, and it is only through the experience of trying to put the show on

the road that those inadequacies had been revealed and, having been revealed, they have been addressed.

**Mr HAMILTON-SMITH:** If I can just comment before leading to my next question, it would seem that since this is the third year of a Labor government, this is the third budget on which the Auditor-General has commented with concern about the financial control measures within the department. Last year in his report he stated that a competent response on coming to office would have been (if you are now arguing that there was a skeleton in the closet) to have crunched the numbers, reassessed the situation and fixed it back in 2002 rather than to discover after your third budget that there was a need to sink substantial amounts of money into it. I appreciate the point—

*The Hon. J.D. Hill interjecting:*

**Mr HAMILTON-SMITH:** I am leading to that. The government is going to argue that was all the fault of the former government. We have a different view. My question is now that we have this situation foisted upon us, how would the State Opera be required to pay for the blowout in Wagner's *Ring* in future years? What changes will be required in the number of performances in annual budgets over three years to follow *The Ring*? Will this extra injection of capital be provided to ensure that what I am certain will be an outstanding event is held so that they can just get on with their normal budget? Or will their budget be curtailed and perhaps the number of people they employ pulled back?

**The Hon. J.D. HILL:** As I said in my initial answer, if you try to politicise this you will provoke a political response. The Hon. Diana Laidlaw was the minister responsible for establishing the budget for the *Ring* cycle. It was woefully inadequate: it was described to me as naive. This was not revealed until we went through the processes which I have described. It is not, as the member said, that after our third budget we discovered that there were problems. We discovered the problems earlier and we took appropriate action with the commonwealth—do not forget, the commonwealth puts more money into this than the state and it is a Liberal federal government—and together we went through the process to work out what amount of money was required to put the show on the road. It is a very large sum of money, because putting on a *Ring* cycle on is not an easy thing to do. As I have said, a number of attempts have been made around the world. Many have failed, but we are not going to let this one fail, so we are prepared to back it at cost and, as a result of that, we are expecting to have an excellent production here in Adelaide. I am sure it will be breathtaking in its aesthetic values. The number of visitors coming to South Australia to see it will be extraordinary: 80 per cent of the tickets have been sold to people from interstate and overseas. The financial benefit to the state will be greater than the benefit to the state from the Adelaide Festival, for example.

This is not a small operation, and it is unfortunate that the budgeting was not done properly the beginning, but if you want to play the blame game I will tell you where the blame lies. But I do not want to get into that—I really want to talk about the positive aspects of this, and this will be a success for South Australia. The impact of the budgeting process on the State Opera Company will have to be worked out with the opera company. I have not yet sat down with them to determine how it will be borne by them because, quite frankly, they are preoccupied with putting on the *Ring* and I do not want to distract them and take their attention away from those issues.

The commonwealth has lent money to the company which will have to be repaid, we have put additional funds in, and we have also given funds on the basis that there has to be some repayment. We will work through the details of that with the opera company as to the consequences and over what period of time once the *Ring* cycle is out of the way. We do not want to see the State Opera Company on its knees; it is an outstanding organisation and is probably the leading opera company in Australia. It takes on very adventurous works which are demanding and challenging to the performers and audiences, and it plays a vital role in the arts in Australia. I know that both the commonwealth and the state value that role and we want to work with it to ensure that it is able to continue delivering into the future.

**The CHAIRMAN:** Is it expected to break even?

**The Hon. J.D. HILL:** To break even, the tickets would probably have to be in the tens of thousands, but the best advice that I have from the consultants we have employed to look after the financial side of it is that it will now come in on budget. But, as the Premier said, the economic benefits to the state are quite enormous. The people who are coming to South Australia are paying ticket prices of \$1 500 to see the cycle of operas; the four productions which, I think, go over 10 or 11 days. So, they are not short-term visitors who come here just for a weekend: they come and stay at the Hyatt or the Hilton or one of the more expensive hotels in town, and when they are not going to the opera they are going to restaurants, catching taxis, visiting wineries and going to other arts events. They spend a lot of money while they are here, so the economic return to the state will be very good. So, from the state investment point of view it is a worthwhile investment, even at the additional cost.

**Mr HAMILTON-SMITH:** Getting to the issue of peer group assessment mentioned by the Premier earlier, what devices or mechanisms have been created to provide for peer group assessment of arts grants and subsidies, and who represents the industry on the relevant panels or assessment boards? What machinery do you have in place to do that? I would also be interested to know whether initiatives such as the film festival and some of the other new initiatives were subjected to peer group assessment.

**The Hon. M.D. RANN:** The film festival was a policy decision by the government in the same way as was *Windmill* by the previous government. Quite frankly, I think the peer group assessment panels have enough rope, but that will still mean that John Hill and I, as Minister for the Arts and Minister Assisting the Premier in the Arts respectively, can have our own initiatives, just as Diana Laidlaw did with *Windmill* and other things. I am convinced that next year's film festival will be up there in lights around the world: it just has a fabulous repertoire coming our way.

In terms of peer assessed funds, of that massive amount of money that we talked about before in terms of Arts SA, last year (2003-04) \$5.6 million was determined by peer assessment. So, peer assessed funds for 2003-04 were \$5.6 million and for 2004-05 are \$5.7 million. The difference is that, as a public corporation, the film festival has a board, as do the film corporation and other organisations. That is nothing to do with peer assessment.

**Mr HAMILTON-SMITH:** I refer to page 1.36, 'Access to art, museum and heritage services'. What is happening with the Carrick Hill Trust? Does the government still intend to proceed with proposed legislative amendments to combine Carrick Hill with the History Trust? I have heard that Alan Smith may have moved, or may be moving, from Carrick

Hill. In his answer, can the minister mention what arrangements are being made for a follow-on manager and curator?

**The Hon. J.D. HILL:** Alan Smith has been the Director of Carrick Hill for, I think, five years and has done an absolutely outstanding job, as I am sure the member would acknowledge.

**Mr HAMILTON-SMITH:** Yes, totally.

**The Hon. J.D. HILL:** Alan Smith has just been given a considerable promotion. He has been appointed as the new State Librarian in South Australia, which is an excellent choice by the board of the State Library. He will take up his duties, I think, at the end of July/early August. So, he will still be on board at Carrick Hill for six or so weeks. Arts SA is working with the board and Alan to find an acting director, and we hope we will be able to do that in the near future.

Regarding the future role of Carrick Hill, it is the government's view that, as an individual organisation, it is vulnerable. It has a relatively low income base and a large set of valuable assets. If one looks at the figures, one will see that its visitation is down, and it really needs support. It has a relatively small staffing level and it has been held together remarkably, I think, by Alan, who is an extraordinary character, and a very loyal and hard working band of volunteers and friends who make up the Carrick Hill family.

What the government wants to do is strengthen the circumstances that surround the Carrick Hill organisation without diminishing its role—in fact, we want to strengthen its role. It is our view (a view which I think was shared by the former government and which certainly was shared by a select committee that found this, I think, in the mid 1990s) that the best way of doing this would be to have Carrick Hill incorporated into the History Trust. As members would know, the History Trust is an organisation that has a couple of functions, but it also manages a number of specific museums—the Birdwood Motor Museum, the Migration Museum, and the Port Adelaide Maritime Museum—and provides grants and runs events such as History Week, and so on. The government has already passed onto it the management of the Queen's Theatre, which is an historic living theatre; it is the oldest theatre in South Australia. As a result of that transfer the Queen's Theatre is now being used a lot more. It is working very well, because it has access to a specialised group of experts who have the capacity to make it work.

It is our view that Carrick Hill, brought within that context, would have access to that broader range of expertise. We would like to see the History Trust grow and take on a role in relation to a number of historic buildings that the state owns. We have something like 300 state heritage listed buildings, including the Adelaide Gaol, Martindale Hall up in the Clare area, and Marble Hill. We have a range of these buildings, some of which are managed by individual departments. There is no coordinated approach to all of them. If you could bring them all together into one focused entity, then I think the capacity to manage them and exploit them from a tourism point of view would be much greater. The model I have in mind is the Historic Houses Trust in New South Wales, which has a range of these kinds of buildings. We are doing some work in government to identify opportunities across the buildings we currently hold.

There is a range of policy matters that we are working on. In relation to Carrick Hill, it is still our policy position that it should be integrated within the History Trust. To do that, we would of course have to get the support of the parliament, and we would want to do it with the support of the board. I

have had produced a draft piece of legislation which would arrange for that amalgamation, and I can provide the honourable member with a copy if he has not seen it. I have provided it to the board for its consideration, and I think the friends' group has also been given a copy. One of the great concerns by members of the foundation is that funds raised for Carrick Hill by the foundation and the friends' groups would no longer be tax deductible. I am assured by those who have written the legislation that that would not be the case; that we would be able to establish it in such a way that the foundation and the friends' group could run separate entities and have separate fund raising arrangements, which would be for the exclusive benefit of Carrick Hill.

There is obviously some nervousness. Change always makes people a little uneasy. We are trying to work it through without rushing it, but I still believe fundamentally—and I think anybody who looks at it from a distance would believe—that it was the sensible thing to do.

**Mr HAMILTON-SMITH:** I have a supplementary question. Does that mean that the draft legislation has been put out for selective consultation, or has it been put out more broadly for public consultation? Will there be any advertisement to alert the public to it?

**The Hon. J.D. HILL:** When I spoke to the members of the board some time ago, we were having a discussion in abstract, and I said, 'Let me get some legislation drafted, I will show it to you and consult with you so you can see what it is we are intending. We can take advice from you about how it should be formed to better address your concerns.' It is not that it is being secretive at all, it has just been for that group to give consideration to, but I am happy for the opposition to have a copy. It is not that anybody is being kept in the dark about it: it is just that I promised the board and the friends an opportunity to have a look at it.

**Mr HAMILTON-SMITH:** I will take up that kind offer, minister, to get a draft as soon as practicable. Moving on to the Festival Centre, I have had a series of questions on notice about the Festival Centre over the past 18 months in regard to black nights, activity levels and staffing levels, as you would be aware. I note that Budget Paper No. 4, page 2.11, refers to cost pressures. I note your comment, Premier, that you are providing, I think, \$1.6 million over four years to increase the operational budget to the Adelaide Festival Centre, which I take to mean operational money, not facilities and building money.

What are those pressures at the Festival Centre and why has it been necessary to provide this fairly significant extra amount to the centre? I remember that in opposition you criticised us roundly for putting extra money into the Festival Centre and I am just wondering what has changed down there and how things are going? What are the cost pressures and what are the issues that have required that injection of operating capital?

**The Hon. M.D. RANN:** We just thought that there was inadequate base funding. Additional annual operating funding of \$400 000 has been allocated to stabilise the position of the Festival Centre so that it can deliver the outcomes that are expected of it as a flagship for the arts in South Australia. In addition, an allocation of \$200 000 has been provided towards the refurbishment of the Dunstan Playhouse. It is a superb playhouse, one of the great theatre spaces in Australia, but it is looking a little raggedy, and this additional funding will allow work to begin on addressing the problem of seating within the stalls area of the theatre. In terms of the Cabaret Festival with an annual turnover of \$1.7 million, the Adelaide

Cabaret Festival, which is currently under way, has established itself in just three years as a significant event in the national cultural calendar, with low average ticket prices, attendances of 41 000 to over 150 performances and 25 per cent of the tickets sold to targeted access groups.

Most pleasingly, it has attracted many young people who have never before been to a performance at the Festival Centre. Taking into account the benefits to the community and the arts industry that are generated through the Adelaide Cabaret Festival through employment opportunities, master classes and educational sessions for students, the state government has allocated \$500 000 per annum to ensure that it will continue.

**Mr CAICA:** I move:

That the sitting of the committee be extended beyond 6 p.m.

Motion carried.

**Mr HAMILTON-SMITH:** I seek the Premier's advice on the long-term prognosis for the financial viability of the Festival Centre. If the costs are increasing and the revenues are falling, and if that is creating a gap that is needing to be funded—I think the Premier used the term 'to stabilise the centre'—is there an imbalance? Is there a need to have some sort of review? I know these have been done before. I know there was a Kowalick review. Is there a need for some sort of review on the financial viability of the Festival Centre to see whether it can be improved, and is the government doing that?

**The Hon. M.D. RANN:** Perhaps I will ask Greg Mackie to respond.

**Mr MACKIE:** The Festival Centre Trust operates on a fairly tight commercial footing. None of the major performing art centres around Australia, indeed around the world, are having an easy time of it. International events that have curtailed the propensity for companies to travel have had an impact. The Festival Centre Trust also services a debt—and members will recall that about six or seven years ago a couple of investments in musicals went bad—and it has been doing a sterling job of continuing to service that debt, both principal and interest, at the same time as endeavouring to maintain a creative program and of course maintain infrastructure.

Notwithstanding the wonderful investments in improvements to the access to the centre, it is still a 30-odd year old centre with maintenance and occupational health and safety issues. Things are tight and the belief is that this additional recurrent funding will help put the trust on a better footing for the future.

**Mr HAMILTON-SMITH:** I have to ask this, because we have been at this for two or three years together. In relation to the regional theatres (page 2.11), I note that the government is putting in \$500 000 a year. I have made the point previously that the total bill is \$7.2 million. Have you had any occupational and health related injuries in any of the theatres since coming to office in March 2002? When will you provide the funding to fully refurbish those theatres so that country people can enjoy the sort of facilities we enjoy in Adelaide?

**The Hon. M.D. RANN:** I will ask the minister responsible for country arts to respond.

**The Hon. J.D. HILL:** I always enjoy it when the member for Waite leads with his chin. Unlike the former government, this government has put money into refurbishing the country arts theatres. The former government talked about it prior to the election, but it had nothing in its budget papers. We put

half a million dollars in last year, I think (or thereabouts), and we have now committed half a million dollars on an ongoing basis, at least in the forward estimates period of four years, to address the important issues. I have inspected at least three of them, although I think I have been to all four now, and I have been shown the issues needing to be addressed. I guess they are reasonably serious issues in some cases, and that is why we put in some emergency funding last year. This funding will allow those theatres to address, in particular, occupational health and safety issues and also undertake refurbishing that is required. I am not aware of any OH&S claims—nobody is aware of any such claims, but we will check and, if there are any, we will let the member know.

**Mr HAMILTON-SMITH:** Before leaving that topic, since the minister has made a very clear statement to the house that the former government did not provide funding for that project, I ask that he check with the former CEO of DTUPA and that he check the documentation and *Hansard*, because I have raised this in parliament before—in fact, it has been the subject of some debate. I make the point that it was funded, and the minister might like to check that and come back and correct his statement to the house if he agrees with me. If he does not agree with me, I will take it up later in parliament.

**The Hon. J.D. HILL:** I do not want to get into an argument with the member. All I can say is that on the published record (in the budget papers) there was no commitment to this program when the Liberal Party left office. There might have been some private understanding—I am not aware of it—but the best advice I have is that there was none, and that is the advice that is given to me again. If the member thinks he has evidence—something in black and white that he wants to table in parliament that demonstrates that his former colleague was doing something which was outside the budget process and she has it squirreled away somewhere—we would like to have access to it as well.

**Mr HAMILTON-SMITH:** I suggest that the minister's staff might like to read *Hansard*, but we will take that up separately. In regard to administrative measures, the budget talks on page 2.11 of cuts of \$2.31 million in the area of administration. Are these cuts to be made to Arts SA? Where will the cuts be made? What is the total amount of funding that has been removed from Arts SA over the past three budgets (because quite a significant amount was taken out of Arts SA that we have gone over in previous estimates sessions)? Will these cuts of \$2.31 million further exacerbate the difficulties that Arts SA might be having with its resources and running of the department?

**The Hon. M.D. RANN:** The arts, of course, has been a contributor to the whole of government savings strategy over the past two years, and this budget requires no new savings to be made from Arts SA's grants programs, so this is a positive outcome for the arts in South Australia. This has occurred alongside many new initiatives in the arts for 2004-05, including a new increasing program of support for youth arts and a package of wide-ranging injections of funding on a one-off basis for the small to medium performing arts sector, festivals and amateur theatre. This means that required savings will be made from administration rather than from funds for the arts.

As has been the case since the government came to office, the pool of funds for the small to medium arts companies and organisations will be maintained. As a result of the government's new initiatives such as Partnerships for Healthy Communities, new partnerships have been established over

the past 12 months in the Playford council area, in the Parks area (focusing on the Parks Community Centre) and with Women's Health Statewide. I also understand that an exciting new partnership is under development between the indigenous youth company Kurrulu and the Royal Flying Doctor Service.

**Mr HAMILTON-SMITH:** Can the minister confirm whether any personnel or capabilities presently within Arts SA will be removed as a consequence of any funding cuts?

**The Hon. M.D. RANN:** In terms of savings in 2004-05, Arts SA has to find \$1 000 095. These savings will be found from efficiencies in the structure and operation of the departmental corporate services, \$300 000; not passing on inflation funding to some organisations consistent with the requirement to generate savings through the imposition of a staff slippage factor—about \$489 000 slippage; whole of government savings from pricing review for EDS, \$15 000; a change of administrative priorities whereby previously identified projects and initiatives have been deferred or cancelled as well as the use of a small amount of discretionary funds; and operational efficiencies to be found by Country Arts SA without any impact on its core program activity. So, we are making savings through cuts to administration and, meanwhile, we are out there with a substantial increase in arts funding this year. It is going where it should be.

**Mr HAMILTON-SMITH:** I now move to page 1.30 on Budget Paper No. 4, the Film Festival. I know this is your favourite, Premier. It is a fantastic event, we all enjoy it, but could you confirm what the total cost of the Film Festival will be over four years? We all know how good it is, so there is no need to elaborate, but could you confirm the total number of ticket sales for the last event and how many free tickets were provided?

**The Hon. M.D. RANN:** I think we gave that to you last year. In 2003 the Adelaide Film Festival, in partnership with the South Australian Film Corporation, established a fund for equity investment in Australian films and screen-based projects. The fund has a total budget allocation of \$500 000 per year for two years provided through the Department of Trade and Economic Development. Guidelines for the fund were developed by the Adelaide Film Festival Board in conjunction with the Department of Trade and Economic Development and overseen by Arts SA. Just remember that \$2 million is budgeted for the next Film Festival—\$1 million of that—so it is \$500 000 for the year for investment in Australian films and screen-based projects, for commissioning.

There has already been a significant take-up of these funds, \$645 000 so far, indicating the important role the fund will play in stimulating the South Australian film industry with its accompanying artistic, cultural and economic benefits, and it is a vehicle that sets our film festival apart from those of the rest of Australia. There is no example of this elsewhere that I know of. As a result of this investment—and this is a big announcement—the following film and new media projects are planned to premiere at the 2005 Adelaide Film Festival during February and March. We have *Life Story*, a first feature film comprised of drama and animation, to be written and directed by award winning animator Sarah Watt and produced by Bridget Ikin—the multi-award winning producer of such titles as *An Angel at My Table*, which was a brilliant series, and the executive producer of the 2002

acclaimed Adelaide Festival of Arts feature films, which everyone around the world knows about.

I performed in the film *The Honourable Wally Norman*, and any remarks about it being remaindered are quite unfair. John Singleton and I both hoped to be competing for an AFI award but, regrettably, independent peer assessment panels did not quite have the critical judgement that we hoped. In *Life Story* I play the role of operating the clapper board, and that was a thrill.

There is *Us Mob*, a South Australian produced, cross-platform project for children including video, web, games and text diaries, which focuses on two indigenous teenagers and their Aboriginal bush community of friends. They are putting \$70 000 into that and \$250 000 went into *Life Story*. There is also *Nascent*, a short, new media dance film with South Australia's acclaimed Australian Dance Theatre, whose work *Held* was the hit of the 2004 Adelaide Festival of Arts. There is an equity investment of \$25 000 in that for the Film Festival.

The following projects will premiere following the 2005 Adelaide Film Festival at the 2006 Adelaide Festival of Arts. Of course, this is to be confirmed. It has been announced today that *Ten Canoes* is the first feature film to be shot entirely in an Aboriginal language. It will tell the story of the Yolngu people pre-white settlement. It will be co-directed by internationally renowned and award-winning actor David Gulpilil and acclaimed South Australian director, Rolf de Heer, who is of course famous for *Bad Boy Bobby*, *The Tracker*, and *Alexander's Project* (equity investment of \$200 000 for the Film Festival); and at the 2007 Adelaide Film Festival, *You Are My Beloved*, the second feature length documentary by internationally acclaimed director Sherine Salomar and the follow-up to her enormously successful *A Wedding in Ramallah*, will tell the story of the greatest singer to emerge in the Arab world in the 20th century, Omm Kalthum (equity investment of \$100 000).

The Australian International Documentary Conference will be held in Adelaide from 21 to 24 February 2005 to coincide with the Adelaide Film Festival. The conference director is the South Australian award-winning documentary maker, Heather Croall, and the event manager is Arts Project Australia, which is famous for WOMAD, the Adelaide Film Festival and the Australian Performing Arts Market. Building on Adelaide's reputation as having hosted the most outstanding conference in its history in 1999 (under the leadership of the Hon. Diana Laidlaw), the 2005 Adelaide conference will feature the highest number of international commissioning editors ever to attend the event, ensuring a vibrant and fruitful marketplace. Countries planning to send delegations or representatives include the United Kingdom, Canada, Denmark, Sweden and Finland.

As commissioning editors are the people who make the decisions about investments in documentaries, it is likely that the conference will stimulate a large amount of international investment in the Australian and particularly the South Australian documentary sector. This is an extraordinarily timely development, given that documentaries are increasingly acknowledged as the hottest genre at the box office, as evidenced by the recent win by Mike Moore at the Palm d'Or at the Cannes Film Festival with *Fahrenheit 911*. The documentary marketplace, coupled with the investment program of the Adelaide Film Festival, will make Adelaide the place to do film business in Australia during February and March 2005. Between 800 and 1 200 delegates are expected to attend the conference.

As a result of the extraordinarily high expectations now surrounding the 2005 Australian International Documentary Conference, a number of the world's leading documentary filmmakers have expressed strong interest in attending. They include: Nick Broomfield (*Kurt and Courtney, Aileen—Life and Death of a Serial Killer, Monster in the Box*) and Kevin McDonald, who won an Oscar with *One Day in September* and whose recent feature *Touching the Void* is breaking all film box office records for a documentary. I want to congratulate Cheryl Bart, the chair, and Katrina Sedgwick, the director, for their outstanding work. This will be a world event in Adelaide.

**Mr HAMILTON-SMITH:** I am so inspired by the Premier's response that I am moved to ask whether perhaps he might make a contribution to my motion before the house on the Film Corporation and its future vision and direction, so that it can be wrapped up. I will now put some questions on notice. What was the total expenditure on consultants across the department at all levels?

**The Hon. M.D. RANN:** In the last session, we suggested to Rob Kerin consultancies above a certain figure. He mentioned \$5 000. Do you want to do the same?

**Mr HAMILTON-SMITH:** That is acceptable. How many staff have been reduced across the department in 2003-04, and how many are planned to be reduced in 2004-05? How many TVSPs have been provided? How much has been spent on credit cards, expense accounts and accommodation costs across the department in 2003-04? How much will be spent in 2004-05? How much has been spent on the minister's travel and accommodation, including staff accompanying the minister, in total, and broken down into specific overseas trips, specific interstate trips and specific intrastate trips?

**The Hon. M.D. RANN:** I do not know how you can say how much will be spent on credit cards next year.

**Mr HAMILTON-SMITH:** You must budget for that, I presume.

**The Hon. M.D. RANN:** Everything has to come out of the same budget.

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

**Mr HAMILTON-SMITH:** I thank the Premier, the Minister Assisting the Premier in the Arts, and all the staff (many of whom I see in the gallery) for their outstanding work in preparing for today.

**The Hon. M.D. RANN:** I thank Greg Mackie and his team and Warren McCann, our arts mogul.

**The CHAIRMAN:** I thank the members of the committee for their patience over a long time.

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Department of Trade and Economic Development,  
\$82 710 000  
Administered Items for the Department of Trade and  
Economic Development, \$601 000

**Membership:**

Ms Geraghty substituted for Ms Ciccarello  
Ms Hall substituted for Mr Meier

**Departmental Advisers:**

Mr R. Garrand, Chief Executive Officer, Trade and Economic Development.

Mr K. Scarce, Chief Executive Officer, Defence Unit, Trade and Economic Development.

**The CHAIRMAN:** Premier, do you wish to introduce your advisers and make a brief statement?

**The Hon. M.D. RANN:** On my left is Ray Garrand, who is the Chief Executive Officer of DTED and also economic development. On my right is Rear Admiral Kevin Scarce (retired) who, until recently, was head of defence procurement for the federal government and, before that, head of procurement for the Royal Australian Navy. He has recently joined the Defence Industry Advisory Board as its Chief Executive Officer.

We have just returned from Washington, and previously we have been to Spain and Germany, in pursuit of a range of defence projects. We think that we have a very good opportunity to secure a \$6.5 billion air warfare destroyer project for South Australia for the provision of three air warfare destroyers that would be built for the Royal Australian Navy. It is the biggest naval project in the history of Australia. Obviously, this is very high tech. There would be SM2 missiles that could take out enemy missiles or planes at 150 miles. The air warfare destroyer project—if we were able to win it—will support or create thousands of jobs, and not just for those directly building or constructing ships at Port Adelaide. It will also be a big boost to defence companies at places such as Edinburgh Parks and Mawson Lakes.

Today we have unveiled plans for the Osborne maritime precinct, which would involve a major expansion of the current Australian Submarine Corporation site at Osborne. There is obviously a lot of available land and it is a perfect greenfields site for expansion. The port would need to be deepened with provision of a major ship lift. We are talking of a flexible platform for the construction of surface ships as well as submarines, built in a way that has not been done before and which would be flexible enough to allow for a number of projects to occur at the same time and to be constructed by different companies working at the same location.

In addition, we think there is real potential for South Australian companies, particularly companies like Tenix or General Dynamics, which is based at Pooraka and where it is making armoured personnel carriers or Aslavs. There is \$3 billion for the complete replacement of the Army's field and tactical vehicles, which would involve building between 10 and 15 a week over 10 years. It is a \$3 billion contract and I am pleased to support South Australian companies to try to win this.

Other projects on offer—we will not win all of them—include amphibious assault ships, worth about \$2 billion. There is the unmanned aerial reconnaissance vehicle, similar to Global Hawke, which is about \$1 billion, and other defence projects on offer. The Joint Strike Fighter Project, which is a \$12 billion project for the Royal Australian Air Force, is in association with Lockheed Martin, the prime contractor internationally for the Royal Navy, the Royal Air Force, the United States Air Force and the United States Marines, as well as for Canada and a number of other European countries. There is \$12 billion of Australian commitment for up to 100 joint strike fighters. I have met with Lockheed Martin and have stated that we want to see a slice of the action for South Australian companies, particularly in terms of weapon systems and electronics. Local firms such as BA Systems, Tenix and others have the expertise to win important high-tech subcontracts on this project.

General Dynamics has expressed interest in the Australian Battle Space Communications System worth \$700 million, and this project was designed to improve communications between Army and Air Force operations, but we want South Australia to be the high-tech defence arsenal of Australia. We have an aggressive plan to double the size of the defence industry in South Australia and to increase defence employment from 16 000 to 28 000 workers by 2013.

**Mr HAMILTON-SMITH:** I hear all that. Could you tell us which defence companies have been attracted to South Australia since March 2002 in the time and life of this government? Can you list which defence companies have been attracted here in the past 2½ years that were not already here?

**The Hon. M.D. RANN:** I can get a list.

**Mr HAMILTON-SMITH:** I read your media release this morning and note that most of the companies you mention, Raytheon and a string of them based here, were attracted here largely in concert with industry attraction propositions from the state government through the Industries Development Committee and elsewhere, and in many cases they would not be here but elsewhere if it were not for that industry attraction.

**The Hon. M.D. RANN:** That is not entirely true. You think of people like Raytheon, which is working on the submarine. There is a critical mass of DSTO. People have located here because of the skills, not because of the hand-outs. It is because of skills and a critical mass of companies. I was involved 20 years ago in the campaign to win the submarine project for South Australia, and that in itself then attracted a series of companies that wanted to establish to provide works for it. It is not just about hand-outs of dollars. It is interesting, because I have just been talking to the world heads of companies, such as General Dynamics and Raytheon. I talked to the chairman of SAAB at the opening of its office and he talked about the skills and the technology that we have here. It is not just about hand-outs.

**Mr HAMILTON-SMITH:** I just make the point (and I will be interested in your response) that, since March 2002, there do not seem to have been any defence companies of substance attracted here, yet, in the life of the former government, using different industry strategy (and this strikes at the heart of the Economic Development Board's framework, the State Strategic Plan and the budget papers), from this government's approach a string of companies were attracted here.

**The ACTING CHAIRMAN (Mr Caica):** Is there a question?

**Mr HAMILTON-SMITH:** I have asked a question.

**The ACTING CHAIRMAN:** It sounds like a statement.

**Mr HAMILTON-SMITH:** Well, if he wants to, I am sure that the Premier will object.

**The ACTING CHAIRMAN:** Order! The Premier will be able to answer the question in any way he sees fit. I am just waiting for a question to be asked.

**Mr HAMILTON-SMITH:** I will get to that, Mr Acting Chairman, if you don't mind.

**The ACTING CHAIRMAN:** Thank you.

**Mr HAMILTON-SMITH:** All right?

**The ACTING CHAIRMAN:** Thank you.

**Mr HAMILTON-SMITH:** I suggest that you just calm down. I am putting the proposition that that different strategic approach may be a factor. All right, we will move on.

**The Hon. M.D. RANN:** Can I just say that the best way we can attract companies is by winning the air warfare

destroyer project. The best way that we can attract companies to expand is not to hand out millions of dollars of state funds. The East German approach to industry development is to win the \$3 billion project for the field tactical vehicles. The best way that we can attract companies to expand and/or to attract them here is to win a slice of the action on the joint strike fighter. If the honourable member thinks that you just wander around the world, visiting the head of Lockheed, waving a cheque and saying, 'Come to South Australia,' then he is in the Dark Ages.

Projects need to get behind the team that includes Ian McLachlan, Robert Champion de Crespigny and David Shakelton (the former head of the Australian Navy)—people who know what they are doing. If the honourable member honestly thinks that if he became the minister and visited General Dynamics in Washington or Fairfax, Virginia, with a cheque book, then I think he just does not understand how it works.

**Mr HAMILTON-SMITH:** Is the Premier of the view that 10 per cent of something is better than 100 per cent of nothing? For example, you might be prepared to offer a payroll tax exemption to a company that might otherwise set up in Queensland, which is where most of them are going. The only decisive point is whether, given the jobs that that might create, the economic activity that that might lead to, and given all the benefits that might flow that maybe giving a payroll tax exemption for one or, perhaps, two years, it would deliver a dividend far in excess of that payroll tax exemption.

**The Hon. M.D. RANN:** We talk to companies about this. Very few defence projects have been decided in the last two years. We are bidding to get the big ones, which have just been put on the table. We have just announced cuts to payroll tax and we have announced cuts to business taxes in the state. That is primitive. If the honourable member thinks that winning defence contracts is all about handing out subsidies willy-nilly then he just does not understand how the defence industry works.

**Mr HAMILTON-SMITH:** That is fine. We will look at the results in four years in terms of the number of companies that have been attracted here compared to the four years of the previous government, because, at the moment, the results are quite stark.

**The Hon. M.D. RANN:** I did not see your government win the submarine project, but our government did. I did not see your government secure BEA's involvement in this state. I remember when John Bannon opened the facility at Technology Park.

**Mr HAMILTON-SMITH:** There is probably no point in continuing this argument. I turn now to the airport. In regard to the development of the new international integrated terminal, can the Premier advise the committee from what date the levy will be charged to travellers who will pay for the terminal? How will the levy be charged? Will the government guarantee that the levy charged will not be open-ended; in other words, when do you expect the levy to wind up? What total amount of investment will need to be repaid using the levy for the construction of the terminal?

**The Hon. M.D. RANN:** Here is another example. There were so many announcements of a new airport—

**Mr HAMILTON-SMITH:** You have had five, six or seven.

**The ACTING CHAIRMAN:** Order! The Premier will answer the question.



**The Hon. M.D. RANN:** There were so many announcements of a new airport by the former government but what was built down there—absolutely zilch, zip, absolutely nothing!

**Mr HAMILTON-SMITH:** You walked into it; it was all done for you.

**The Hon. M.D. RANN:** If you think that, you really do not know what the hell you are talking about. When we got in, there was no airport. It was announced, nothing happened, it fell to pieces after the Ansett collapse. We got involved and rolled up our sleeves. I went and saw Geoff Dixon at Qantas and I went and saw the people at Virgin Blue and talked to Adelaide Airport Limited and committed our own funding into the project. There is one real difference between the outcome of the previous government and this government, and that is that a new airport is under construction down on the site to be opened next year, and I am sure that the honourable member is looking forward to attending the opening, because I certainly am.

I will give the figures. Adelaide Airport Limited has commenced construction of the new integrated international and domestic terminal. The total project cost is estimated at \$260 million, which is being financed by new borrowings. Adelaide Airport Limited will fund the borrowings via lease payments predominantly from the two anchor airline tenants, Qantas and Virgin Blue, and other retail tenants and a passenger facilitation charge in the region of \$5 at the 2005 rate per domestic passenger movement.

The previous government committed a package of financial assistance to AAL to assist with the construction of the new terminal. The present government reaffirmed the availability of this new package, which was integral to AAL committing to construction of the new terminal. The package consists of assistance of up to \$11.9 million. There is an interest rate subsidy associated with \$10 million of senior debt to a maximum reimbursement of 7 per cent per annum, that is, \$700 000 per year. AAL is expected to lodge its initial claim for reimbursement in June 2004.

Construction of the new terminal commenced in November 2003 and is expected to be finalised in mid-October 2005. If the honourable member does not believe it is under construction, he should hop down the road and have a look. Ninety per cent of the tenders by value for construction have been called, and 50 per cent by value have been let for trades that can be undertaken in South Australia. Contracts have been let predominantly to organisations with operations in this state. The aggregate of tenders received to date has been within total budget despite wide variances, and Adelaide Airport Limited expects that total construction costs will be on budget, and it is hoping to include additional features to improve customer services levels not currently in the design.

AAL has committed for the purchase of glass-sided aerobridges and will be the first airport in Australia to use these particular bridges throughout the terminal. The new terminal will incorporate 34 retail units, including several food and beverage outlets, fashion stores, toy and gift outlets, newsagents, three duty-free shops, banking outlets and accessory outlets. It will be about three times the floor area of Adelaide Oval. In terms of length, it is about the same length from Victoria Square down to Parliament House. We are talking about a very big building, and at last it is no longer a virtual airport: it is a real one.

**Mr KOUTSANTONIS:** What has the Premier done to capitalise on South Australia's success in the KPMG international competitive alternative survey?

**The Hon. M.D. RANN:** As you know, in February this year KPMG released its 2004 competitive alternative's report which found Adelaide to be the most cost competitive city amongst those cities surveyed in the Asia-Pacific region. Adelaide was also ranked in the top three most competitive cities in the world in key industries such as plastics, automotive, metals, food processing, advanced software development, web and multimedia development. I announced that I would be writing to thousands of CEOs worldwide and that I would launch a major campaign to promote the report and Adelaide.

To date, the government, through DTED, has spent approximately \$600 000 on promoting South Australia's success in the KPMG survey interstate and overseas. The campaign is currently funded by DTED from savings achieved through the restructure of the Department for Business, Manufacturing and Trade. The primary purpose of the campaign is to raise awareness levels and make a splash in the key Sydney and Melbourne business markets and to quickly capitalise on the KPMG survey. In late February, full page advertisements were placed in *The Australian*, the *Financial Review* and the *New Zealand Herald* newspapers. This was followed in March by the mail-out of letters and brochures to interstate and international CEOs, and the redesigning of the [www.southaustralia.biz](http://www.southaustralia.biz) website to highlight the KPMG results.

Between March and May the government placed full page advertisements in major industry and business magazines including *BRW*, *Company Director*, the *Bulletin*, the *Economist* and inflight magazines. From April to June, billboards were secured in Sydney and Melbourne airports to promote the KPMG study and raise the profile of South Australia. Two additional KPMG billboards were installed at Adelaide Airport in May.

I am delighted, by the way, with the cooperation of the leader of the opposition in Victoria, who condemned what we were doing and gave us fantastic publicity in Melbourne. He has the 'Dill of the year award'. I cannot even remember his name—Doyle or someone. In terms of outcomes to date, there has been widespread coverage in the Adelaide and Melbourne media—press, radio and television. I went on a trip with Robert de Crespigny, Kevin Foley, Wayne Jackson and others. Bob Hawke joined us, and Cheryl Bart joined us in Sydney and Melbourne. We briefed business editors and also met with investors and major business leaders in Melbourne and Sydney recently.

I am pleased to report in a bi-partisan way, because that is the sort of guy I am, that we worked with John Olsen to promote the KPMG survey in Los Angeles at a breakfast that he recently organised. He is Consul General in Los Angeles. It was a terrific event and I want to congratulate John Olsen for what he did for us. Two additional billboard sites have been secured at Auckland Airport for July and August, and a billboard at Canberra Airport has been booked for August. One of the Melbourne billboards, the walkbridge site, has been booked for an additional three months. The KPMG billboard campaign will be rolled into a much larger promotional campaign currently being developed by DTED to attract more business investment and migration into South Australia. This campaign is scheduled to commence in July-August 2004. Today we secured a billboard in Perth to promote the South Australian government's mining initiatives.

**Mr KOUTSANTONIS:** The wine industry plays a very significant role in the South Australian economy. Could the

Premier provide the house with an update on what initiatives are being developed to assist sustained future growth in the wine industry?

**The Hon. M.D. RANN:** A working group comprising the wine industry and government representatives is being formed to develop a partnered approach in pursuing wine export market opportunities through trade missions. This will be a joint strategy. Recently, I led a wine trade event in Germany, Weinwoche, which has the theme of 'A shared heritage', emphasising the links between the Barossa Valley and Germany. The recent cooperative approach of the federal government's wine equalisation tax has also shown benefits. By working with the industry the government and opposition parties have been able to gain a rebate of \$290 000 to every wine producer from 1 October 2004 to offset the wine equalisation tax up to \$1 million per annum of their domestic wholesale sales. The industry has campaigned for an exemption on the first 600 000 litres of wine produced. While the result was somewhat different to the outcome sought, the rebate has a major positive impact on the industry, especially for small to medium producers.

The loss to Adelaide of the Pacific Northwest shipping service (VSA Consortium) is of concern to the industry and government. However, the recently announced infrastructure development around the port of Adelaide, costing more than \$300 million, is aimed at giving our exporters a competitive edge in the market. At the heart of this is a \$55 million plan to deepen the Outer Harbor channel from 12 metres to 14.2 metres. The plan also includes the integration of road, rail and shipping infrastructure to the port of Adelaide to make it easier for our export industries, such as wine (about 1 million litres per day), to get their products to market.

The Way for Wine, originally released in 1998, was the state government response to the wine industry's own strategic planning. With the faster than expected growth of the wine industry, a total revision of this plan is necessary, and the government and industry have been working together to identify the key issues that will assist the continued growth of the wine industry, which includes maintaining South Australia's pre-eminent position as leader in wine R&D and ensuring that the skills of those working in the industry are second to none. This government will continue to work with the wine industry to ensure that its national sales targets of \$5 billion by 2010 (both domestic sales and exports) are met. The 2004-05 budget allocates \$2 million over four years for operational funding for the South Australian Wine Industry Council.

**The ACTING CHAIRMAN (Mr Caica):** Does the member for West Torrens wish to ask the third question, to which he is entitled?

**Mr KOUTSANTONIS:** No, thank you. I will pass over to—

**Mr HAMILTON-SMITH:** The government is asking questions of itself.

**The ACTING CHAIRMAN:** You are wasting your time.

**Mr HAMILTON-SMITH:** The Premier has not answered the question I asked, namely, when will the levy be raised? Will you guarantee that the levy—

**The Hon. M.D. RANN:** I will get the report for you.

**Mr HAMILTON-SMITH:** So, there is no plan as to what will happen in regard to the levy.

**The Hon. M.D. RANN:** I said that I will get you the details from Adelaide Airport Ltd. I am happy to do that.

**Mr HAMILTON-SMITH:** What are government's plans in regard to Outer Harbor? When will the funding be

provided to deepen the port? How much will be provided? Is it significant—

**The Hon. M.D. RANN:** I have just answered that question.

**Mr HAMILTON-SMITH:** In relation to Outer Harbor?

**The Hon. M.D. RANN:** Didn't you hear what I just said?

**Mr HAMILTON-SMITH:** Perhaps you could elucidate.

**The Hon. M.D. RANN:** I will go over it again. You are so eager to ask questions, you are not even listening. Perhaps we should have given you the dorothy dixers. I mentioned the loss to Adelaide of the Pacific Northwest shipping service (VSA Consortium) as a concern to the industry and government. However, the recently announced infrastructure development around the port of Adelaide, costing more than \$300 million, is aimed at giving our exporters a competitive edge in the market. At the heart of this is a \$55 million plan to deepen the Outer Harbor channel from 12 metres to 14.2 metres. The plan also includes the integration of road, rail and shipping infrastructure at the port of Adelaide to make it easier for our export industries to get their products to market.

There are also plans to upgrade key roads and to work with the commonwealth on a plan to build a 22-kilometre freeway between the Sturt Highway at Gawler and the Port River Expressway.

**Mr HAMILTON-SMITH:** So, what are your plans in regard to time frames and funding? When will it happen?

**The Hon. M.D. RANN:** The funding was announced in the budget, and a major announcement was made. I will get you a report on that, too.

**Mr HAMILTON-SMITH:** In reading the EDB's framework, the state strategic plan and now the budget, I ask whether the state strategic plan has been drafted on the basis of current interest rates, consumer and commercial debt levels and market circumstances. I note that the Australian industry group PricewaterhouseCoopers has just reported a drop in the number of firms reporting high production in the June quarter and has sounded the alarm bell about a weaker housing market, higher interest rates and record consumer debt. I notice that the ABS has just rung the same alarm bell, having confirmed that personal borrowing has risen 2.4 per cent and commercial borrowing 11.7 per cent.

Are the current economic circumstances we enjoy, and the current environment for economic development, a consequence of low interest rates, credit fuel retail and the housing boom? When those things subside, will the targets set in the state strategic plan, and the budget that supports that plan, be under challenge? Has the State Strategic Plan been based on the likelihood that the housing boom will end and interest rates will go up? How do you think the state will respond to those challenges?

**The Hon. M.D. RANN:** It is interesting that your focus is always on the short term. I will talk about what the EDB has done, and there are people on the EDB such as the guy who chairs it, who turned a \$1 million company into a \$5.5 billion one; I think he knows a bit more about these things than you. There are big, heavy hitters on there—

**Mr HAMILTON-SMITH:** I was just asking a question, Premier.

**The Hon. M.D. RANN:** I will get you an answer, but the fact is that, whereas you guys had the handout approach, we are investing in infrastructure and also getting the business climate right. You can see the figures for yourself in terms of business investment in this state. I went through some of those figures this morning, but I am happy to get a report on it for you.

**Mr HAMILTON-SMITH:** On page 2.8 Budget Paper 4 talks about an increase of \$2.2 million to \$12 million for economic strategy, policy and planning. It has gone up about \$2.2 million in the program. What has this amount been spent on?

**The Hon. M.D. RANN:** I will ask Ray Garrand, the Chief Executive Officer, to respond.

**Mr GARRAND:** The increase in that line is largely a change in the focus of the agency to become far more strategic and policy oriented. That is what the increase really reflects.

**Mr HAMILTON-SMITH:** I have a question about power utilities, Premier, and I am sure I know what your response will be. It is your view and that of the government that from an economic development point of view and every other point of view the power utilities would be better off in state government hands and not privatised. Given that that is your position, despite the National Electricity Market, did you express an interest or enter into any negotiations with the cash-strapped TXU Australia to reborrow the proceeds of the ETSA sale to purchase any of the South Australian assets reported in the *Australian Financial Review* to have been offered to the market by distressed sellers at cheaper prices? If they were available at cheaper prices—

**The Hon. M.D. RANN:** This is an extraordinary admission.

**Mr HAMILTON-SMITH:** Did you consider that?

**The Hon. M.D. RANN:** Basically, what you have just suggested—

**Mr HAMILTON-SMITH:** It is not our view—it is your view.

**The Hon. M.D. RANN:** No; you just told me what my view is: I will tell you what your view is.

**Mr HAMILTON-SMITH:** I am asking what your view is.

**The Hon. M.D. RANN:** You gave me the response to the question as to what my response was; I will tell you what you are saying effectively. You are saying that your party's privatisation of ETSA is so flawed that you are now asking us to buy it back. What an extraordinary admission of failure! The fact is that, just recently on the SAMAG plant, people talked about the difference in the prices of power compared with Queensland, where it has not been sold off. The big message put across by the previous government was that privatising electricity would actually bring down the price of power. We did not believe it—that is why we opposed it—and the public of this state did not believe it. Are you seriously suggesting that we should have borrowed money and tried to unscramble the egg by buying the TXU facilities? Is that what you are suggesting?

**Mr HAMILTON-SMITH:** That is your view, Premier. Your view is that it should be publicly owned. It is not our view. If that is your view, I simply ask if you looked into that.

**The Hon. M.D. RANN:** We have already said on many occasions that we were not going to unscramble the egg.

**Mr HAMILTON-SMITH:** You are choosing not to unscramble the egg. That is what you are saying.

**The Hon. M.D. RANN:** If you are admitting today, putting it on the line that Rob Kerin and John Olsen stuffed it up big time, I am glad it has finally been acknowledged.

**Mr HAMILTON-SMITH:** So, what you are saying, Premier, is that you choose not to look into that. That is your view.

**The CHAIRMAN:** Order! We will get back to questions.

**Mr HAMILTON-SMITH:** You are happy to have the benefits of the sale, but you are not happy to stand by the principles you espouse.

*Mr Koutsantonis interjecting:*

**The CHAIRMAN:** Order!

**Mr HAMILTON-SMITH:** I refer to Page 2.8 of Budget Paper 4. Given the state's strategic plan target to treble the value of exports to \$25 billion by 2013, what contingencies are in place to accommodate the things I mentioned earlier—the fluctuating dollar, the property boom and rising interest rates? What assumptions have you made in that \$25 billion target?

**The Hon. M.D. RANN:** We answered that question earlier in the day. I am happy to get you a copy of what I said.

**Mr HAMILTON-SMITH:** In relation to Objective 4 in the state strategic plan, are you aware of the ranking of South Australia's three universities in the world at the moment, or in the South Pacific region? Do you feel that a better KPI than what is in the plan might have been to ensure that our universities are in the top 100, for example?

**The Hon. M.D. RANN:** I have already said that I could put down a thousand targets for the state's strategic plan—it would have been simple to do—or 2000, or any number. It could have been a phone book. But the message I got from the people from Oregon who had been piloting this for some years was that they felt they had too many targets. I have said that I am prepared to go from 79 up to 90. As a state government, we do not fund the universities, but I have a particular interest in the universities. We have some good universities in this state and the three universities perform different functions. If you have an idea for a new target in terms of universities, I am happy to look at it.

**Mr HAMILTON-SMITH:** I refer to Targets at Page 2.6 Targets. What is the total cost of funding the very worthwhile defence strategy and the Defence Industry Advisory Board? How much funding will be provided to that other component, the Defence Teaming Centre?

**The Hon. M.D. RANN:** The Defence Industry Advisory Board (DIAB) has met nine times since its inaugural meeting on 29 January 2003. Members of the board are as follows: myself; the Deputy Premier, Kevin Foley; Vice Admiral David Shackleton AO; Rear Admiral Kevin Scarce AO CSC; Mr Robert Champion de Crespigny AC; Mr Ian McLachlan AO, former Liberal defence minister; Dr John White; Mr Scott Allison; and Cheryl Bart and Maurice Crotti, both from the Economic Development Board. Until recently DIAB was chaired by Vice Admiral Shackleton and, following his appointment as Chief Executive Defence Unit, Kevin Scarce assumed the role of Chairman of DIAB. However, David Shackleton remains a most valued member of DIAB. Approved expenditure, including board members fees, is approximately \$135 000 per year. DIAB has been influential in the development and endorsement of the state's defence strategic framework, which highlights the government's focus on the further development of the state's defence industry over the coming years. I am very happy to get the additional information, but perhaps Kevin Scarce can answer.

**Mr SCARCE:** DTC is funded in two separate areas. First, \$130 000 to promote exports, and the funding for DTC is in the region of about \$170 000 to \$190 000 per year.

**Mr HAMILTON-SMITH:** I return to the issue of electricity and program 1 on page 2.8. What is the government's position on the Economic Development Board's recommendation (it is on page 95 of its framework) that the government consider 'topping up', at taxpayers' expense, the

cost to business for utilities such as water, gas and electricity during network extensions as the government did—the EDB explains—when it owned the power assets through cross-subsidisation? Is it the government's intention to consider such concessions? I know that you have undertaken to implement all the EDB's recommendations, I think, except one. Is that one you will be picking up?

**The Hon. M.D. RANN:** In terms of energy (and I think this is critically important), one of the first things that we did was to act to secure the SEA Gas pipeline from south-western Victoria. That is a \$500 million pipeline. It was going to be a much smaller pipeline and, to his credit, Patrick Conlon negotiated for a major expansion—I think it was about a doubling of the size. For years I had believed (and I think others had believed) that it was foolish for our state to be so dependent on one pipeline from Moomba. In fact, when we announced the second pipeline (which, from memory, was about May 2002), I said, 'God forbid anything happens to the Moomba pipeline. Then we would be whistling Dixie in the dark.' Some people thought that I was being inflammatory when I said that.

On 1 January this year, the energy minister telephoned me to tell me that there had been an explosion at Moomba and that we could be out of gas within a few days. We are very pleased that, on that very day, the SEA Gas pipeline was ready to be tested, and in fact to be turned on, which saved our state from disaster—an economic disaster and a disaster for industry. We would have had households where people had to have cold showers and be unable to cook. If ever there was an indication of some smart thinking, as well as some good luck in terms of energy planning, this was one of them. Of course, we have already made some announcements in terms of things that we have done on the electricity front to ease the impact on pensioners. Also, in terms of gas facilitation, we have pumped in state funds. I am happy to obtain a report for the member about the other matters that he has raised.

**Mr HAMILTON-SMITH:** I refer to volume 4, page 2.8. What is the Economic Development Board's ongoing role in monitoring KPI as specified in the EDB's framework for economic development? What is the ongoing daily or weekly role of the EDB in its interactions with government and, in particular, what devices or processes have been established for the EDB to report publicly on the state government's performance in respect of its framework?

**The Hon. M.D. RANN:** Obviously, there is constant involvement. Not only would the member have seen the board making public pronouncements on issues but also on a range of occasions Robert de Crespigny has spoken out on issues, and I think that is helpful. I will ask Ray Garrard to comment on that.

**Mr GARRAND:** In terms of implementation, the board has an implementation subcommittee that meets on a regular basis to go through each of the recommendations and to monitor progress and report back. As the member would be aware, about 70 per cent of the recommendations have already been implemented. Some of those include the state strategic plan that you have talked about, the population policy, the Higher Education Council, the establishment of the Export Council, the Venture Capital Board and the Office of Infrastructure Development. To answer the member's question, the board continues to meet on a regular basis and receives regular reports at its meetings on the status of implementation of each of the outstanding recommendations.

**Mr HAMILTON-SMITH:** I have a supplementary question. Can we expect some sort of an update or report or something that will be tabled in parliament from the EDB?

**Mr GARRAND:** A comprehensive report was provided at the summit in April, and I am happy to provide a copy of that. It is basically a report on each of the recommendations and their status. I am happy to provide a copy of that if the member does not already have one.

**Mr HAMILTON-SMITH:** What about in the future? Is there a regular device—12 monthly, six monthly?

**Mr GARRAND:** There is not a plan for regular, ongoing reporting, but I am sure that the board would not have a problem in providing that information to government.

**Mr HAMILTON-SMITH:** I have just one final question. I refer to page 2.18. How does the government plan to further implement recommendations in the EDB's framework for council amalgamations and significant reductions, I think was the term used, in the EDB local government's planning powers?

**The Hon. M.D. RANN:** I will refer that question to the Minister for Local Government, Rory McEwen.

**The CHAIRMAN:** The allotted time has expired and, there being no further questions, I declare this part of the examination completed and refer the remainder of the examination to Estimates Committee B. Committee A will resume at 11 a.m. tomorrow.

**The Hon. M.D. RANN:** I would like to thank all the advisers today, all the members of the committee, particularly officers of the parliament, and especially you, sir, for your commitment and forbearance.

**Mr HAMILTON-SMITH:** On behalf of the opposition we also thank all of the officers of the department who have laboured so hard to get ready for today. We really appreciate that.

#### ADJOURNMENT

At 7.02 p.m. the committee adjourned until Thursday 17 June at 11 a.m.