

HOUSE OF ASSEMBLY**Wednesday 15 June 2005****ESTIMATES COMMITTEE A****Chairman:**

Mr J.J. Snelling

Members:

Ms F.E. Bedford
 Mr M. Brindal
 Mr P. Caica
 Ms V. Ciccarello
 The Hon. R.G. Kerin
 Mr I.H. Venning

The Committee met at 11 a.m.

House of Assembly, \$6 604 000
 Joint Parliamentary Services, \$7 332 000
 Legislative Council, \$4 067 000

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 M. Lehman, Deputy Clerk.
 Mr J. Neldner, Finance Manager, Joint Services Division.
 Mr H. Coxon, Parliamentary Librarian, Parliamentary Library.
 Mrs J. Richards, Leader, Hansard.
 Mr C. Grantham, Catering Manager, Catering Division.

The CHAIRMAN: 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 the approximate time for consideration of proposed payments to facilitate changeover of departmental advisers. I ask the minister and the lead speaker for the opposition if they could indicate whether they have agreed on a timetable for today's proceedings. The chair already has a copy. 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 the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 29 July.

I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each. There will be a flexible approach to giving the call for asking questions based on about three questions per member, alternating on 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. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as

questions on notice for inclusion in the House of Assembly *Notice Paper*.

There is no formal facility for the tabling of documents before the committee. However, documents can be supplied to the chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house; that is, that it is purely statistical and limited to one page in length. 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 also advise that, for the purposes of the committees, some freedom will be allowed for television coverage by allowing them a short period of filming from the northern gallery.

I declare the proposed payments open for examination and refer members to appendix C, page 4 in the Budget Statement. Does the Premier wish to make a statement?

The Hon. M.D. RANN: Not on this item, sir. However, it is appropriate to say how much we appreciate the very good service of the officers of this parliament over many years. Sometimes their dedication and commitment needs to be more fully recognised because, as we have seen both in this place and also with the first regional parliamentary session in Mount Gambier, our officers went above and beyond the call of duty to ensure that something historic happened and happened in a good way.

The CHAIRMAN: Does the Leader of the Opposition wish to make a statement?

The Hon. R.G. KERIN: I endorse the comments of the Premier and thank all the staff of Parliament House for the terrific job they do all year in looking after our many and varied deeds and for doing it in such an efficient and friendly manner. What was the final cost of staging the parliamentary sittings in Mount Gambier?

The Hon. M.D. RANN: I understand that the costs are still being evaluated, but maybe David Bridges, as the Clerk of the House of Assembly, could advise us on the latest information that is available to the Speaker.

Mr BRIDGES: The Assembly staff, mainly the Deputy Clerk, Malcolm Lehman, on behalf of the Assembly, was responsible for the arrangements. I certainly endorse what the Premier has said about the efforts that he in particular and other assembly staff made in relation to Mount Gambier. Malcolm has almost completed a summary for Mr Speaker, and the Speaker has indicated that he will provide a report to the house as soon as that is done. I expect that he will have that ready when we resume sitting.

The Hon. R.G. KERIN: Has any additional cabinet sign-off of money occurred to reimburse the House of Assembly for the costs incurred?

The Hon. M.D. RANN: I am not aware of that. Maybe David can help.

Mr BRIDGES: At this stage, I guess there is a chance that the existing budget will cover it. We will not know until we have final figures to 30 June as to whether or not we will need to make an approach for additional funds.

The Hon. M.D. RANN: Obviously, this is a matter for us to discuss with both the leader, the Speaker and others, but I think the regional parliament was a very good idea. It has been done elsewhere, and I know it was incredibly well appreciated by the people of the South-East of the state. My view is that we should do this perhaps once per four-year session. It is quite a big logistics exercise.

Mr Brindal interjecting:

The Hon. M.D. RANN: No, I am just offering my view. My view is that maybe we will do it again in the new

parliament after the next election, but that is just one view from one individual. It is something that we need to discuss.

Mr BRINDAL: In the light of the high level of public interest in Mount Gambier, why have we not or when will we put closed-circuit television into this place? It is available everywhere else in Australia, and you seem to be following on from what other parliaments are doing. Other parliaments have closed-circuit TV. The kiddies, as you call them, in Mount Gambier could watch us every single day and see what this place is really like rather than see a set piece down in Mount Gambier. When are we going to do it?

Ms Bedford interjecting:

Mr BRINDAL: I can ask questions. This is estimates.

The Hon. M.D. RANN: On the issue of closed-circuit television, my concern would be how much it would cost. I understand that it would cost more than \$1 million. In fact, someone told me that it could cost maybe \$2 million.

Mr BRINDAL: Will you choose to refer that question to the clerk?

The Hon. M.D. RANN: I will refer it to the clerk. I am sure there was enormous interest from the children who saw us on television in Mount Gambier, but somehow I doubt whether we would ever be able to sell a DVD pack or negotiate the film rights.

Mr BRINDAL: Premier, I think you underestimate your ability with the media.

The Hon. M.D. RANN: I will ask Mr Bridges to comment.

Mr BRIDGES: We have done some work to try to establish what the costs might be. If we are to proceed—and I think that is something that the standing orders committee might consider and perhaps make a recommendation on to the house at some stage in the future—I personally would favour the approach that was taken in New South Wales where they introduced televising the parliament in stages out of budget savings, and it was achieved for considerably less than those sorts of figures, which certainly would be the amount if we were to mount it as a full-blown project and suddenly going to five or six cameras and all the associated equipment. However, if it were done in a staged way, I believe it could be achieved for considerably less than that.

The Hon. M.D. RANN: There are different systems. There was one I saw in Western Australia where the media were no longer able to film freely during question time. They could just patch into the system which would show only the person speaking. I think there was also a kind of a rotational camera, from memory—I might be wrong—which showed the house in general, backwards and forwards, but when people were speaking it was just focused on the speaker. I understand when that was discussed with some members of the media here there was some resentment that this might take the colour out of parliament. I think there were a number of cameras in the Western Australian House of Assembly at different fixed positions, but there was also one that appeared to be rotating, although I am not a technical expert.

Mr BRINDAL: Is it not true that standing orders require at present that the media only photograph the person on their feet and that if the media objected to what you are proposing perhaps that is an indication that the media do not like to stick to the rules.

The Hon. M.D. RANN: You might say that; I would prefer not to comment.

Mr Brindal: I'm sure you would.

The CHAIRMAN: Does the member for Bedford wish to ask any questions?

Ms BEDFORD: No, sir, but I would like to acknowledge the work of Hansard, the library and the joint parliamentary staff, Premier and Cabinet and the finance department and thank them for all their work.

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

State Governor's Establishment, \$2 725 000

Departmental Advisers:

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

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

Mr C. McSparran, Director, Corporate Affairs.

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

The Hon. M.D. RANN: I would particularly like to comment on the State Governor's Establishment. I pay tribute to the way in which Her Excellency continues to serve our state. Her approachable style and generosity of spirit generates high praise throughout the community. She took part in a heavy program of events in the past calendar year, including 17 country tours, which is just extraordinary. In 2004, she averaged 10 engagements a week of one kind or another. I was delighted to join her on Eyre Peninsula in January, in the immediate aftermath of the terrible bushfires. Her Excellency gave great comfort and solace to those who suffered death, injury or loss. One of the great things about our Governor is that those who meet her feel better for having done so. I cannot think of a more popular Governor, and I congratulate the former government on its appointment of her. She is an outstanding Governor who does an outstanding job on every front.

Overseas, in September 2004 Her Excellency promoted South Australian education and trade links in Sarawak, generating priceless goodwill. I have seen some of the coverage of her visit there, and it was extraordinary. This month, she will visit Quebec for the 2005 World Police and Fire Games in order to promote Adelaide's hosting of that event in 2007. It is a massive event. It is not as big as the Olympic or Commonwealth Games, but it is a huge event that will happen here in 2007.

In early 2005, Her Excellency the Governor was taken quite ill, and we are all very grateful that her health has returned following a very bad bout of whooping cough. During her illness, her role was very capably undertaken by the Lieutenant-Governor Bruno Krumins, acting as Deputy Governor, and he was supported by his wife, Dagmar.

Visitor numbers to Government House increased to 27 000 last year, which is an extraordinary number of people going through the house and taking part in functions. This Governor has absolutely opened up Government House to the people and is very much the people's Governor. The maintenance of the house and its grounds continues to a high standard, with staged implementation of the master plan and the management plan continuing. I know that when the Leader of the Opposition was premier and deputy premier he was aware that, over the years, Government House has had salt damp and various other issues which have been costly to address.

The truth is that the maintenance of the house and its grounds continues to a high standard.

The Hon. R.G. KERIN: I take the opportunity to endorse the Premier's comments about the Governor and the people who work for her. I congratulate Her Excellency on the role she plays. As the Premier mentioned, despite her not having enjoyed the greatest of health during the year, she continues to provide terrific leadership. Her Excellency is an extremely dedicated lady. She is very popular and brings a very personable approach to her role. She is highly regarded by all South Australians; she has a national profile as a beloved Australian and she is a great role model for so many people. As the Premier said, Her Excellency undertook 17 country tours, and over the last three or four years I have been with her on several of those. The people of regional South Australia love it when she visits, as she makes them feel so much at ease. They are very nervous until Her Excellency arrives, but she does a terrific job of putting them at ease. I certainly remember very fondly those visits, as I do those with previous governors.

I join with the Premier in wishing the Governor better health. I thank her and her staff for making us all so welcome whenever we visit Government House. I congratulate the Governor and thank her very much for the role she plays in the state.

Mr BRINDAL: Will the Premier assure the committee that the travel allowance of the Governor is adequate? I note that, when the regional parliament convened in Mount Gambier, an Executive Council meeting was not held. The Premier knows that the Executive Council normally meets on a Thursday, but that did not happen. Was that because of a lack of adequate travel for the Governor's deputy, or for some other reason?

The Hon. M.D. RANN: That was not the reason. I think there was a view on ensuring that costs were minimised, given that the Executive Council for that day would have lasted only 10 or 15 minutes. Last month, I was very pleased to report to Her Majesty the Queen the outstanding work of our Governor and the extraordinary high esteem and, indeed, love in which she is held by our people.

Mr BRINDAL: Premier, that is not in contention. However, your evidence today is that you did not hold an Executive Council meeting because you were worried about the cost.

The Hon. M.D. RANN: I am sure that the member for Unley, as he still is, would have been the first to complain about flying people, such as support staff, to Mount Gambier for the sake of a 10-minute Executive Council meeting.

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

Department of the Premier and Cabinet, \$63 025 000
Administered Items for Department of Premier and
Cabinet, \$17 732 000

Membership:

Ms Kotz substituted for Mr Venning.

Additional Departmental Advisers:

Mr A. Graycar, Executive Director, Cabinet Office.

Mr T. Tysoe, Executive Director, Strategic Projects.

Ms M. Evans, Parliamentary Coordinator, Corporate and State Services.

Ms S. Carmen, Director, Security and Emergency Management Office.

Mr N. Poletti, Executive Director, Public Sector Reform.

Mr J. Mazel, Executive Director, Indigenous Affairs and Special Projects.

The CHAIRMAN: I declare the proposed payments open for examination. I refer members to Appendix C, page 2, in the Budget Statement and Portfolio Statements, Volume 1, part 1, pages 8 to 42. Does the Premier wish to make an opening statement?

The Hon. M.D. RANN: The economy is in excellent shape, without privatisation. Stopping any further privatisation was probably my first act as Premier. In regaining our AAA rating, we achieved a major strategic plan target two years ahead of schedule. The economy has been growing at above the national average—4.3 per cent compared with 3.8 per cent nationally in 2003-04. Levels of housing and business investment, as well as consumer spending, are strong. As for business, our companies are the most innovative in the country, according to the official statistics on investment in R&D and innovation, and South Australia enjoys Australia's lowest set-up and running costs. Mineral exploration is at an 18 year high, and private new capital investment, which has been at very high levels, grew by 8.3 per cent in the year to March in trend terms.

The outstanding South Australian labour market is a reflection of and a further spur to our strong economy. Headline unemployment hit a record low of just 4.9 per cent in May, according to last week's figures, which is a record low for unemployment. It is the first time that unemployment has fallen below 5 per cent since records began in 1978, and there was a fall of 0.3 percentage points from April. Of course, our figures are below the national rate of 5.1 per cent, thus, for the moment, meeting one of the long-range targets of the State Strategic Plan. Our unemployment was the lowest of any state and territory besides the ACT. More South Australians—and here are the employment figures—

Mr BRINDAL: At one stage, we were actually below everyone, including the ACT.

The Hon. M.D. RANN: But you never got it down to below 4.9 per cent. Let us now turn to the unemployment figures. We now have the lowest unemployment on record, and more South Australians are working than ever before in the history of our great state. The month of May saw a new record in total employment, with 742 000 South Australians in work, which was a rise of 4 000 on the previous month. Since the government came to office—and I want people to take notice of this; it is almost breaking news—48 700 jobs have been created in South Australia in three years.

Overseas migration figures are also positive. South Australia recorded a 16 per cent increase in net overseas migration in 2004, and this net inflow of 5 573 people was the highest annual total since 1990. So, it is the highest number of people coming in from overseas in 15 years. In 2003-04, 102 business migrants also moved to South Australia—a 10 per cent increase on the previous year.

Last year, I was able to delight and thrill the estimates committee by talking about the KPMG findings. In the wake of last year's KPMG findings, positive independent assessments of our economy keep rolling in. The Australian Industry Group, which everyone knows is the peak body for the nation, recently found that Adelaide is the country's

number one capital city for manufacturing. A recent Institute of Chartered Accountants survey of small to medium enterprises found that South Australian businesses are the most confident and optimistic in the nation about their economic future.

The 2005 DHL Export Barometer reports that South Australia, with the Northern Territory, is the most optimistic place in Australia for exporting. There is good reason to believe that we can generate even greater prosperity for the coming years. There are no fewer than 170 major projects, together worth in excess of \$15 billion, either in progress or set to begin in South Australia. Significantly, those figures that I have just announced do not include the huge \$6 billion air warfare destroyers contract which South Australia won on 31 May.

Osborne will become the headquarters of a new 21st century Australian naval shipbuilding industry. It will set us up for 50 to 100 years. It will create 3 000 extra direct and indirect jobs. I notice that one estimate was 5 000, but I have always tried to lean towards the conservative. It will provide a long-term boost to the economy. I congratulate everyone involved: all sides of politics—the unions, business, the federal government—everybody who was involved.

Mr Brindal interjecting:

The Hon. M.D. RANN: I mentioned the state opposition when I came into this parliament to report on the sunlit uplands of the project.

Mr Brindal interjecting:

The Hon. M.D. RANN: As to the Prime Minister, I personally went to the Lodge and congratulated him on making the right choice. I see the air warfare destroyers as the start of a huge defence push by South Australia and the state government. About \$55 billion worth of defence contracts will be let in Australia over the next 10 to 15 years. Winning some of these will help us meet and reach our strategic plan target to double the size of our \$1 billion defence sector and to boost employment in the defence sector from 16 000 jobs to 28 000 jobs. We are working to secure the relocation to Adelaide of a 1 600-strong army battalion. Of course, that is not just the 1 600 troops: it is the families and the people who service them—the cleaners, catering, and everything that goes with servicing an army battalion. This move has been made especially attractive by the new Adelaide to Darwin railway line. We can offer troops and their families the best available quality of life in Australia and the best education. An influx of this number of people would inject at least \$100 million into the state's economy annually.

We are also pursuing a large chunk of the \$3 billion Project Overland—the contract to acquire, modify and maintain army vehicles and trailers. It builds on our obvious strengths in automotive and defence manufacturing. Initial priority is the provision of 1 300 ADF field vehicles—that is, trucks and Land Rover-type vehicles that are the non-combat vehicles for high readiness units—a contract we expect to be let in about 2007. This morning, I have announced that South Australia will be going for \$3.5 billion worth of defence contracts—this time in aerospace. They will include the \$1.4 billion refit and maintenance of the Orion fleet. They will include the unmanned aerial reconnaissance planes for our coastline and, while that is for the defence force, it is also the reconnaissance program for customs, which National Jet Systems, based in Adelaide, currently has.

Olympic Dam is poised to double in size; indeed, tonight, I will be meeting with senior executives from BHP Billiton to discuss the Olympic Dam expansion project. I am looking

forward to that meeting tonight. I recently congratulated BHP Billiton on its successful acquisition of WMC Resources. I was very pleased to be involved with talks in London with BHP Billiton just a month ago and also with Chip Goodyear, the CEO of Western Mining, by telephone just two weekends ago. Our aim was to see the relocation of the base metals division of BHP Billiton to Adelaide. As BHP Billiton is taking on a big chunk of our state, we want to make sure that a big chunk of BHP Billiton is relocated to Adelaide. I am pleased that within days an announcement was made that the base metals division would be relocating to Adelaide.

Next, I want to see—and I will be talking to them about it tonight—the world base metals division relocated to Adelaide from Santiago in Chile. This takeover by BHP Billiton is, in my view, in the best interests of South Australia. The expansion of the mine would be worth billions of dollars to the state. According to the economic impact report released by Western Mining, it would create 10 300 jobs during construction and 8 700 permanent jobs. There are many other major projects about to open or begin. OneSteel will expand its operations at Whyalla.

There is the new Adelaide Airport, which we are all looking forward to the Prime Minister opening in October of this year. I was told last night that the airport is on schedule and on budget. The City Central project in the Advertiser/GPO precinct (which I think is worth about \$0.5 billion) will also include a green office tower, and we are very pleased to have been involved in that. Transport infrastructure projects outlined in the government's infrastructure plan include the extension of the tram. Carnegie Mellon will open its doors in Victoria Square early next year, and I particularly want to thank the federal government, the Prime Minister, and two ministers: Alexander Downer, who I think will go down as the co-founder of this project; and Brendan Nelson, who is prepared to change federal law to see this Australia-first. Among other things, the Carnegie Mellon venture will help us achieve our goal of doubling our share of Australia's overseas students by 2014.

We are also capitalising on South Australia's buoyant economy through the Make the Move campaign. Web site hits have skyrocketed from less than 300 000 per month last year to almost 750 000 web site hits, so I am really pleased with that.

Mr BRINDAL: Is that per month?

The Hon. M.D. RANN: It says here, '300 000 per month last year to almost 750 000'. I am not sure whether that is the monthly or yearly figure, but I will check because I like to check. The 26 May State Budget promises to keep up the momentum and return a social dividend to South Australia from our economic prosperity. Tax cuts worth \$836 million will be delivered to South Australian families and businesses over the next five years. We are cutting back on a range of nuisance taxes, including the bank debits tax, from 1 July. We have introduced the land tax relief package that will see 45 000 South Australian land tax payers becoming exempt, and a further 74 000 having their land tax bills reduced. I have been very pleased to assist with that process by sending out letters to people enclosing a cheque.

Also, 255 000 South Australians will this year receive a one-off \$150 energy rebate; there is \$201 million going into hospitals; \$92 million going to the disabled and their families; and, by this time next year, police numbers will be at record levels, exceeding 4 000. The budget includes capital spending of \$1 billion, and that is where I will wind up, even though there are pages more.

The Hon. R.G. KERIN: Thank you, Mr Chairman. I thank the Premier for being merciful and stopping where he did. The opposition welcomes the opportunity to ask questions about the recently released budget in the Estimates Committees over the next six sitting days. From the opposition's viewpoint, it is a budget of missed opportunities. At a time where the government has averaged a windfall each year in office of an average extra \$600 million over what has been budgeted as receipts, we ask the question: what have we got to show for this? Certainly we have not seen a surge of infrastructure spending or any major investment in services for South Australians.

The Premier just mentioned the billion dollar capital works, but that is lower than that in the last year of the Liberal government. The extra money raised from taxation has been a huge impost on all South Australians, whether they be businesses, householders, motorists, land owners, or hard working South Australians.

The Premier touched on the taxation issue in his comments, and what we have seen being held up as tax cuts are not tax cuts at all. We see in the forward estimates that the amount of money raised from land tax will go up way ahead of inflation. The big tax cut talked about last year was payroll tax, and it was the only one that came into effect straight-away, yet, in the first year of that tax cut, payroll tax receipts actually went up by more than CPI. The tax cuts that have been talked about are all years ahead. The bank debits tax, which the government keeps claiming, was actually signed off by the previous government as part of the GST deal, which the Labor Party, both nationally and locally, opposed.

The opposition will be using the estimates process to try to determine where the huge windfall has disappeared to. An extra \$600 million a year over what has been budgeted is a huge cushion that the government has had each year to cushion other mistakes and blow-outs within the system. We will be asking where that has disappeared to.

Obvious waste has become apparent. To look at a few examples, there has been a chronic blow-out in the size of the Public Service, and in the Premier's statement he talked about the extra number of jobs created in South Australia. From my knowledge of the figures he mentioned, it means that 12 per cent of that job growth has been within the Public Service. If you look at full-time jobs, that figure is closer to 20 per cent of the full-time job growth that has occurred in the Public Service. Likewise, there has been a huge increase in the number of public servants who are earning over \$100 000 a year. Many of those earn that, but that is despite the Premier's promise to reduce what he and the Deputy Premier referred to as 'fat cats'.

We have seen from the Budget Papers that there is a real problem in many of the departments of overspending within the year—way beyond what was forecast for them. We have seen a blow-out in ministerial staff salary costs of \$16 million over the four years. We have seen a huge blow-out in the cost of the Port River bridges, and what has now turned out to be a huge spend on building opening bridges, despite the fact that so many of the reasons why opening bridges would have been considered have basically disappeared. I think that is one area that needs examination. I know that the Public Works Committee is looking at it, but four years ago we looked at the proposition that, if an extra \$30 million was spent, there was the opportunity for the Navy and other users to get into the inner Port. At the time, that was probably seen as value.

Subsequently, a range of things happened: first, that post-September 11, there were international agreements which now prevent the Navy from going into the inner Port; and second, there were other groups who looked at the fact that they would only be able to use the opening bridges twice a day and have now relocated outside. So, the reasons have basically disappeared and, even at \$30 million, you would be re-examining whether or not it was of value to build opening bridges.

With the initial cost having blown out to the huge extent that it has, the first 10 years being nearly \$100 million, and an ongoing cost after that running into tens of millions of dollars, the cost of building open bridges has gone out the window. Boards and committees have increased in number and cost, despite a promise to cut them. Now we see the government spending big dollars on self promotion and Labor government election advertising at the taxpayers' expense, despite the Premier's previous statements regarding government advertising. I acknowledge that he has admitted he was wrong in previous statements about government advertising.

We see a budget which in no way relates to the much vaunted State Strategic Plan. The Economic Development Board made clear many times that the budget needs to be framed to match the State Strategic Plan: sorry, board members, you have had no such luck. The State Infrastructure Plan has also been virtually ignored, with a couple of major announcements from the budget not actually having been included in the infrastructure plan, which was probably only six to eight weeks old at the time of the budget.

One thing that was consistent between the infrastructure plan and the budget is that they both ignored regional South Australia. The budget is consistent with the last three budgets, yet again failing to meet the government's rhetoric. This time the so-called tax cuts have been extended to seven years, with the bulk of those cuts occurring in the last couple of years. It is a budget about rhetoric and perception and not about vision or people; and the opposition looks forward, perhaps optimistically, given the lack of answers in recent years, to a decent examination of the budget over the next six days of the Estimates Committees.

I refer to Budget Paper 3, page 2.12, table 2.10, which shows employment in the general government sector as 69 468 as at 30 June 2005. There is no reference to the fact that this is 1 842 more FTEs than the target stated in the 2004-05 budget, which estimated an increase in the general government sector of 589 FTEs. Despite that, this year's budget papers show that this figure has blown out to 2 431 extra full-time equivalents. How can the Premier explain how the number of employees has increased four times over what was estimated for the current financial year?

The Hon. M.D. RANN: I am delighted to be able to respond to that. I talked about how we have about 49 000 more people employed in this state compared to when you were the premier, and I compare our record after three years with your government's record after eight and a half years, which could only be described as third world.

Mr BRINDAL: On a point of order, sir, the Premier is here to answer questions and not debate the policy of previous governments.

The CHAIRMAN: The Premier has just started his answer.

Mr BRINDAL: If he wants to start playing funny games, we will play funny games.

The Hon. M.D. RANN: The fact is that members of the opposition, even though they cut the health system (and we saw what they did to the police and everything else), constantly call for more, and when we appoint them they now complain. I will go through who has been appointed. The budget papers reveal that an additional 1 842 public servants have been hired compared to the 30 June 2005 estimate, published in the 2004-05 budget papers, with the 30 June 2005 estimate published in the 2005-06 budget papers. The majority of the increase occurs in the priority areas of health, education and transport. In total, these three areas count for an increase of 1 776 full-time equivalents. Health, families and communities report a total increase of 917 full-time equivalents. This is primarily attributable to an increase in carers, social workers and in children, youth and family services. Part of the implementation of the government's Keeping Them Safe initiatives resulted in the employment of 193 full-time equivalents, plus a further 162 full-time equivalents in response to increased demand. There have been staff increases in country health units. We have been out there recruiting more nurses. We have been out there recruiting more police. We have been out there recruiting more teachers.

Ms CHAPMAN: Fewer teachers.

The Hon. M.D. RANN: I will go on to that. The education and children's services, further education, employment, science and technology sectors reported an increase of 530 full-time equivalents, according to my advice, with 325 full-time equivalents relating to education and children's services (1.65 per cent of its total work force). The increase primarily relates to increases in teaching staff, in part due to higher enrolment numbers than originally predicted.

A number of initiatives introduced by this government have resulted in more teachers in our schools and more people supporting the work of teachers through administrative support and one to one help for children struggling in the classroom. Since 2002-03 this includes: 160 extra junior primary teachers employed to reduce class sizes; 140 extra full-time positions for leadership and administration time in primary schools; 125 extra teachers through the early years literacy program; and, 55 extra school counsellors employed for primary schools.

Also 205 full-time equivalents relate to Further Education, Employment, Science and Technology. The increase is due to a more accurate collection of work force data in relation to part-time TAFE lecturers. Transport, Energy and Infrastructure report an increase of 329 FTEs, about 150 of which increase relates to the change in classification of the Office of Public Transport from the public non-financial corporation sector to the general government sector, with a further 25 related to the transfer of the Office of Local Government into the portfolio. The remaining increase, 154 full-time equivalents, is attributed to staffing required to enable the delivery of key infrastructure projects, improved rail safety, improved customer services, delivery of operational support for intelligent transport systems and for transport security. Additional planners were also recruited to address staff turnover issues and high demand.

I guess what I am trying to say to people here is that you cannot as an opposition call for bigger increases for child protection, call for more police, call for more people in education and call for more nurses but, at the same time, criticise the government when we actually do so. I just go back to that point: nearly 49 000 more people in jobs compared to when the honourable member was the premier.

The Hon. R.G. KERIN: Just on that, I think employment grew more under us than under this government because we had such a low base to start with. Will the Premier clarify why the department's own figures actually show that there are now fewer teachers than there were last year?

The Hon. M.D. RANN: I just told you the official figures that were given to me. I am happy to get a report for the honourable member.

The Hon. R.G. KERIN: I would appreciate that, because the department's own figures show that there are fewer teachers, which is very different from what the Premier has just told us.

Mr BRINDAL: On a point of order, can we get that clarified almost immediately, because the Premier is giving this committee a set of figures that the Leader of the Opposition has challenged from the budget papers. I think the committee deserves immediate clarification.

The Hon. M.D. RANN: I just told you that Education and Children's Services and Further Education, Employment, Science and Technology reported an increase of 530 full-time equivalents. They are the figures I have been given here officially. If they are wrong they can be corrected, but they are the figures that have just been handed to me.

The Hon. R.G. KERIN: The figures I have are 174 fewer. In the 2002-03 Budget Paper 3, the number of full-time equivalents estimated for the general government sector, employment, was 63 410 as of 30 June 2002. In this year's Budget Paper 3, page 2.12, full-time equivalent employees estimated in general government sector employment was 69 468 for 30 June 2005. Why has general government sector employment increased by over 6 000 full-time equivalent employees, an increase of 11.5 per cent since 30 June 2002?

The Hon. M.D. RANN: I will obtain a report on that. I can give some information that might be of service to the committee about some key trends in the South Australian public service work force. A detailed analysis of the size and characteristics of South Australian public sector employees at 30 June 2004 has been published by the Commissioner for Public Employment in the report entitled 'South Australian Public Sector Work Force Information.' This report identified a number of key trends and issues. In the overall increase in public sector employment, the South Australian public sector comprised 86 885 employees, which is 72 141 FTEs, and this represented an increase of 1.1 per cent or 768 FTEs since June 2003. In terms of work location, 22 per cent of public sector employees work outside the Adelaide metropolitan area, providing significant regional employment and supporting regional communities.

Executives comprise 1.5 per cent of the South Australian public sector work force. As members know, we have moved progressively to remove tenure for future members of the executive class. There were 1 101 executives, or 1 088 FTEs, which equates to a very minor increase of four FTEs from June 2003 once the increase due to the inclusion of a group of 98 principals in the Department of Education and Children's Services within the definition of an executive employee for the purposes of work force reporting is taken into account. Representation of women in the public sector is increasing. People know that I am trying to increase the percentage of women on boards, and women represented 64 per cent of the public sector work force, being highly represented in the nursing, education, public sector salaried and school services officer work forces.

However, the under-representation of women in leadership positions continues. Thirty four per cent, or 370 persons, of all executives were women, up from 29 per cent, so at least they are increasing. Also, 1.1 per cent (930 persons) of public sector employees were identified as Aboriginal or Torres Strait Islanders. Although the number of identified indigenous employees has increased from 890 in June up to 930, significant progress is still required to achieve the target that I have laid down, which is that I want to see 2 per cent of indigenous public sector employment, up from the current 1.1 per cent.

Mr CAICA: My question relates to Budget Paper 4 Volume 1. Will the Premier inform the committee as to the relative value of spending up to \$20 million to bring Carnegie Mellon, a private American university, to Adelaide?

The Hon. M.D. RANN: Maybe I could start by talking about the genesis of this project, which I think is historic in national terms. I was on the train to Darwin—and I think the Leader of the Opposition was also on that train. The train was about a kilometre or a mile long. I was at one end of the train and members of the business community, as well as some Liberal federal members, were at the other end of the train. I was invited very late at night to join the senior business leaders and, indeed, federal ministers in this car at the front of the train, having completed my duties with Clare Martin, in terms of a number of speaking and interviewing engagements. There was general discussion about what sort of things we needed to transform the South Australian economy. Obviously, front of mind were things like a transformational project such as the air warfare destroyers project.

We also talked about the fact that we really needed to increase significantly South Australia's share of the overseas student intake. Alexander Downer, in particular, and I agreed to meet to discuss how we could secure a world-class university to set up a branch or a campus in South Australia, a world-class university that would meet the future strategic needs of South Australia. A series of meetings were held privately between me, Alexander Downer and others in order to work out, first of all, whether it was feasible; and, secondly, which university would most fit our needs. We canvassed a number of different universities, and we received some expert advice on this matter from some former Australian vice chancellors. I think two former Australian education leaders gave us an assessment on the relative merits of various overseas universities that, if we were successful in luring them to Adelaide, would have a transformational impact and would add enormous prestige to our being a university city.

Carnegie Mellon (which already had a relationship through some scholarships that, from memory, were provided under the leadership of John Olsen through the Adelaide TAFE, and there were some premier scholarships on the IT area) was rated as the No. 1 university in the United States in areas such as information technology, management and also in areas such as robotics. When you think of the list of the universities of the world—and many of the Australian universities do not even make the top 500—here is one of the world's great universities. I decided to pop in to see Carnegie Mellon in the middle of last year (from memory), in a sense to meet with Allan Fisher from iCarnegie and to discuss the concept of either a Carnegie Australia or a Carnegie Mellon campus in Adelaide.

This is a joint project between Alexander Downer and me. I think that it is a great example of how bipartisanship can work in both the South Australian and national interest. There

has been significant bipartisan agreement which will see Australia's first ever foreign university established in Adelaide. Combined with the federal Liberal government's higher education reforms and a cooperative approach between our two governments, the state government's in-principle agreement with the Pittsburgh based Carnegie Mellon University represents a groundbreaking triumph for South Australia, one which comes at a time of great change and possibility in the global higher education market and, indeed, in South Australia.

Like any business commodity, higher education providers around the world are looking for international markets for growth. They are refining, rationalising and specialising their products. Australia is an active participant in this market and performs well above its size as a provider. Australia is the third leading exporter of education conducted in English after the United States and United Kingdom, and this sector contributes \$4 billion to the Australian economy annually. With the strong support of the Howard government, the planned Carnegie Mellon branch is unique in that this institution will be Carnegie Mellon. It will not be some hybrid university. It will not be Carnegie Australia; it will not be a half pie Carnegie: it will be Carnegie Mellon.

It is not a provider employing Carnegie Mellon faculty to teach their courses. It is not a joint collaboration, an exchange of students or a hybrid co-branding exercise. This is the real McCoy. Once all the relevant academic, corporate and legal approvals are completed, the planned Adelaide branch will be Carnegie Mellon University. It will confer American degrees identical to the degrees granted at its home in Pittsburgh. Because this branch will be Carnegie Mellon, the faculty are Carnegie Mellon under the care and control of Pittsburgh. The students in Adelaide will be enrolled in the Pittsburgh based university. In the very true sense of the word, this will be an American university in Australia. The fact that Carnegie Mellon is the No. 1 university in the United States and, indeed, I am advised in the world, in specific areas of teaching and research—areas in which South Australia is also strong—simply consummates our relationship.

In the post 9/11 environment, American universities are experiencing a decline in international students, fuelled mainly by increased restrictions on visa conditions. Herein lies the opportunity for countries such as Australia to capitalise on the global strength of the American higher education brand. South Australia does not apologise to other Australian states for being the first. When state cabinet considered a feasibility study into the Carnegie Mellon proposal in January this year, we were taken with the complementary objectives that our state shares with Carnegie Mellon. Faced with the option of a continued downturn in international student demand, Carnegie Mellon sees Australia (more specifically, Adelaide) as a perfect home for the following reasons.

Australia is an English-speaking nation; since 1 January this year we have had a free-trade agreement with the US, and the US-Australia relationship is arguably as close as at any time previously; our educational accreditation standards are comparable to that of the United States; we have a strong corporate governance system; and Australia has a strong economy. Adelaide has an attractive lifestyle and cost of living advantage; Adelaide offers a regional migration advantage (compared to other Australian cities) and, therefore, employment and migration opportunities for students

similar to the green card incentives for applications to Carnegie Mellon in the US.

Australia is part of Asia-Pacific and the East Asian hemisphere—the anticipated location of the most significant medium-term global economic and political activity. Australia is geographically close to the two most significant international student markets: China and, increasingly, India; and Australia, unlike the United States, has special relationships with both China and India. With China, Australia is commencing free-trade agreement negotiations; with India, we have common cultural links (apart from cricket). Indeed, I intend to visit India every year, starting last year.

To specifically answer the honourable member's question: this is the real deal, the real Carnegie Mellon; and that authenticity cannot be copied, translated or undervalued. Carnegie Mellon is a not-for-profit American university, and the in-principle commitment made by the state totals up to \$20 million over four years. The commonwealth's support for this proposal has been extraordinary, and I thanked the Prime Minister the other night. From the conceptual support and encouragement of the foreign minister (Hon. Alexander Downer) through to the operational and legislative reforms initiated by the education minister (Hon. Brendan Nelson), the bipartisan federal government support is welcomed and acknowledged.

Thomas Jefferson, former American President—a former minister to France and a former vice-president, I think—has on his epitaph: here lies Thomas Jefferson, author of the Declaration of Independence and founder of the University of Virginia. I pointed out to Alexander Downer that I believe he will go down in history as one of the co-founders of a great university in Australia that will be around—

Mr Brindal interjecting:

The Hon. M.D. RANN: —I'm too modest for that—for hundreds of years to come.

Mr CAICA: With reference to the same budget line, how successful has the community cabinet program been and what are the benefits?

The Hon. M.D. RANN: The government has held eight community cabinets over the past financial year, four in regional areas. Since 2002, the total number of community cabinets that this government has held is 25.

Mr Brindal interjecting:

The Hon. M.D. RANN: That's a lot. On average, 250 people have attended each community forum and, since 2002, over 7 000 people have attended the various functions. Holding community cabinet meetings in various parts of the state allows ministers to get out into the community. Organisations and businesses are given the opportunity to speak directly to ministers on a one-on-one basis and talk about any concerns that they might have. The ministers get first-hand feedback about issues, problems and challenges that affect local communities. The community forum is important to residents as they have an opportunity to meet the decision-makers and ask questions.

I think that is a point of difference. We have these open community fora. Hundreds of people turn up and ask questions of me as Premier and the ministers, and we also have the heads of the Public Service with us. School students also have the chance to participate in the community forum process by asking questions on any concerns they might have, and local businesses and community organisations benefit from the services contracted to provide catering facilities and accommodation. Ministers, such as the education minister, not only fan out to visit schools and so on but we also hold

events to honour the local volunteers, which I think is very important. Our volunteers are the glue in our community. We volunteer at a greater rate than any other state. I think I have been told that we have 420 000 volunteers, and volunteering is particularly high in regional centres. This is our way of saying thank you to our volunteers. I think we are a better government for having had these community cabinets.

Mr CAICA: What has the state government done to address the immediate skills shortages across the economy?

The Hon. M.D. RANN: Obviously, skilled migration is an important area. There are other activities covered by my colleague the Minister for Employment, Training and Further Education. We have already announced the Maritime Skills Institute and a range of other projects, and I think we have also increased funding for TAFE, but I will confine my answer to migration to address part of the skilled shortage issue. South Australia is Australia's most prolific user of the Skilled Independent Regional program (SIR) and a heavy user of the State Territory Nominated Independence Scheme (STNI) both of which allow us to source skilled migrants from overseas.

Applications for both STNI and SIR are online, thus making processing efficient and the response time to applicants the best in the nation. South Australia has consulted with employers and industry bodies and, consequently, has reviewed the Occupations for State Nomination list. The number of occupations has now more than doubled to over 111 occupations in which there are skills shortages throughout South Australia. Immigration SA works collaboratively with employers seeking to fill vacancies that cannot be filled through the local labour markets by facilitating the recruitment of suitably qualified candidates overseas.

South Australia is the only state or territory to offer a unique suite of services that facilitates the arrival of migrants and assists subsequent settlement in our state. These services include a 'meet and greet' service, an accommodation service, a migrant employment consultancy, an on-arrival service, an overseas qualifications assessment service and a settlement orientation service. These services are available to skilled migrants and their families. The South Australian government, through Immigration SA, is establishing and strengthening links with employers to ensure that skills gaps are minimised and economic growth is maintained. The network of regional project officers attached to each of the economic development boards is a valuable resource, ensuring that the needs of the regions are not overlooked. They are the link between rural and regional communities and migrants who may be looking for opportunities outside the metropolitan area.

The Hon. R.G. KERIN: The budget figures show that, in each year of the term of this government, the Public Service has grown far in excess of the government's own budget prediction for each of those years. As of 30 June 2003, the number of employees in the general government sector was 3 205 greater than estimated for that year. The June 2004 figure was 456 more than estimated and, again, this year, the figure is 1 842 above the estimated increase—a total of 2 431 extra employees this year. Is the Premier concerned that in each year he has been in office there has been a blow-out in the number of employees in the general government sector that is well beyond the budgeted figures for employees in each year?

The Hon. M.D. RANN: I have already answered this question; in fact, I answered it fully. I mentioned that Health and Families and Communities report a total increase of 917

full-time equivalents, and I went through the reason why. I also said that the education area of government had an increase of 530 full-time equivalents. I also went through the key trends in the public sector, namely, that it comprises 86 885 employees, representing an increase of 1.1 per cent since June 2003. I think I have already covered this question, but I am happy to look at it and get more detail.

The Hon. R.G. KERIN: In order to clarify that, the question is: is the Premier concerned? He should be concerned either because the budget so inaccurately predicts how many employees there will be or because departments are employing well beyond the budgeted figures. Is the Premier concerned, and does he understand why, over the last three years, the actuals have blown out far beyond those estimated?

The Hon. M.D. RANN: I am not concerned about the fact that 49 000 more people are in jobs in this state than when we came to government.

The Hon. R.G. KERIN: On a point of order, that was definitely not the question. The Premier is refusing to answer the question.

The Hon. M.D. RANN: I am not concerned that we are responding to needs, such as employing child protection officers to help our kids and to deal with child abuse issues, and that we are recruiting more nurses. You guys keep calling on us to do these things; we are doing them and responding to the needs of the community. You cannot have it both ways.

Mr BRINDAL: I have a supplementary to the leader's question. Premier, you have been in office for three years. You have said that you are tough on law and order; that you will be the education government; and that you will protect our hospitals. It is the Treasurer's job to put those things in place. No-one on this side so far has questioned the need for more teachers and so on, but the question, clearly, is why your Treasurer is so inept that he cannot put your policy in place at budget time and why, each time you have this clearly stated policy, the figures have blown out. If they had been predicted, we would not have this line of questioning; they were not. Is it just a knee-jerk reaction every time there is a public matter, or are you not planning properly, through Treasury, the increases needed to put your government policy in place?

The Hon. M.D. RANN: I find it bizarre that you have the gall to describe the Treasurer as inept, when we have achieved the AAA credit rating you could not achieve; when we have virtually eliminated debt; when we have a record number of people in jobs; when we have a record low in unemployment; when we have recorded a surplus; and when we are cutting taxes. If that is it inept—wow!

Mr BRINDAL: I apologise to the Treasurer. I was concerned that I had passed year 11 maths and he, quite clearly, said that he had not.

The Hon. M.D. RANN: I think that I have answered the question.

The Hon. R.G. KERIN: I have the employment figures across every government department over the last three years. Certainly, I acknowledge that Family and Community Services has increased a lot. However, that announcement was made well before last year's budget, so it should have been factored into the approximate figures. The other areas in which the greatest percentage growth has occurred have been Treasury, DAIS, Primary Industries, Environment and the EPA. Does the Premier believe that is consistent with what he said about more police and more teachers? Certainly, the number of police and teachers has experienced nothing

like the growth in those other general government departments.

The Hon. M.D. RANN: I will get a report for the honourable leader.

Ms BEDFORD: My question to the Premier relates to homelessness. How can the government be confident that it is having an impact on the number of people sleeping rough?

The Hon. M.D. RANN: As the member knows, we have set up a social inclusion initiative of which I am particularly proud because of the people involved; they do a tremendous job. They are tackling the most difficult areas. The most difficult areas are school retention rates, drugs and tackling homelessness, particularly in terms of the number of people at the hard end of homelessness, which is sleeping rough in parks and under bridges. The importance of the issue of tackling homelessness is highlighted by the target identified in South Australia's strategic plan, which is to halve the number of rough sleepers in South Australia by 2010. The Social Inclusion Board's work has provided an intense focus on the most disadvantaged homeless people, and it is starting to reap strong returns. Through our progressive reviews, we know that a number of the projects in the action plan are definitely changing the circumstances for rough sleepers. The Exceptional Needs Project has housed 10 people who have been homeless for between 10 and 15 years, and it has provided them with ongoing support to enable them to stay in their accommodation.

The Westcare Case Management Project has been able to help over 120 people, more than a quarter of whom were sleeping rough or in a squat. The Boarding House Outreach Program is currently supporting 121 people to maintain their tenancy or to get independent accommodation. We know that eviction from the boarding houses is one of the most likely reasons people will end up sleeping rough.

The Through Care Program, run by correctional services, has helped 187 offenders released from jail into accommodation who also would have been more likely to end up on the streets. The community liaison officers at the Lyell McEwin Hospital have helped to accommodate over 80 people, most of whom were sleeping rough or in a car or a squat, and who previously would have been discharged back into these situations. Of course, homelessness action plan projects are supporting the work of non-government organisations every day in the inner city to help some of the most vulnerable in our community. We have also boosted the services in the inner city in responding to rough sleepers. We are redesigning the City Homeless Assertive Support Scheme (CHASS) to become a more focused street-to-home service for rough sleepers. We have funded a primary care nurse and two dual diagnosis workers as part of that team.

The Visiting Health Service has been established with two general practitioners who provide outreach medical care into the parklands, day centres and sobering up services. Three nurses now provide medical assessment, treatment and referral in the City Watch-house. Two mobile assistant patrol workers have been added to the existing Aboriginal Sobriety Group mobile patrol. We know that we need to work on preventing people being forced onto the streets, and much of our effort is focused on this area. The Social Inclusion Board headed by Monsignor David Cappo, the Vicar-General of the Catholic Church, is actively looking at the crossovers between homelessness, mental health, health and drug and alcohol services to see where improvements might be made. We are very fortunate to have the wonderful Rosanne Haggerty as one of our thinkers in residence. She provided

us with enormous insight from her experience of working on the very successful Common Ground program in New York. She will be returning to South Australia. She is someone who, again, has tackled the toughest end of homelessness, not the easiest end.

I am confident that, as a government, we are having a real impact and that we will continue to be 100 per cent committed to reaching our target of cutting homelessness and the number of people sleeping rough. I commend David Cappo's group. This is a really difficult area. One of the problems was that people were simply being recycled. People were sleeping rough in the parklands; they would get sick. People who had alcohol and drug problems, often physical problems and mental problems as well, would end up in hospital. They would be fixed up then released out onto the streets. The same was true with people from prisons just being released. It was fuelling a constant recycling of homelessness. So, essentially, we have introduced points of intervention.

I mentioned the Lyell McEwin service. Rather than recycling homeless people—fixing them up but not addressing the problems, fixing the symptoms but not the problems—there is an intervention point to get them accommodation and to break the cycle of despair. It is the same with the prison service, rather than a revolving door approach. This is really difficult territory. It is really hard, but we are making an impact, and I am delighted with the work done by the unit, Father Cappo and the non-government organisations that are working with us.

Ms BEDFORD: Have the Social Inclusion drug summit initiatives had an impact in the justice system?

The Hon. M.D. RANN: I was pleased that so many members of parliament attended the drug summit.

The Hon. D.C. Kotz interjecting:

The Hon. M.D. RANN: June 2002; I think you were there, actually. I think other members were there; in fact, I thought it was terrific. One of the clear messages from the drug summit was that contact with the justice system provides critical points for timely intervention to tackle a person's illicit drug use and offending behaviour. South Australia has been a pioneer in developing legislation and practices to deal more effectively with people using illicit drugs over many years.

The Drug Summit initiatives have been fundamental in enabling South Australia to operate a full range of intervention opportunities across the system, from pre-arrest through to pre-sentencing. We have been able to improve the operation of the Drug Court, which had been struggling to consolidate its operations and resources. Honourable members would be aware that some years ago, when in opposition, I went to New South Wales to sit in on a drug court in Parramatta, I think it was, to see how it worked. It was a kind of tough love. I saw people who were basically given an opportunity—and these were people who had often been involved in breaking and entering and stealing money to pay for their habit—to again break the cycle—whether or not they would choose between going to gaol or going into drug detox and a rehabilitation program, and everyone knows how difficult that would be. The people were then rewarded and encouraged. They came back to the court for a urine analysis to see whether they were off the drugs. It was fantastic for me to see a judge of the status of a District Court judge in New South Wales bringing someone before them and saying, 'Well done, Jack. You've been on the program for a couple of months, and you've been totally clear of drugs. You have gone through a very difficult detox program,

and you're now in a rehabilitation program. Both your parole officer and your other support officers are incredibly proud of what you are doing.'

The judge asked the people in the court—the prosecution and the defence—to applaud the person for their work, and they were given enormous encouragement. We saw encouragement after encouragement. However, we also saw a guy who had played up, who had made commitments and then broken them. He was then given a final chance and was told, 'You've been given a lot of support. You made all these promises, and you were found breaking and entering again. Are you serious about this, or do I send you to gaol for two years?' The person then broke down and was again given some support to continue. I am a strong supporter of the Drug Court; I think the Drug Court approach is terrific.

The court in South Australia is now considered to be a well established and accepted program, and it is seen as part of the mainstream within the Adelaide Magistrates Court. It is taken as a serious option by participants, lawyers and magistrates. Most importantly, the improvements, as a result of the social inclusion funding, have led to more people staying on the program longer and more people completing it successfully. The impetus from the Drug Summit also led to the commencement of the diversion scheme in the Magistrates Court. This provides an early intervention point for diversion into treatment before offending escalates to a level that could result in a prison sentence.

The Drug Summit second round also funded the placement of nurses in the city watch-house as another opportunity for engagement, particularly with people who were also homeless and had mental health problems. Initiatives—

Ms CHAPMAN: I rise on a point of order, Mr Chairman. Whilst this is a very important subject, we are now well past the 12.30 time line. So, I would ask the Premier to wind up his remarks in order that we can move to population, which is also an important issue.

The CHAIRMAN: The arrangements with the timetable and the arrangements between the minister and the member are not a point of order as such. However, I ask the Premier to wind up his remarks so that we can move onto issue of population.

The Hon. M.D. RANN: All right, sir; I have almost finished. This initiative has now been mainstreamed, based on clear evidence of the reduction in risk for these people in custody, increased confidence in handling this client group by police, and a decrease in aggression as a result of assessment, treatment and medical management. The government and the community—and I am sure I can include the opposition in this, because everyone was part of that Drug Summit—are proud that we are developing a system that is tough on crime but, at the same time, responds to people who are often profoundly socially excluded and who get caught up in offending because of their drug use, homelessness or mental health disorders.

Ms BEDFORD: I know that it relates not to population but to school retention, but I am sure the shadow minister would be interested in this question. Will the minister advise what are the achievements of the government's social inclusion school retention action plan?

The Hon. M.D. RANN: I will try to proceed with some expedition and, indeed, speed. South Australia's Strategic Plan commits the state to increasing the percentage of students completing year 12 or its equivalent to 90 per cent within 10 years (that is, before 2014). The government is serious about this target and has committed \$28.4 million

over four years to implement the social inclusion school retention action plan. The government also raised the school leaving age to 16 years, introduced student mentors into schools and put in place programs to improve attendance. In announcing the South Australian Youth Engagement Strategy, my government has made it clear that all young people aged 15 to 19 will be either learning or earning.

The Social Inclusion Board and my department are facilitating the implementation of the social inclusion school retention action plan by supporting agencies vigorously pursuing the education targets in South Australia's Strategic Plan, coordinating the evaluation of school retention initiatives, monitoring the support of young people at risk of leaving school early, and ensuring that they are offered opportunities to engage in learning and training that will give them work. The Social Inclusion Board and my department work closely with the lead minister for school retention issues, the Hon. Jane Lomax-Smith.

The government's innovative community action networks (ICANs) are an integral part of the school retention action plan. These plans are planned and implemented by local communities to keep young people connected with learning or on pathways to employment. Local community committees have been established to assess locally developed proposals in the Upper Spencer Gulf and the northern, southern and north-western suburbs. This is joined-up government in action with multiple non-government organisations, government agencies and communities working together. The ICANs are allocated \$2.05 million in 2004-05. One example of the over 30 recommended programs is the 'Doing Something, Going Somewhere' holiday mentoring program in Whyalla. Staff from relevant agencies worked with ten young men who were totally disengaged from school. They were chronic non-attendees, and they are all now enrolled in school, their attendance for this year is good, and the carefully planned combination of school and TAFE programs, along with community activities, is continuing to motivate them.

Mr BRINDAL: The Premier obviously has extensive notes: is there is any facility in this committee for the Premier to incorporate this in *Hansard*?

The CHAIRMAN: No; only statistical documents.

The Hon. M.D. RANN: I am trying to read fast. Activity under the government's School Retention Action Plan is also bringing about change in curriculum and accreditation to make education more responsive in the lives of young people today. Social inclusion funding to SSABSA has resulted in a system for accrediting community-based learning as part of the SACE. Already 35 community-based programs have been assessed and are recognised, 91 SACE units of study are now available, and 61 young people have received accreditation for such community-based learning. SSABSA has accredited 34 SACE units to date and this result far exceeds original expectations and is likely to be extended. Formal approaches from 17 community-based organisations have been made seeking approval for recognition of the community-based work that young people are engaged in. Also, 852 young people across 10 schools are involved in a structured process through which they are contributing their views on how to make schools more relevant. This engagement of young people is critical in their development and valuing of education. I will finish there; there is a lot more to say, however.

Membership:

Mr Brindal substituted for Mr Buckby.

Ms Chapman substituted for the Hon. D.C. Kotz.

Ms CHAPMAN: Thank you, Mr Chairman. I refer to Budget Paper 3, page 8.5. Premier, in respect of the interstate migration, a net figure of 3 067 South Australians moved out of the state in this last year. This is greater than the outflow of 2 188 persons in the previous year. What is being done to address this alarming problem, while states such as Queensland, Western Australia and, even Tasmania, are celebrating a population growth from other states?

The Hon. M.D. RANN: If you like, I can give you a general overview of what is happening on the migration front in total.

Ms CHAPMAN: No; on this issue—intrastate migration.

The Hon. M.D. RANN: I will give you interstate and overseas so that you have a full picture.

Ms CHAPMAN: You have given us all that. With respect, I appreciate that the Premier is trying to be helpful here. We have had a full summary on migration from overseas—

The Hon. M.D. RANN: I have not given you that at all. I have it in front of me and I have not read it out.

Ms CHAPMAN: We have heard that during the course of this. My question, specifically, Mr Chairman, is in relation to interstate. So, if the Premier could find amongst his copious notes, a reference to the interstate migration, and what he is doing to address that issue, and the chronic increase that we have seen in the exodus of South Australians net out of the state to other states.

The Hon. M.D. RANN: I can answer the question any way I like, and I am trying to give you a full picture rather than—you are not going to verbal me; you might have done this in court. It might be the vibe of the court but it does not feel like it. Immigration SA has been active on a local, national and international scale to increase the profile of South Australia as a migration destination of choice. In the 2003-04 program year, 4 773 people arrived in South Australia. This is an increase of 30 per cent from the previous year. The top source countries are UK, 27 per cent of all settlers; South Africa, 7 per cent; New Zealand, 16 per cent; India, 5 per cent; and Mainland China, 4 per cent.

South Australia is the major user of the state specific and regional migration mechanisms available through the Department of Immigration and Multicultural and Indigenous Affairs. Immigration SA has been proactive in raising the profile of South Australia as a migrant destination of choice by establishing an office in the UK and South Africa, having a strong presence on migrant affairs, (yes, me appearing on television in Britain and also doing publicity in New Zealand) advertising in quality, targeted publications, sponsoring ABC Asia Pacific which gives Immigration SA access to over 1 800, 30-second television commercial spots through the Asia Pacific region, internet banner advertising on a site not normally associated with migration, working collaboratively with the Make the Move campaign, taking part in high level missions to India and China, and giving presentations on migration opportunities to South Australia.

The shadow minister will be pleased to know that when we were in India, we had the good fortune of having the Australian Cricket Team staying in the same two of the three hotels we were in, and it was very fortunate that I was able to interrupt my speeches and say, 'Will you please welcome the Australian Cricket Team,' and Darren Lehmann played an extraordinary role in promoting our state.

In addition, Immigration SA has established and nurtured the regional project officer RPO network—one RPO supported Immigration SA staff, and represented the regions

at the Emigrate Fair in Esher, United Kingdom, in March 2005, working collaboratively with the regional outreach officer based in DIMIA to better promote skilled migration to South Australia. Immigration SA has acted as a consultant to major employers recruiting overseas, and hosted ETSA at the Emigrate Fair. Immigration SA is working collaboratively with Multicultural SA to encourage chain migration. Immigration SA officers offer a unique suite of services which facilitate migrants' arrival, and aims to assist migrants to settle quickly and successfully. Immigration SA has established good relationships with international media and has continued to work with migration agents to promote South Australia to their clients.

So, we are doing well on the overseas front but we have to do a lot better on the interstate front. Just recently I went off to two major functions, one in Melbourne and one in Sydney—in April, I think—and we had hundreds of, particularly, young people turning up. There were alumni of South Australia's three universities. In fact, the three vice-chancellors attended with me. In Victoria, I was pleased that John Singleton addressed the crown to promote South Australia.

So, we are now upping the campaign. Through the owners of Channel 9 in South Australia they are making available about \$2 million of advertisements to be used in television in the eastern states to highlight our cost of living, opportunities and the cost of a house in South Australia. Australia is one of the most mobile societies in the world. Over 44 per cent of people changed their usual place of residence between 1996 and 2001. South Australia's strategic plan target requires a reduction in net population loss to interstate to zero by 2008, which is why we are doing this television campaign and recent initiatives.

It is true that the latest ABS data, which has been published, shows that there was a net interstate migration outflow of 3 717 persons during the year to December 2004. I am told that the ABS has noted that the interstate migration estimates to the December quarter may be subject to greater than usual uncertainty, and the Health Insurance Commission was unable to provide the ABS with the complete number of people who changed their address with Medicare. To compensate, the ABS has estimated interstate migration based on the partial data received and from past trends. Any changes to these estimated figures should be reflected in the March quarter 2005 statistics. Nevertheless, the 2004 annual loss continues to be much less than the losses experienced in the mid 1990s during the previous government, where the net loss to interstate was as high as 8 000 per annum as at December 1995. We are doing well on the overseas front. We need to do better on the interstate front.

In October 2004 I launched the Adelaide: Make the Move campaign to attract young skilled migrants to South Australia. The \$4 million campaign targets people aged 30 to 45 years old in Sydney and Melbourne, with positive messages about South Australia's job opportunities, housing affordability, quality education system, lifestyle and recreational advantages. Almost 3 200 information kits have been requested through the Make the Move campaign, and a preliminary survey of interstate respondents found that a third (73 families) so far have decided to move as a result of the campaign. However, moving to another state is a big decision for families, and it will take time for moves to be reflected in population growth figures.

To support the campaign, recruitment firm Speakman Tanner Menzies is now working with the Department of

Trade and Economic Development to link potential newcomers with job opportunities in South Australia. The South Australian government is also working with the state's three universities to help connect and build relationships with graduates who have moved interstate. The Alumni program will provide an accurate, up-to-date database of potential returnees that can be used to try to attract people back to the state by matching them with job opportunities and communicating with them on a regular basis.

Ms CHAPMAN: On 16 June 2004 the Premier admitted that the target for South Australia's population of \$2 million by 2050 was set by himself. Further, in respect of the research being undertaken to support the sustainability of population proposal both environmentally and economically he said:

I can reveal today a major announcement that a group chaired by Dr Adam Graycar is looking into these matters.

Has the report been prepared by the group chaired by Dr Adam Graycar; who was on it; at what cost; and, if you have done the report, will you table it?

The Hon. M.D. RANN: The South Australian government released Prosperity Through People, the population strategy for South Australia, on 31 March 2004. The policy set the following key targets for South Australia. You said '\$2 million': I think you meant 2 million people.

Ms CHAPMAN: June we are at Premier—we have moved on from there.

The Hon. M.D. RANN: You said something about our target of \$2 million—I think you meant 2 million people, so I am just trying to help you. The policy set the following key targets for South Australia: to grow the population to 2 million by 2050; to double the skilled migrant intake to South Australia to 2 500 by 2008; to increase by fivefold the number of business migrants settling in South Australia to 600 by 2008; to increase the intake of humanitarian migrants to 10 per cent of the national intake to 1 200 by 2008; to reduce net loss to interstate to zero by 2008; and, to sustain fertility at around the Australian average or better so as to at least match Australian fertility levels.

Mr BRINDAL: How are you going to do that? I know you are getting married, but that is only one.

The Hon. M.D. RANN: I am happy to receive marital advice from members opposite. The government committed \$10.2 million over four years for a package of new initiatives to achieve these targets. In broad terms this funding was committed to migration initiatives (\$6 million), the return to work credit (\$3.84 million), and other workplace initiatives (\$400 000). The primary focus since the release of the policy has been to drive implementation across relevant government agencies with lead responsibility for the each of the 36 new initiatives outlined in the policy. A number of successes have been achieved to date. The latest available data for 2003-04 indicates that South Australia has realised a 30 per cent increase on the number of settler arrivals compared to the previous year. This includes a 75 per cent increase in the number of skilled migrants to 2 176 and a 29 per cent increase in the number of humanitarian migrants to 884.

These results provide a good foundation for achieving the targets set in the population policy. I have already announced the Adelaide: Make the Move campaign that we talked about and I mentioned that in April I launched the Alumni program and events in Melbourne and Sydney with 400 people attending each event. Through this program, the South Australian government is working with the state's three universities to help connect and build relationships with

graduates who have moved interstate. The Parents Return to Work program, which commenced in January 2005, provides a training credit to assist parents planning to return to work after an absence caring for dependent children.

The credit provides up to \$1 200 in assistance for parents who enrol in training with an approved provider to improve their employability skills. The parents can use the credit to cover costs such as training fees, child-care while undertaking training, and support materials required for training. The credit may also be used as a part payment for first year HECS for a university course. To date, over 4 000 inquiries about the program have been received and almost 3 000 have applied for the program, with 1 582 parents approved to receive a credit. As at 18 May, 646 parents have actively enrolled in or engaged in training. Despite the successes to date, it is time to move implementation of the policy to a higher level, with a stronger focus on collaboration across government, business, academic and community sectors.

This will include continuing to build a closer relationship with the Australian government, given that it controls many of the policy levers available to address population issues, and I want to salute Amanda Vanstone. To this end, a population advisory group comprising key South Australian leaders will include Greg Hunt (CEO Elders Limited), Mandy Keillor (Principal Director, Keillor Building Associates), Professor Sue Richardson (Director, National Institute of Labour Studies), Michael Hickinbotham (President, Australian Population Institute), Fiona Roche (Member, Economic Development Board), Dr Mal Hemmerling (Chief Executive Officer, Adelaide City Council), who is to be confirmed, Brenton Gardner (Executive Director, South Australian Housing Industry Association), Karen Lablack (General Manager, Policy and Environment, Business SA) and Dr Adam Graycar, Chair (Executive Director, Cabinet Office, Department of the Premier and Cabinet).

This group will make a series of recommendations to government by the end of 2005 about how the implementation of the policy can be driven forward. Some forthcoming initiatives include an employer forum to inform employers on how skilled migration can support their businesses, and an on-line matching system for employers and skilled migrants planning to settle in SA will be launched at this event. In addition, a workshop promoting a work/life balance to key stakeholder groups is planned for August 2005. The forum will also provide the opportunity to shape an awareness-raising campaign, tools for small business to promote a work/life balance and identify issues relating to mature-age employment.

Ms CHAPMAN: As a supplementary question, has any research been done on the environmental and geographical sustainability and, if so, is there a report and will the Premier table it?

Dr GRAYCAR: A working group has been set up which I have chaired and which comprises the demographers across government. We are working with Planning SA, and they have prepared a number of different projection scenarios. I do not have the exact date but about six weeks ago we held a planning meeting in cabinet office of the planning officers in each of the departments to work through the demographic numbers, the implications for their agencies in meeting the two million target, and the planning requirements that each agency would have to go through. We are preparing a very rigorous set of projections. We have the first cut of projections that are statewide and the second cut will come when we get a few more ABS figures in the next few days.

We are expecting by about August to have a whole series of local area projections that will give us the composition of the two million population, according to the target, by small areas, and doing the small area analysis is very hard, but very strategic and very important.

Ms CHAPMAN: In relation to the research that Dr Graycar has outlined as to the working group, and the meeting with Planning SA as to how we might achieve the target, I thank him for that but I had specifically asked in relation to the announcement by the Premier last year, and that was about the research as to the sustainability geographically, environmentally and economically that he announced would be done under this group chaired by Dr Graycar to identify whether the targets are even right.

What research has been done on that and is there a report yet on it? This was the Premier's guess. He told us last year that he had actually made it up. He admitted specifically on 16 June that that was a target set by him. As I indicated, he then announced that you, Dr Graycar, were actually going to undertake this research to identify whether it is sustainable, whether there should be more or less or whether it was appropriate.

The Hon. M.D. RANN: The honourable member who is leaving wanted to know about the Make the Move web site, when I said about going from one figure to 750 000, whether it was a monthly or yearly figure, and it is a monthly figure of increase in hits.

Dr GRAYCAR: The population figures are enormously variable and always attainable. There are choices that people have to make, policy choices that the government has to make with regard to what the population will be. Doing projections, the projections are based on a set of statistical views that take into account past behaviour, past patterns of fertility, past patterns of mortality and of migration. The government, in launching the population policy, has decided to reach the two million through a set of policy initiatives. With no policy intervention, the population would decline. With policy intervention, it will reach whatever target the interventions aim at.

To take that into account, there are land use planning issues, water issues and infrastructure issues, and all are being addressed with the working party, with the group that is continuing to work towards looking at the feasibility and looking at the investment patterns that will be required to meet the two million target. It is a very systematic process that takes place. It requires a lot of very detailed analysis. The answer basically is that any target can be set and then one adjusts the policy levers to do it, but the people on the committee are very keenly aware of the environmental sustainability issues.

Ms CHAPMAN: As a supplementary question, in relation to that, is your group or are you satisfied that the two million target set for 2050 is 'environmentally and economically sustainable'?

Dr GRAYCAR: Yes, I am.

[Sitting suspended from 1.03 to 2 p.m.]

The Hon. R.G. KERIN: My next question relates to Budget Paper 3, page 2.11. Table 2.9 shows that the total general government expenditure for the year was \$10.522 billion against a budget of \$10.053 billion, which means that \$469 million more was spent than was budgeted for. How much of the extra expenditure was approved by cabinet during the year?

The Hon. M.D. RANN: I will get a report from the Treasurer for the leader.

The Hon. R.G. KERIN: Again I refer to Budget Paper 3, page 2.11. Table 2.9 also shows that total employee expenses were \$184 million more than have been budgeted for during the financial year. Will the Premier explain to the committee how much of this was due to the unbudgeted blow-out of the number of public servants and how much was due to extra money needed for enterprise bargaining?

The Hon. M.D. RANN: I will get a report from the Treasurer for the leader.

The Hon. R.G. KERIN: One of the targets listed for 2005-06 in Budget Paper 4, page 1.10, lists protective security arrangements across all government. Further, the Premier announced \$2.3 million over four years in the June estimates last year for security and emergency management activities across government. There is no mention of public sector security and management in the 2005-06 highlights. Will the Premier explain why this important 2004-05 target has not been given any prominence in 2005-06? Will he give an update to the committee on security arrangements which are in place across government?

The Hon. M.D. RANN: Obviously, protective security across government is vitally important. On the issue of enhancing security, the commonwealth government has proposed to states and territories that an intergovernmental framework be developed to achieve common standards in government protective security standards. This will be clarified by way of an intergovernmental agreement. These standards cover staff protection, building and asset protection, document security classifications and processes, security clearance standards and processes for the transmission of intelligence and classified information. Obviously I cannot reveal intelligence or classified matters that might be detrimental to the security of the nation or the state.

It is in South Australia's best interests to participate in developing this framework. The implementation of the state protective security regime, for example, education and advice to agencies, needs to take place across government. As more officers and agencies are required to have security clearances, the regime for liaising with the commonwealth government vetting service and the Australian Security Intelligence Organisation (ASIO) and maintaining a register of cleared personnel will progressively become larger. South Australia Police manages the process for police officers and the Security and Emergency Management Office manages the process for other public sector officers.

Clearances for certain private sector critical infrastructure owners and operators will also be necessary, and state government needs to facilitate this process. Agencies leading the implementation include the Department of the Premier and Cabinet, the Attorney-General's Department, South Australia Police, the Department for Administrative and Information Services and the Auditor-General's Department. The Security and Emergency Management Office will provide leadership and coordination for the project. All agencies will need to implement their own protective security arrangements. Staff education and communication information about the changes will require considerable coordination. Part of the proposed security enhancements will include improvements to ministerial offices, both minor works and security education. Although some work has been conducted, the major part of the project will take place in 2005-06. I ask Ms Carmen, who is my principal adviser on these matters, to comment further.

Ms CARMEN: The main implementation of this process will be a matter for the budget for the following financial year. This is really in a very preparatory stage, as you can see. In the meantime, of course, various agencies are taking measures to enhance their building security and to educate staff in these matters; and that would be a matter for individual agency budgets.

Ms CICCARELLO: I would like to ask some questions about the Executive Government Program—Strategic Advice and Facilitation. Earlier the Premier extolled the virtues of Rosanne Haggerty who has been one of our thinkers in residence. I know the Premier is very committed to this program. What has been the impact of the Adelaide Thinkers in Residence program, to date?

The Hon. M.D. RANN: The Thinkers in Residence program has been incredibly widely supported. 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. They advise South Australian industries on key strategic directions and growth opportunities and connect South Australian businesses to global markets and networks.

We have had eight thinkers in residence, to date. Of these, Herbert Girardet, Charles Landry, Blast Theory, Maire Smith, Peter Cullen and Peter Wintonick have completed their appointments. Baroness Professor Susan Greenfield and Rosanne Haggerty are currently in residence. Dr Demetrios Papademetriou is due to commence a five-month appointment in September and Professor Stephen Schneider, a world leading expert on climate change, is due to commence his appointment in March 2005.

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. Thinkers present their work to the community through the public lecture program which achieves capacity audiences of up to 1 400 people. Certainly, Susan Greenfield's public addresses and appearances on national television programs such as *Enough Rope* attracted enormous interest.

Testament to the success of the program is the attraction of matching funding through partners and sponsors, with 35 organisations currently providing funding to the program. These include: government agencies, local and federal government, universities, industry associations and companies. All appointments are achieving their target of 50 per cent (or more) funding from partner and sponsor organisations.

Each thinker provides a final report. Some contain specific recommendations regarding government policy; others recommend steps for immediate action or broad strategic directions. Some of the recommendations are implemented immediately by partner organisations in the program. Let me cite a few examples. Herbert Girardet's report has led to substantial changes in government policy including, for instance, the tripling of our One Million Trees campaign and solar and wind power initiatives. We have adopted many of his recommendations including, for instance, five-star energy efficiency ratings for all new dwellings built after July 2006; compulsory plumbed rainwater tanks in all new dwellings after 2006; and, more recently, compulsory solar and/or gas hot water systems. A whole series of initiatives came out of Herbert Girardet's report, initiatives which I think are making a real difference.

Charles Landry's report entitled 'Rethinking Adelaide—Capturing Imagination' has been widely acclaimed and has directly influenced the inclusion of fostering creativity as an objective in the South Australian Strategic Plan. This is obviously influencing the work of the Capital City Committee.

Maire Smith is an international expert on biotechnology and, as I understand it, she is now the head of the British National Health Service's commercialised intellectual property division. Her residency was incredibly helpful to the Science Council and biotechnology. It led directly to initiatives such as awarding \$9 million to BioInnovation SA to construct Australia's first dedicated bioscience business incubator. She was extremely helpful in terms of the bioscience push, which was started by the previous government. We have tripled the size of the Thebarton bioscience precinct and we are constructing the first business incubator.

As a result of the Blast Theory residency—this is a group of people creating a fusion of the arts and technology—there have been significant advances in the understanding of 3G capabilities, both generally and in relation to the M.net test-bed. The Office for Youth has plans to increase the participation of young people in the games development industry. A funded program plan has been created for South Australian artists to develop film/interactive works to be delivered over mobile phones. A South Australian company has won a commission to develop animations for the London Science Museum.

Peter Cullen championed an emerging water policy in South Australia, raising the profile of water issues within the media and awareness amongst the general public. He also did a huge amount of work with our government departments. He provided a challenge for the existing National Water initiative and developed an ongoing and sustainable network of young thinkers. The government has acted on his recommendation to prescribe the Eastern Mount Lofty catchment. Peter Cullen's work on River Murray related issues was incredibly helpful to me in terms of the negotiations we had at COAG with the Prime Minister which resulted, of course, in the River Murray initiative.

Baroness Susan Greenfield is only part way through her residency, yet she has already achieved extraordinary results, particularly the Bragg initiative: the creation of the Australian Science Media Centre in Adelaide which will be opened very shortly—a science twinning program partnering scientists in labs with teachers in schools and the Science Outside the Square events designed to reignite our passion for science. That is basically a winter university without walls, diplomas or enrolments. It consists of a series of events, lectures and debates, including one which is going to be held at Footy Park at half-time. The program as a whole has increased networking between people in previously unrelated fields and strengthened networks amongst partners in related fields. Younger thinkers in South Australia have had the opportunity to work with thinkers to develop global networks and advance skills in their field. These include school, TAFE and tertiary students and young professionals.

The message we are getting from universities and from lots of scientific and other organisations is that the Thinkers in Residence scheme has been an extraordinary success that has quickly developed a reputation as a credible and accessible program delivering real results on the ground. It has a national and international profile and is closely watched by the media. It attracts a large number of organisations as partners and sponsors, and it achieves capacity audiences at

public lectures. It is a real agent for change in our community and is an outside view on local issues.

Ms CICCARELLO: The Premier has already mentioned Papademetriou and Schneider, but who else will visit South Australia under the Thinkers in Residence program in 2005-06?

The Hon. M.D. RANN: To recap briefly, they come for appointments of approximately two to six months to develop and promote South Australia. In the coming year, four stellar thinkers will visit South Australia under the program. The topics they will address include science, migration, economic development, climate change and homelessness. In July, Baroness Professor Susan Greenfield, who is a person of exceptional talent and achievement, will return to South Australia for a second visit. She has been awarded a life peerage, a CBE and the Legion of Honour for her work in neuroscience and promotion of science. When I last spoke to her, I think she was up to about her 28th honorary doctorate. She is considered to be one of the most influential women in the world, and it is a significant achievement for the program to have attracted someone of her calibre.

During Susan Greenfield's visit, we will launch three initiatives recommended by her, and implemented since her first visit, one of which is the Australian Media Science Centre. It will be based behind the Museum in the old armory, and we have appointed someone from Sweden to head it. If a talkback show in Sydney or Melbourne, or a program, such as *Four Corners*, or a newspaper, like the *Australian*, wants to talk about issues such as genetically modified food or nuclear power, rather than going to the protagonists, as they have done for years, the Australian Media Science Centre will be able to provide the media with the best scientific experts in Australia on those specific areas. It was started in Britain, where it has been an incredible success. The Australian Media Science Centre, which we are about to launch, has the support of the ABC (Robin Williams is on the board with me and Peter Yates), and it also has the support of the Fairfax Press, the Murdoch Press—indeed, Melvin Mansell of the *Adelaide Advertiser* is on the board—as well as of the CSIRO and other media networks.

I have mentioned the science teachers twinning scheme and Science Outside the Square, which is a series of public science events aimed to raise scientific literacy in the community. During her visit this year, Susan Greenfield will undertake further work in science policy and promotion. She will travel interstate to represent and promote South Australian in key national fora, and we have heard reports of her promoting us in the House of Lords, Downing Street and elsewhere.

With enrolments in tertiary science courses falling rapidly in most Western countries, and as science is a key to sustained economic development, we think that it is a strategic issue for our state. Dr Demetrios Papademetriou will commence a five-month appointment from September 2005. He is considered to be one of the world's leading experts in migration policy. He was born in Greece and moved to the United States to study under the Marshall Plan, and he is now the chief adviser to Congress on US migration policy. Dr Papademetriou's work here will focus on the opportunities for South Australia resulting from contemporary trends and drivers in international migration and on how South Australia can both attract and retain a broader spectrum of international migrants. This work is key to the achievement of the recommendations of the Economic Development Board.

Our third thinker in 2005-06 will be Professor Stephen Schneider from Stanford University. He will work with us on the state's climate change strategy and will consider the three key aspects: reducing, adapting and innovating. Professor Schneider was honoured in 1992 with a MacArthur Fellowship (known colloquially as the MacArthur Genius Award) for his ability to integrate and interpret the results of global climate research through public lectures, seminars, classroom teaching, environmental assessment committees, media appearances, congressional testimony and research collaboration with colleagues. He has served as a consultant to federal agencies and White House staff in the Nixon, Carter, Reagan, Bush Senior, Clinton and George W. Bush Junior administrations and has authored or co-authored over 450 books, scientific papers, proceedings and legislative testimonies, and has published newspaper and magazine interviews.

In addition, Rosanne Haggerty will make a second visit to South Australia as a thinker. Rosanne is the founder and Chief Executive of Common Ground, a New York not-for-profit organisation that has rapidly become the largest provider of supported accommodation for homeless people in the US. In the 14 years since its inception, Rosanne has built Common Ground into a \$25 million organisation that provides housing for over 1 600 tenants and operates businesses and employment projects to assist tenants in returning to the work force. Common Ground's work has demonstrated that homelessness is solvable; that providing housing and related support is far more cost-effective than emergency approaches to homelessness; and that well-designed and operated housing facilities can be an asset to any community, a driver of environmental sustainability and a stimulus for economic revitalisation.

Common Ground's work has been recognised by the Peter Drucker Award for Non-Profit Innovation, the Rudy Bruner Award for Urban Excellence and the United Nations' World Habitat Award, and it has been featured on *60 Minutes*. Rosanne was a Japan Society Public Policy Fellow in 2000 and was awarded a MacArthur Fellowship in 2001. We put about half a million dollars a year into the Thinkers in Residence scheme, and this achieves matching funding from partners and sponsors. By coming to live and work in Adelaide these world-class thinkers deliver exceptional value to South Australia.

Ms CICCARELLO: My third question and, as it relates to South Australia, I think to paraphrase your own words, Premier, you have often said that for a small state and population we often punch above our weight in what we manage to achieve. We just have to look in this chamber for examples of Catherine Helen Spence and Augusta Zadow.

The Hon. M.D. Rann interjecting:

Ms CICCARELLO: And current members. Also we have had people like Sir Mark Oliphant, Bragg and Florey, who have done great things in South Australia, as did Traeger, one of my constituents, who invented the—

Members interjecting:

Ms CICCARELLO: Yes; I have a mental blank—my eroding mental faculties. However, with regard to the thinkers in residence, why are we bringing external thinkers to South Australia? Should we not be investing in the development of talent right here in South Australia?

The Hon. M.D. RANN: I am disappointed that the honourable member did not mention the Leader of the Opposition or me amongst her list, but I am sure that will come and that it will not inhibit her career prospects. The Adelaide Thinkers in Residence program places significant

emphasis on the development and promotion of local talent through the young thinkers and the capacity building elements of the program. The program selects partner organisations to work closely with the thinker throughout his or her visit. The people who are involved in this way experience significant development in both their conceptual approach to the issues and their skills. Thinkers are selected for their ability to address key strategic issues for the state, and their input to the skills and thinking of South Australians provide us with a talented pool of people who can effectively address the issues most important to our future.

The wide-ranging, unique programs have been provided to build the capacity of school, TAFE and tertiary students as well as young professionals through direct involvement with the thinkers. Programs have included mentoring, coaching, seminars, masterclasses, attachments, research programs, conferences, interviews, school visits and round table conversations. Every thinker who comes here meets, works with and develops the talented people we have in our state. These people, many of them young and emerging leaders in their chosen fields, access world-class thinking and connect to global networks. It certainly had an impact on me. I had to give an interview in San Francisco last year on television about phenomics, metabolomics and functional genomics. Without the inspirational thinkers in residence, I am sure that I would not have done quite so well.

Ms CICCARELLO: Can I just say, Mr Chairman, that Alfred Traeger invented the pedal wireless and that, of course, made sure that we had teaching in the Outback and also it helped the Flying Doctor service.

The Hon. R.G. KERIN: I refer to Budget Paper 3, page 6.7. The first bullet point on this page states:

... In response to an Economic Development Board recommendation, the Government has undertaken a comprehensive review of existing statutory authorities and boards, including a number of government businesses in which the number of committees was reduced;

On 18 April 2003, the Premier was quoted as saying:

Within six weeks of receiving the final report of the board, I will be publicly announcing those boards and committees that I want abolished.

The latest figures available to the opposition from the Premier and Cabinet Boards and Committees Information System showed an increase in the number of government boards and extra costs of about \$1 million. On 13 April 2005, in response to a question from me about the release of a list of the boards that have been abolished, the Premier said:

I am very pleased always to keep the Leader of the Opposition fully informed, because I think a fully informed opposition makes for a good government and good democracy.

Will the Premier now release the list of the boards that have been abolished?

The Hon. M.D. RANN: It has been a frustrating experience. In May 2003, the Economic Development Board recommended that the government review all existing statutory authorities, advisory bodies and other government boards with a view to reducing duplication and streamlining government decision-making processes. A lot of these things are also committees. As of Friday 20 May, the government had abolished a total of 147 boards and committees; a further 135 boards are scheduled for dissolution. The leader would be aware of all the NRM boards that have gone. About 113 boards and committees have been established, so we have got rid of more than we have established, and we have a lot more to go. We are making progress. As David Tonkin said,

we are moving ahead, but maybe more slowly than we thought on the issue of boards and committees. However, 147 boards and committees have been abolished with a further 135 boards scheduled for dissolution. I was pleased that John Hill managed to, through the natural resource management boards, get rid of a whole heap of boards, as did Lea Stevens through some amalgamations of these new regional hospitals. It is slow progress but at least we are getting rid of boards and committees.

Membership:

Mr Hanna substituted for Ms Bedford.

The Hon. D.C. Kotz substituted for Ms Chapman.

The Hon. D.C. KOTZ: Mr Premier, relating to your portfolio on page 1.11, I want to ask a couple of questions with regard to the Anangu Pitjantjatjara power station. To give some relevant background to the question, you may recall that on 13 February 2001, the Liberal government and I, as the then Aboriginal minister, announced that project of \$14.3 million, and that was for the solar power plant on the Aboriginal lands. The construction period at that time was suggested to be three years. The state government and ATSIC, at that time, both contributed some \$6.65 million towards the project. We also managed to negotiate \$1 million through Greenhouse Australia, obviously for the solar component of the project. The budget papers of June 2001-02 confirmed that project and the funding. It suggested an advice to the public that the state government funding portion would be provided during the 2003-04 year, which meant that the component of state government money to be spent would not be spent until the last year of the project.

As I have said, the 2003-04 year showed, quite properly, the \$6.65 million in the budget papers at that time. The 2004-05 budget papers (which was the following year) showed that it was the government's intention to allocate \$1.138 million for the 2004 year. But, as all budget papers of each year show previous years, it showed that the 2003 year (which had the \$6.65 million) had an estimated result (which is the potential expenditure for that year) of \$325 000, with \$1.138 million to be expended in 2004-05. The budget papers for this year show that the 2003-04 year (which had the \$6.65 million in it) had nil expenditure, and that was the year the budget papers showed an intended expense of \$325 000. However, these budget papers show 2003-04, as actual figures, as no expenditure at all. The \$1.138 million shown in the 2004-05 budget papers show in these budget papers that none of that money was spent, either.

So, the budget papers suggest to me, at this point, that over that period of two Labor government financial budgets the moneys that were allocated in that budget have not been expended whatsoever. This budget shows almost the full state component of \$5.66 million to be expended this year. Each year the completion of that project has blown out by a further year. Not only do we see that this year it is expected that the state component will now be expended, but also this year's budget papers show that the overall cost of the project has now blown out by \$2.1 million to a \$16.1 million project. The previous budgets have indicated expenditure that was never spent and was not clarified in either of those budgets, and it is only this year that the clarification of non-expenditure can be seen. It also means that a three-year project has now blown out to a six-year project. So, my questions are: why were we misled in the budget over two years; why is there a blow-out

to \$16.1 million; and why and how are we going to spend \$5.66 million this year to do what with that project?

The Hon. M.D. RANN: I appreciate the clear way in which the member has presented her questions. I have a briefing from Aboriginal Affairs and Reconciliation which indicates that, in relation to the APY central power station, delays have been experienced which have necessitated revision to the project cash flow, with \$1.463 million of state funds to be carried over from 2004-05. The APY central power station project consists of three discrete stages that will provide upgraded power supply and distribution systems to various communities in the APY lands. The initial overall budget for all stages was \$14.3 million, comprising funding of \$6.65 million from both the commonwealth and the state and \$1 million from Greenhouse Australia.

Stage 1, the solar farm, was completed in August 2003. That has already been done; it is there and, as far as I am aware, it is operating. I have seen it, and it is quite an amazing sight. Stage 2, the diesel power station, is being project managed by DAIS. The original budget was for \$4.71 million, and the latest estimate forecasts a completion cost of \$6.144 million. The commonwealth has provided the additional funding required to meet the revised estimate, so I say thank you to the Howard government. The power station was completed in December 2004, with the generation and control equipment scheduled for completion in August 2005. So, that is stages 1 and 2. Stage 3, the distribution system, is also being project managed by DAIS. The original budget was \$7.19 million, due mainly to protracted delays associated with attaining anthropological clearance to survey the proposed power line route. The distribution system is now expected to be completed by mid 2006, and the latest revised estimate forecasts a completion cost of \$9.001 million.

As detailed in DAIS's late 2004 report, delivering major building projects risks SA government performance and future risk management. A buoyant construction market has prevailed during the 18 months it has taken to obtain anthropological clearance to survey the power line route, and these market conditions have driven project costs higher. The report highlights that the majority of recent infrastructure tenders have come in over budget, with the prediction that this upward pressure will not abate until 2006. The buoyancy of the market in South Australia is highlighted by trade resource shortages and material price increases.

The original total funding for all three stages of the project involved a dollar for dollar contribution by the commonwealth and the state. Through funds supplementation, it is estimated that the commonwealth will contribute \$8.783 million to this project. This is compared with the state contribution of \$6.65 million. The commonwealth has advised that it will not provide further funding. So, that is \$8.783 million from the feds and \$6.65 million from us. There is available funding of \$13.3 million from the commonwealth and the state to complete stages 2 and 3. Based on the latest cost projection of \$15.145 million, the project has an overall budget deficit of \$1.845 million for stages two and three. DAARE will make a priority bid to fund the deficit through the 2006-07 budget bilateral process. Should the bid for funding in 2006-07 be unsuccessful, then stage three would be reduced in scope proportional to the total shortfall of \$1.845 million.

The Hon. D.C. KOTZ: Firstly, in asking questions in previous years, I have had different answers from the ministers involved with this project, and they are already recorded in *Hansard*, but, listening to your final comments,

are you suggesting that, if the Aboriginal portfolio of DAARE cannot come up with the funding that appears necessary to complete this project, then it will be cut, and the project as such, which was to provide 250 kilometres of distribution line to some seven villages in the Anangu Pitjantjatjara Lands? Does that mean that we are not going to see the project that has been on the books for some six or seven years at this point, and that the government itself, through its Treasury, will not look to make sure that that project does, in fact—

The Hon. M.D. RANN: It is a normal budget process.

The Hon. D.C. KOTZ: So, are you also saying that instead of a completion date of September 2006 we are now hearing of a further extension, which could go to 2007, perhaps 2008? Before I get your answer; don't you think, Mr Premier, that on looking at this whole mess, which is an absolute scandal, it is about time perhaps that some of the people who have been managing this project so far are just sacked and you start again?

The Hon. M.D. RANN: Do you want to name the people?

The Hon. D.C. KOTZ: Well, obviously I am not aware of each of the individuals, but I would have thought that you might be.

The Hon. M.D. RANN: You just called for them to be sacked. Presumably you would have known who you were calling to be sacked.

The Hon. D.C. KOTZ: Project managers—

Mr Caica interjecting:

The Hon. D.C. KOTZ: That is beside the point. Obviously, this project is not going to be completed for some time, regardless of these papers saying September 2006, and it looks like there is a possibility that the project itself will be diminished in stature, which was one of the most important aspects of infrastructure for the Anangu Pitjantjatjara lands. It was to assist the well-being and the health of the Aboriginal people on those lands. It was to get rid of the diesel generators that create pollution. It was to do some wonderful things including opening up, perhaps, industry and trade, and creating employment. So, you are now telling me that a three-year project has now gone to a six or seven-year project, that it possibly will not be the project that it started out to be, and that the government is going to sit there and take absolutely no hand in making sure that it does occur?

The Hon. M.D. RANN: I said that any shortfall would be dealt with during the budget processes. For the minister who, I understand, cancelled the Aboriginal lands committees, and did not allow them to meet and to go and visit the lands, I find your posturing somewhat preposterous.

The Hon. D.C. KOTZ: My last question as such—I did not agree with the paternalism, that is probably one of the reasons that—

Mr Caica interjecting:

The Hon. D.C. KOTZ: I am afraid here is something that I handed over to you, and it has been absolutely tossed in the bin by the look of it. In the Premier and portfolio papers, page 126, it states under Statement of Financial Performance Administered:

Expenditure from the Commonwealth Essential Service Capital Works Fund is expected to decline by \$7.1 million in 2005-06 due to the expenditure in 2004-05 of funds received in prior years. This expenditure relates to the AP Lands central power station project.

Part of my question to you, Mr Premier, before was that we have had misinformation in the budget over the past two years. This comment on page 126 of your budget papers this year seems to indicate that not only was your government and

the agencies of government that deal with this, well and truly aware when the budgets were printed in 2003-04-2004-05, that you were still expending federal funds, and that even though the component of state funds was put into that budget there was absolutely no intention by this government to expend it on a project that was a very necessary project for the lands. So, the statement in your paper here would suggest that this was a deliberate action to create a perception that this government was actually going to fulfil a contract that was set from 2000-01, and I believe that that in itself is a scandal. If this government knew that it was going very slowly with federal funds to the point that it knew here that federal funding was still to be expended, and yet your budget papers in two consecutive years show that you have misinformed this parliament, does that mean that the budget papers are fraudulent?

The Hon. M.D. RANN: You clearly do not listen. The solar farm was completed in August 2003 and the diesel power station was completed in December 2004, with the generation and control equipment scheduled for completion in August 2005. When you think about the amount of effort that we are putting in in terms of putting police on the lands, putting in schemes to tackle petrol sniffing, putting in TAFE and everything else, following 8½ years of extraordinary malicious neglect by your government including during the period when you were the minister, I find it bizarre.

Mr BRINDAL: On a point of order, Mr Chairman: the words 'malicious neglect' are quite clearly out of order, and I ask you to—

Mr CAICA: What about 'misinformation'?

Mr BRINDAL: 'Malicious neglect' is a different thing to 'misinformation'.

The CHAIRMAN: There is no point of order.

Mr BRINDAL: I ask you to refer the matter to the Speaker.

The Hon. M.D. RANN: I will get a report for the honourable member.

Mr HANNA: I refer to page 1.10 and the general reference to programs and services in the APY lands. The Premier has indicated to the parliament that this government has initiated fully supported youth workers in the towns on the APY lands. There must have been some impact in the budget from the fact that in Kaltjiti and Amata there have not been youth workers. Will the Premier clarify his earlier statement to the parliament about there being youth workers in each of the towns?

The Hon. M.D. RANN: I will go through the things we are doing that I have been advised are under way and I will invite Jos Mazel to comment on specific areas.

Mr HANNA: If you could be specific about youth workers, that would be appreciated.

The Hon. M.D. RANN: The government allocated additional funds of \$13 million over four years for programs in the APY lands in the 2004-05 budget, as well as \$12 million in the 2003-04 budget. When the Aboriginal lands task force took over responsibility for coordinating and delivering state government services on the APY lands, it needed to review the existing services, develop a strategic plan and fund the highest priority requirements. In the current financial year 2004-05 new spending from the 2003-04 and 2004-05 allocations are expected to amount to some \$4.9 million. The task force identified the need to significantly improve infrastructure on the lands, and \$2.7 million of additional spending on infrastructure has been allocated. This included the upgrading of police stations, police cells, air strips, art

centres (which was my initiative), TAFE facilities, water quality improvement, a subdivision at Umuwa and rural transaction centres.

Another critical need existed for programs to divert or prevent young people from sniffing petrol or abusing alcohol or other drugs, and \$760 000 was provided for this purpose. A further \$730 000 has been provided for other health and community services programs, including family support workers, environmental health, disability services and improved coordination of services within government and between government and among other organisations. The remaining \$710 000 has been allocated for other programs, including night patrols, government training, interpretive services, native bush gardens, land management, and expansion of art programs, which generate income. I am told that we have youth workers. I will invite Jos Mazel to respond.

Ms MAZEL: There are youth workers in most of the communities. There are certainly youth activities in all the communities.

Mr HANNA: There are not youth workers in all of them: I want to clarify your answer.

Ms MAZEL: There are youth workers in most of the communities, if I can explain. As people leave the positions, as happens from time to time, those youth workers are replaced and then there is a period when there may not be a youth worker in a particular community. However, during that period there is a youth coordinator and youth manager and he fills the gap for those youth workers and takes over the responsibility of ensuring that the programs continue in those communities.

The Hon. M.D. RANN: I have more information which may help, and this is the material that was given to me. I mentioned the extra \$25 million in funds. The APY Executive recently approved a new 10-house subdivision to provide housing for more essential service workers, including health, families and communities workers, a permanent inspector and six permanent police, plus four community constables and two in training, and an increased police presence in each community. The police have started night patrols in four communities and are establishing in the rest. They also initiated blue light discos, bike programs for youth and an APY football team to assist crime reduction. The secondary school attendance increased 12 per cent in two years, from 64.3 per cent to 76.4 per cent.

Community based programs tackled substance misuse, youth centres were established, and there was enhancing of nutrition and musical interest. Other programs include: horsemanship and camel mustering programs for young petrol sniffers; school holiday programs, including bike repairs; legislative change declaring petrol a drug to assist policing; isolating sniffers from supply while encouraging traditional activities; extra youth, mental health and psychiatry workers to work with petrol sniffers; additional family support workers to help women and children with hygiene, baby care etc.; and, enhanced disability support services, including equipment, extra training for locals and a physio on the lands. When I met with the APY Executive the other day, I went through all these items and said, 'Is this true? Are these things happening?', because people down here were saying it was not happening and at every point they were saying that it was.

There are suicide prevention initiatives, including cross border detention arrangements, urgent RFDS retrieval and streamlined transport and clinical responses. There is a

comprehensive focus on arts centres, including employment of a ceramics teacher, benefiting hundreds of locals, particularly women, and producing world-class indigenous art work (and I commend the honourable member to Colin Koch's initiative, which I funded). A native food garden has been established in the Mimili community, to be extended to other communities. Planning for three swimming pools is well under way and should be in the ground by the end of the year. Its use will be enforced with a 'no school no pool' rule and will help remedy the chronic glue ear.

Improving water quality and a healthy foods in stores policy is improving the provision of nutritious food in all community stores, and the relationship between the state, commonwealth and community leaders has never been stronger. That is what I read from when I was asked a question before. When I went through those items with the APY Executive they made a point of saying that they wish people in Adelaide would deal with them through the front door rather than going in under the fence so that they could brief people, including members of parliament. Because of the contention of people in Adelaide about whether these things were happening, I went through point by point in the meeting, in front of federal and state officials, and was getting a 'Yes, that is happening; yes, that's good; yes, that's happening; yes, I met the physio the other day' and that sort of thing.

Mr HANNA: As a supplementary question, with a little additional information I may get the specific answer I am looking for, although I do thank the Premier for that wealth of information. The review and program audit of the youth development program on the APY lands dated 4 May 2005 specifically refers to two towns that I have visited, Kaltjitji and Amata. In relation to Kaltjitji, otherwise known as Fregon, it states, 'No youth worker is currently appointed' and in relation to Amata it says, 'Amata community has not been successful in recruiting a youth worker'. My question is whether there were youth workers in those towns at the time and whether there have been since then.

Ms MAZEL: The point I made earlier still holds, and that is that from time to time there are vacancies for those youth worker positions because there is a rotation of people through those positions, and there is a program now to recruit people in those two communities. But it does not mean the programs are not still actively operating. As I said before, there is a youth coordinator living near the lands and, when there is a vacancy in one of those communities, he takes the place of that vacancy and makes sure that the programs continue.

Mr HANNA: I think it is clear from the answer that there were vacancies at that time in early May and there have been since then, but please tell me if I am wrong.

Ms MAZEL: We can certainly check that.

Mr HANNA: I turn to another item on page 1.10, in relation to the feasibility study conducted on establishing a branch of the Carnegie Mellon University in Adelaide. First, can I have a copy of the feasibility study and, secondly, what analysis has been made of the alternative direction of the funds proposed to be spent on Carnegie Mellon to existing universities to recruit overseas students?

The Hon. M.D. RANN: I dealt with this in some depth earlier on, although I am happy to go back to it.

Mr HANNA: Just to clarify, I am asking a specific question: does the feasibility study cover whether those funds could or should be better used in funding existing universities in Adelaide to get overseas students?

The Hon. M.D. RANN: In terms of the feasibility study, I think that is commercial in confidence, and I will have to check this out, that it was a report to a cabinet subcommittee or to cabinet. The key point is that we have put a lot of effort into our existing universities. In fact, that was acknowledged by the University of South Australia. A whole lot of initiatives in this budget relate to various centres that we fund, such as the University of Adelaide's Functional Plant Genomic Centre. When it wanted this trade centre with Andy Stohler, the former deputy head of the World Trade Organisation, we kicked in to the tin, and we have a whole range of projects involving the existing universities.

What I pointed out was that we have not been doing well as a state in getting our national share of overseas students, which is one of the State Strategic Plan objectives, which came through the summit process and through various other processes through the Economic Development Board and then the State Strategic Plan. We have an opportunity to get a university to establish here which is number one in the United States, was rated number one in IT management, software engineering, robotics, absolutely at the top, which fits in incredibly well in terms of our alignments with getting the air warfare destroyer project and bidding for a range of other defence projects. Also, of course, Carnegie Mellon is particularly world renowned in areas such as public sector management.

I am really pleased that all three existing universities now want to be involved in collaborations. That is the whole point. Some of the criticisms of getting Carnegie Mellon remind me of the criticisms I had from Flinders and Adelaide about setting up the University of South Australia, which I established by statute in 1990. We have to be bigger and not parochial. My view is that Carnegie Mellon coming here is a massive coup for the nation. I have congratulated Brendan Nelson and the Prime Minister, and particularly Alexander Downer, for their support.

In the listing that came out of the top 500 universities in the world, one of our universities was in the middle range, and what we are doing is making sure that we become truly known for what we have been talked about for years, being an education city and also being a university city. We have contributed much more to universities in this recent budget, including to the University of South Australia. Carnegie Mellon in my view will be here for a very long time and will have a transformational impact on our economy. I am delighted with the huge support from the business community for our endeavours.

Mr HANNA: For the taxpayer dollars that you are providing to Carnegie Mellon, do you conclude that they will attract more overseas students than if that money was given to existing universities?

The Hon. M.D. RANN: Yes, because they are going to get a US degree. The marketing value of having one of the world's top universities established in Adelaide and getting a US degree that is number one in the world in a number of areas is very bankable. Flinders University, for example, is particularly keen to collaborate with Carnegie Mellon in public sector management. The other two universities want to collaborate with Carnegie Mellon, so this is a win-win.

The Hon. R.G. KERIN: I will read the following omnibus questions into the record. I do not expect the Premier to answer these straightaway.

1. Did all departments and agencies reporting to the Premier meet all required budget savings targets for 2003-04 and 2004-05 set for them in the 2002-03, 2003-04 and

2004-05 budgets and, if not, what specific proposed project program cuts were not implemented?

2. Will the Premier provide a detailed breakdown of expenditure on consultants in 2004-05 for all departments and agencies reporting to the minister, listing the name of the consultant, the cost, the work undertaken and the method of appointment?

3. For each department or agency reporting to the Premier, how many surplus employees will there be as at 30 June 2005, and for each surplus employee what is the title or classification of the employee and the total employment cost of the employee?

4. In the financial year 2003-04 for all departments and agencies reporting to the Premier, what underspending on projects and programs was not approved by cabinet for carry-over expenditure in 2004-05?

5. For all departments and agencies reporting to the Premier, what is the estimated level of underexpenditure for 2004-05, and has cabinet already approved any carry-over expenditure into 2005-06 and, if so, how much?

6.1 For all departments and agencies reporting to the Premier as at 30 June 2004, first, what is the total number of employees with a total employment cost of \$100 000 or more per employee; and, secondly, what is the total number of employees with a total employment cost of \$200 000 or more per employee?

6.2 What is the estimate for 30 June 2005?

6.3 Between 30 June 2004 and 30 June 2005 will the Premier list the job title and total employment costs for each person with a total estimated cost of \$100 000 or more, first, which has been abolished and, secondly, which has been created?

7. Will the Premier provide a detailed breakdown for each of the forward estimate years of the specific administration measures which will lead to a reduction in operation costs within his portfolio?

The Hon. M.D. RANN: I am really tempted to answer those off the cuff, but my advisers have suggested that we should get a report on it! Maybe the increase in public service numbers which will result in doing this work will be treated a little more benevolently by the Leader next year.

The CHAIRMAN: We will now move on to the Commissioner for Public Employment.

Additional Departmental Adviser:

Mr J. Walsh, Commissioner for Public Employment.

Mr BRINDAL: My first question concerns fat cats which the Premier addressed earlier under the Office of Public Employment. You said that there had been a very marginal increase—

The Hon. M.D. RANN: Four.

Mr BRINDAL: What I want to be sure of is that we are comparing apples with apples.

The Hon. M.D. RANN: You want to put fat cats with apples—now I am very confused.

Mr BRINDAL: You can be—you have always been confused; we know that—and I have always admitted to being confused. Jokes aside, prior to coming to office you defined a fat cat as somebody who earned in excess of \$100 000, and you are on the public record as saying that.

Ms Ciccarello interjecting:

Mr BRINDAL: The member for Norwood makes a point, and I would agree with her: 47 of us now have passed that threshold. What is the government's definition of a fat cat?

What is the bandwidth at which the Premier says somebody becomes fat and a cat?

The Hon. M.D. RANN: You are saying that all members of parliament are fat cats now?

Mr BRINDAL: By your original definition anyone earning in excess of \$100 000 you publicly described as a fat cat. I am asking where you now set the bar so that we can have a look at how many people it is. Is it the same bar or have you changed the bar?

The Hon. M.D. RANN: I think we have used the executive level of the Public Service, and many of them are lean cats—so, the executive level, which we have now moved to remove tenure from for new people joining the executive levels of the public service. They no longer have permanency so they are cats on a hot tin roof, agitated cats.

Mr BRINDAL: Can you tell me at what level of salary the executive bands of the Public Service start?

The Hon. M.D. RANN: I will get a report on that.

Mr BRINDAL: I know you are very passionate about youth—you have young children yourself and you have made public statements. Of the additional 1 800 public servants employed in 2004-05, how many were there between the ages of 15 and 24 years? We have received FOI documents which would tend to suggest that 500 fewer young people are employed in the Public Service now when compared to 2002. I know that you would be as dismayed as the opposition to hear that the number of young people in the Public Service is dropping when the Public Service is growing.

The Hon. M.D. RANN: The South Australian Public Sector Graduate Recruitment Program assists agencies to recruit quality graduates with 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, 207 graduates have been recruited through the program, with 40 graduate positions 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 OCPE. During 2004-05, 200 graduates were enrolled in the graduate development program, with 40 graduates currently targeted for enrolments for the 2005-06 program. This vocational education and training based development program provides an effective pathway for graduates to obtain the necessary competencies to work effectively in a public sector environment. The OCPE 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; and, to date, 11 scholarships have been offered and six are currently undergoing selection process. I will ask Jeff Walsh, the Commissioner for Public Employment, to comment further.

Mr WALSH: The timing of these hearings is particularly unfortunate because the end of June is a time when we would take those more detailed numbers from agencies and produce a report in August/September. We can take that on notice, if you like, if you want more detail about the youth composition.

Mr BRINDAL: Yes, absolutely, I would like the detail, and I do not mind waiting until you have it in detail. I refer to Budget Paper 4, page 1.31. Following on from what the

Premier has just said, a highlight of the 2004-05 budget is that 170 graduates were recruited into the Public Service. How many of the 170 graduates recruited into the Public Service in 2005 were between the ages of 15 and 24? The FOI documents again show that 295 graduates were recruited in 2002. The Premier has berated us all day about his record versus ours. If in fact 295 were employed in 2002, why were only 125 recruited in 2004; and why are there fewer than 500 people? We are either going to put our kids into employment and support the Hon. Stephanie Key in her endeavours on youth employment, or we are playing games.

The Hon. M.D. RANN: We were in office in 2002, but I will get a report for the honourable member.

Mr BRINDAL: Yes, but we had the budget in 2002, didn't we?

The Hon. M.D. RANN: No.

Mr BRINDAL: All right, if you did, fine, but you are still going downwards.

The Hon. M.D. RANN: You had the budget in 2001.

Mr BRINDAL: I am losing track; I am getting old. The point is that it is going downwards—why?

Ms CICCARELLO: What has the government done to strengthen honesty and accountability in the public sector?

The Hon. M.D. RANN: The state government is committed to ensuring more open, honest and accountable government and has now passed a range of legislative and other measures to entrench appropriate ethical standards across the public sector. These new measures apply to senior public sector executives and to all public sector employees. They are designed to foster and maintain the standards of behaviour that ensure public trust and the successful operation of the public sector. To assist agencies to implement the principles of integrity, respect and accountability that underpin these measures, the Office for the Commissioner for Public Employment has developed a code of conduct for South Australian public sector employees and a guide for ministerial and electorate offices. This is supported by an ethics education and communication strategy in conjunction with senior management council and agency representatives.

The code supports changes to the Public Sector Management Act 1995 (PSM Act), resulting from the Statutes Amendment (Honesty and Accountability in Government) Bill that came into effect on 28 April 2004. The code and guide were gazetted on 23 March 2005. Observation of the code by all crown employees in the public sector is now a legal requirement under part 2, section 6, of the PSM Act. The code is a principles-based rather than a rules-based code. The code now covers all crown employees as defined by the PSM Act, not just those employed in the Public Service, and is therefore more detailed. In order to ensure that all staff are made aware of these changes, a copy of the code has been made available to all public sector employees in South Australia. Access to the code, ethics resource kit and self-paced workbook are available through the OCPE web site at www.ocpe.sa.gov.au.

Ms CICCARELLO: What is the government doing to ensure access of indigenous graduates to the public sector?

Mr BRINDAL: He's answered that.

The Hon. M.D. RANN: No. Earlier on I mentioned about how I wanted to—

Mr Brindal: I'm trying to save you time.

The Hon. M.D. RANN: I should hope that members on the other side would also agree that I feel very passionate about this, and it is why I want to go from 1.2 per cent of public servants to 2 per cent. I think that is really important

for Aboriginal people in this state. This is about indigenous graduates to the public sector. The Commissioner for Public Employment is responsible for employment within the South Australian public sector and has a key role to establish, coordinate, monitor and review strategies to improve indigenous employment in the public sector in order to fulfil the objectives of the South Australian Strategic Plan. Indigenous South Australians are entitled to participate in employment and career development opportunities across the whole public sector, but especially in areas delivering services to indigenous communities.

In June 2003, the OCPPE entered into a contract agreement with the commonwealth Department of Employment and Workplace Relations to establish the indigenous scholarship program for the South Australian public sector. Through the program, the public sector is offering 15 indigenous scholarships over a two-year period from July 2003 to 30 June 2005. The program is designed to increase the number of tertiary qualified indigenous employees across all levels of the public sector while improving their employment opportunities and for South Australian public sector agencies to support indigenous people to undertake tertiary study. Agencies accepting program funding for their students will offer ongoing employment on successful completion of their studies and workplace assessment. To date, 11 scholarships have been offered and six are undergoing a selection process. A variation to the existing contract is currently being negotiated to facilitate two possible additional scholarship offers.

Ms CICCARELLO: Earlier in the day, there were also questions about whether numbers in the Public Service have increased or decreased. How can the state government explain the increases in public sector numbers since June 2002?

The Hon. M.D. RANN: The Commissioner for Public Employment analyses employment levels in the state public sector on an annual basis using information derived from a comprehensive survey of all South Australian state public sector organisations. Detailed and accurate information on the size and characteristics of the state public sector at June 2005 will be analysed and made available by the Office for the Commissioner for Public Employment in September 2005. The Department of Treasury and Finance also publishes estimates of state public sector employment levels in the May budget papers for the end of June each year and preliminary estimates for the following year.

These estimates are based on the best information available at the time, but there is some margin for error because of difficulties in forecasting actual numbers of employees in an environment where the number of employees at any given point in time can significantly vary due to ad hoc and seasonal fluctuations. The number of full-time equivalent employees reported for the end of June is as follows: June 2002, 69 770; June 2003, 71 373; June 2004, 72 141; and June 2005, 73 842. The May budget figures estimate that state public sector employment will increase by 5.8 per cent in the three-year period since 30 June 2002. Actual figures for 30 June 2005 will not be available until late September, at which stage it will be possible to provide more detailed information on actual areas of increase.

Information from the Commissioner for Public Employment for the period June 2002 to June 2004 indicates that the increases in employment in the first two years of this government were primarily due to increases in the following types of employment: emergency services, ambulance, and

firefighters (MFS and CFS)—an increase of 11.3 per cent; medical officers—an increase of 8.6 per cent; Children's Services Act, an increase of 7.5 per cent; school services officers, 7.5 per cent—about 238 extra school services officers; public sector (salaried), 7.4 per cent; nurses, 7 per cent—that is an actual increase of 563 nurses according to this report; PSM Act, an increase of 3.2 per cent; Education Act, an increase of 1.4 per cent. I am trying to be helpful to answer questions asked previously.

Membership:

Ms Geraghty substituted for Mr Hanna.

Mr BRINDAL: The government has identified increased youth employment opportunities in an initiative for 2005-06, and minister Key has spoken at length about this. What is the target number of graduate recruits for 2005-06 as part of the government's initiative to recover the lost numbers we were talking about in youth employment?

The Hon. M.D. RANN: I will get a report for the honourable and learned member.

Mr BRINDAL: Regarding traineeships generally, the Premier would know that it was a policy of the previous government to encourage young people into the Public Service through traineeships, which were very good. Premier, you have probably had trainees in your office. The success rate was over 70 or 80 per cent, I think. The government has again identified youth employment as an initiative for 2005-06, so I ask: how many trainees (not graduates) were employed in the public sector in 2004-05 and what is the targeted number of trainees for 2005-06, because we believe there has been a mistake. We are sure there has been a misprint in the budget, because it indicates that 614 trainees were trained in 2002 but that the number has dropped to 423 in 2004. We think there has been a typographical error.

The Hon. M.D. RANN: I will get a report for the honourable and learned member.

Mr BRINDAL: My next question is not actually directed to executive government but to how it operates. I have listened carefully to what the Premier has said about increasing his target for indigenous employment. I will not play games, as I know that the government is committed to that. However, when I have contacted various departments about someone who is young and Aboriginal or young and disabled, some of the departments have every reason in the world, and then some, as to why they will not employ them. My question, which is genuine, is: what can you do to ensure that the Public Service implements your policies and increases indigenous employment and employment for handicapped young people?

The Hon. M.D. RANN: Because I have made every chief executive officer accountable not only to their minister but also to me as Premier for the implementation of the State Strategic Plan in reaching targets. I have made the increase in the employment of Aboriginal people in the SA public sector from 1.2 per cent to 2 per cent in the next five years a target in the State Strategic Plan. Everyone will be held accountable, so they had better find reasons why they employ people rather than reasons why they do not. This objective continues to be pursued through attention to indigenous employment recruitment and support via existing programs of traineeships, special employment and training schemes and the indigenous scholarships program. Other strategies being developed include employee diversity forms to be included in all offers of employment packages, agency census days and

a reporting framework for the SA public sector indigenous employment strategy with biannual reporting to cabinet. I will ask Jeff Walsh to comment further.

Mr WALSH: The Premier has outlined actions taken. Last year, he also indicated to the committee that an Indigenous Employment Consultative Committee would be established. The committee comprises very senior indigenous representation from the public sector and tertiary institutions. At the moment, it meets on a monthly basis to look at what other additional measures need to be taken to make the public sector a much more hospitable place for indigenous people in particular. As you have pointed out, there are similarities with the disabled. We have an excellent register for disabled people and an excellent register for indigenous people, and agencies involved in their recruitment are encouraged to the maximum extent to access people from both those registers.

Mr BRINDAL: Given that everybody seems to be singing from the same hymn sheet, would it be possible to set up at least an informal network so that members of parliament, or anybody who thinks that there is a problem, can refer specific cases, either through the Premier or the Commissioner, to be considered?

The Hon. M.D. RANN: I think that is an excellent idea, and I will ask the Commissioner to follow it up. I think that members of parliament should be briefed on it, and they can also be our eyes and ears. I think it is a terrific idea, and I commend the member for it.

The Hon. D.C. KOTZ: Listening to the answers in relation to traineeships, I think that all members, particularly the Premier, understand the importance of bringing young people into our offices and giving them the opportunity of a traineeship over a period of 12 months. It certainly teaches them many skills necessary to get reasonably positioned jobs immediately after the traineeship is over. I think we also recognise the huge investment in each individual who comes into our office. A year's training and a year's costs are big investments that the government makes in these young people. It appears to me that something is lacking at the end of the scheme.

Although available public sector jobs may be posted on the internet, there does not seem to be anyone in the public sector looking at the trainees coming out of offices at the end of a traineeship. An example at the moment is that I have not seen the same number of jobs posted as I have in the past. There have been very few interviews for young trainees. When you consider the investment we all put into the training, through our offices and the resource costs, I would have thought that there was the potential for an area that grabbed these young people and headed them into a particular employment position within the public sector; otherwise, you lose that full investment. I put that to you, Premier, through the Commissioner, to see whether he can assist with trainees who need to be pointed in the right direction now and in the future. Otherwise, they and that investment are lost to the public sector.

Mr WALSH: I have two comments. Our research indicates that 18 months is the critical time for young people to form a lasting attraction for the public sector. We agree that there is a need to ensure that something happens beyond 12 months, and it is an area of great concentration for us. Another issue which is very relevant for young people—and our office has a lot to do with it—is the government's insistence that vacancies in the public sector are advertised, and that opens up the field quite a lot. I agree with you that there is a significant undervaluing particularly of trainees

coming through the offices of members who are very job ready for government. Everyone is aware of the wealth of talent of young people looking for employment for the first time, and we spoke of it last year. There are very low unemployment figures and a huge amount of choice in terms of employment, and we need to attract and keep exactly the young people you are talking about. I agree with that completely. We are always open to any suggestions about any way that we can improve what we are doing. We have some substantial plans in place that we would be looking to develop over the next 12 months to work on exactly that cohort of people whom you have talked about.

The CHAIRMAN: That concludes the time allocated to the Commissioner.

The Hon. M.D. RANN: I thank the officers for their splendid work.

Auditor-General's Department \$10 386 000
Administered Items for the Auditor-General's
Department \$812 000

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 S. O'Neill, Deputy Auditor-General, Auditor-General's Department.

Mr I. McGlen, Director of Audits, Policy, Planning and Research.

Mr T. Knight, Manager, Finance.

The CHAIRMAN: I declare the proposed payments open and refer members to Appendix C, page 4, in the Budget Statement, and Portfolio Statements, Volume 3, Part 14, pages 1 to 11.

The Hon. M.D. RANN: I want to say how much I value the work of the Auditor-General of this state. I think that it is a critically important role as the premier watchdog of the state in terms of the accounts. It is the premier anti-corruption watchdog and probity watchdog of the state, and I think it does an outstanding job.

The Hon. R.G. KERIN: Earlier today, I spoke of budget blow-outs within agencies and the lack of accuracy in budgeting. In each of the last two years I have raised the possibility of an allocation being made to the Auditor-General's office for special investigations. Again, this year, unbudgeted amounts have been expended on special investigations. Previously the Premier agreed to take this up with the Treasurer in the interests of greater accuracy in budgeting. As we have now seen this several years in a row, will the Premier undertake to take this up again with his Treasurer?

The Hon. M.D. RANN: I will raise this matter sine die with the Treasurer.

The Hon. R.G. KERIN: In estimates, in the last two years, we have heard of a lower turnover of staff than predicted resulting in increased expenditure because they had allowed for 15 per cent leaving, I think, as the Auditor-General has previously told me, and, because too many people had stayed, there had been an overrun of staff over the last couple of years. I see this year you are pretty well spot

on once you take out enterprise bargaining. Have you actually had lower turnover or just made a different allocation for it?

Mr O'NEILL: Just before I respond to the question, the Auditor-General passes on his apologies for his non-attendance at the committee this afternoon. In relation to your question, Mr Kerin, as to turnover in that particular year of 2003, as you rightly say, we had a loss of staff of about 9 per cent. Turnover has increased to what it was in previous years to 2003 to the order of about 15 per cent. During 2004-05, we have lost in the order of about 14 staff, and we could lose a further two or three before the end of the financial year.

The Hon. R.G. KERIN: Given the previous reference to special investigations, is the Auditor-General the best-positioned person in government to make an assessment and judgment on when taxpayer-funded advertisements step over the line and become political to an extent beyond which the taxpayer should be expected to fund?

The Hon. M.D. RANN: These are matters of judgment. In fact, given that we have just won the biggest defence project in history, I insisted that the 'thank you' advertisement that congratulates South Australia and features members from unions and the ASC include the federal Minister for Defence. It is a 30-second advertisement, but I insisted that it include the federal Minister for Defence, Robert Hill, and I believe that Ian McLachlan, the former federal minister for defence, is also featured in the advertisement. I think that this is something that never would have been contemplated by the previous government when it used to have many promotional advertisements. I cannot imagine any of John Olsen's or Dean Brown's advertisements ever featuring me. It was at my insistence that Robert Hill be featured in the advertisement, given his crucial role.

The Hon. R.G. KERIN: Putting that aside, over a number of years there has been ongoing controversy, in which, from time to time, the Premier and I, and others, have been involved, about criticisms of governments in relation to advertising. Certainly, the Hon. Nick Xenophon in another place, and others, have taken up the issue. Forgetting individual advertisements and perhaps the need at some stage for us to address what is correct for the taxpayer to fund, I ask again whether the Auditor-General is perhaps in the best position within government to make those judgments?

The Hon. M.D. RANN: It would seem to me that it is a matter for the political arena to debate. We are simply being consistent with past practices. I have even said in the parliament that, to do what is right, you sometimes have to admit that you have been wrong, and I think I did that a couple of weeks ago in parliament, and it was reported at the time. There are times when you need to promote the state, and you need to promote the state in a way that is important in getting a message across.

The Hon. R.G. Kerin interjecting:

The Hon. M.D. RANN: No. If it was an election advertisement, why would I insist that Liberals be included in it, along with the management and the unions? You could not have seen a fairer presentation.

The Hon. R.G. KERIN: I realise that there is an element of political judgment in what one puts on television as an advertisement. I suppose the point I am getting at—and certainly where people such as the Hon. Nick Xenophon come from—is that it is a use of taxpayers' money and whether the Auditor-General is the best person within government to make a judgment on whether or not that is a fair use of taxpayers' money.

The Hon. M.D. RANN: As I understand it, if things are referred to the Auditor-General by the Treasurer of the day, they are investigated under the terms of the Audit Act. The point I keep going back to is to show the complete difference in approach between what we are doing and what our predecessors are doing—that is, to show fairness in terms of a project which is important for the whole state and which features the management, business, unions and both sides of politics. This has never been done before.

The Hon. D.C. KOTZ: Earlier today, when I was asking the Premier questions about the Anangu Pitjatjantjara power station, I charged the Premier, at that stage, with having placed misleading information in two consecutive financial budget years in relation to the allocation of state funding towards that piece of infrastructure. I have also suggested that I believe it is almost fraudulent in relation to the manner in which the papers themselves indicate that it was known there was federal money to be spent that had not been spent right up to the 2004-05 year. Yet, for two presentations of budgets, we have had figures placed in columns showing potential expenditure for each year, and even estimated expenditure for a year, and it was not until this budget that it actually shows that there was no intention to spend any of that state component of \$6.65 million until now.

As this is the Auditor-General's part of the examination, I would be very interested in hearing whether or not this is something the Auditor-General would pick up and investigate, and is it something they should have picked up but have missed. If I refer it as a question, will it then be looked at? I believe the taxpayers of this state have been seriously offended by the fact that in two budgets we have seen misleading information, which only this budget corroborates as being misleading. Is there any advice I can receive, as a member of this committee panel, in this parliament of which these committees are constituted and which is now facing the Auditor-General's Department, with regard to what I consider the rather felonious information we have seen presented in these budget papers?

The Hon. M.D. RANN: First of all, perhaps I should say that we have dealt with this issue previously. Of course, indigenous affairs and special projects were part of the DPC in previous years. I have given the member a report about stage 1 being completed in August 2003 and stage 2, the diesel power station, completed in 2004, and the generation of control equipment, which is scheduled for completion in August 2005. In relation to the distribution system, which is the stage that is being project managed by DAIS, the original budget was \$7.19 million. Due mainly to protracted delays, according to this advice, associated with obtaining anthropological clearance to survey the proposed power line route, the distribution system is now expected to be completed by mid 2006. I sort of went through the detail, but I am happy to get a further report for the honourable member. I should have thought that all these things would be subject to audit, so it is there.

The Hon. D.C. KOTZ: The information that the Premier has just given us has already been stated many times, and over the last couple of years when these questions have been asked; there is nothing new. What is new is that it shows that the budget papers have misled in terms of the amount that the state was putting into this particular budget. I do not dispute, sir, the information that you are giving. We have had that before. You talk about 18 months delay. Was it this last 18 months? What about the previous period when this project was supposed to have been completed, three years after it

started? We are now looking, as we understand from you, to September 2006, which will make it six years, but then again, on further information from you, it could well go to 2007-08. So, I think that the taxpayers of this state, including the Anangu Pitjantjatjara people, require a damn good answer on just exactly what has gone on. More importantly, the budget papers should not be finagled in any way, and I consider that the perceptions that were created by those two budget years have certainly done just that.

The Hon. M.D. RANN: I can assure you that I have had no involvement, in any way, in trying to fraudulently represent, or misrepresent, budget papers relating to the diesel power station or the distribution system. I have tried to give you the advice that I have from the department about why there have been carryovers, that there is commonwealth and state funding involved, and also that there had been some anthropological issues with the Aboriginal people themselves about the proposed powerline route. I also talked about some of the issues relating to the construction market, which has actually increased project costs. I do not know if Mr O'Neill has anything to add on this issue.

Mr O'NEILL: Thank you, Premier. You would be aware that the Treasurer's statements are audited by the Auditor-General and fit within his remit mandate under the Public Finance and Audit Act. In relation to this matter, I am not appraised of the specific particulars. However, I can take that back to the Auditor-General, and we could look into the position regarding the estimates and relative expenditures against that estimate.

Mr BRINDAL: I have a supplementary question for the Premier: following on from the member for Newland, I think that the question here for this parliament is the efficacy that we can place in the Auditor-General's reports. I would be most keen to hear what the Auditor-General has to say. No-one is questioning that the money has been delayed, and no-one is questioning that it might have been a reasonable delay. What lies at the line of this questioning is the money that we apply to the Auditor-General in the belief that as a statutory authority the Auditor-General provides clear and accurate information to the parliament.

If this sort of thing has occurred—through you, I am asking the Auditor-General—where else might it have occurred, and how can we have confidence in the Auditor-General if he is, maybe, picking and choosing what he wants to report on in terms of money allocated from this parliament? No-one is saying that a minister cannot have an overrun; no-one is saying that there cannot be a delay; but we are saying that the whole process should be kept in balance as you, Premier, have said many times is the fiercely independent financial watchdog of South Australia. At the heart of this question is how closely the watchdog is watching, or is he picking and choosing his own thing? I am not trying to be offensive to the gentlemen at the table. I think it is a legitimate question for this parliament, and a very important one.

The Hon. M.D. RANN: I am happy to invite Mr O'Neill, the Deputy Auditor-General, to respond.

Mr O'NEILL: The Auditor-General does not pick and choose in terms of what he wishes to audit. There is a process of somewhat exactness and precision in terms of reviewing the universe of expenditures that need to be looked at, not only in the context of the transactions that are transacted and summarised through the Treasurer's statements, but also in relation to the more than 150 agencies that the Auditor-General audits on an annual basis. In this matter, it falls

within the remit of the Auditor-General. I do not know the exact or particular details in relation to it, and we will attempt to look at the matter.

Another point that should be stressed is that the Auditor-General does not audit 100 per cent of all reported features both within the Treasurer's statements and in the budget context. It is a matter of risk and control, and a matter of priority in terms of review. This seems to be a matter which is very important to you as a member, and in terms of expenditure of public moneys relevant to approved estimates of parliament. As I said before, we will take that back and relate to the Auditor-General in the context of performing a review.

Mr BRINDAL: Through the Premier, could we have answered on notice the question of how much? You said it is a matter of risk, and every line is not audited—I can understand that—but that was a matter of which I was not aware. I would be very interested if you could provide this committee, and the parliament, with a statement on how much you audit, and how much you look at, because, as a member of this parliament for 15 years I am sorry that I have worked in ignorance: I thought that you audited everything and were responsible for everything. You are now, in evidence, saying that it is a matter of risk, and that you look at some things and not others. I would think it is cogent information for the Premier, for the whole executive government, and for the parliament to know exactly what you do audit, how much you look at, and how much you ignore and let go through to the keeper?

Mr O'NEILL: The audit process that we execute is based on professional standards, and the execution of that audit process gives due regard to a number of factors: risk control and materiality. We attempt, in terms of the audit review coverage, albeit not 100 per cent, to be able to draw conclusions with respect to the statutory remit, in order for the Auditor-General either to provide an opinion on the adequacy or otherwise of the controls of an entity and, indeed, the opinion of integrity on the agency's financial statements. But, to emphasise it, yes, we do not audit 100 per cent of transactions that are processed through the Consolidated Account or, indeed, public sector agency accounts.

Mr BRINDAL: Finally, through the Premier, I am not in any way encroaching on your professional standards, your integrity or anything else. I am merely asking what that quantum is because, clearly, in the line of questioning today from my colleague the member for Newland, if something has got through to the keeper and you have missed it, maybe the standard is not high enough and maybe the process is not rigid enough. The parliament has a right to expect that the man sitting on your left-hand side will resign and lose his job if he is provided with incorrect information from you. He, the parliament and everybody relies on your not getting it wrong.

Mr O'NEILL: The Auditor-General is fully aware of the importance of his role and the role of his department in the conduct of audits of public sector agencies and the transactions of the state. With respect to this matter, there can be instances where estimates approved by parliament are based on certain premises and assumptions; there can be variances in the context of actuals to estimates, and there can be a number of reasons for that. It is important to look at the underlying assumptions of the estimate and to look at the actuals to see whether those delays have been reasonable in the context. Delays could be caused through inability to complete tenders or engage appropriate resources, so we need

to look at the estimate and the actual to see the underlying reasons for the variances.

The Hon. D.C. KOTZ: It is timely that we are talking of variances and the probable reasons that are not known to us when we look at the budget papers. One of the things that confuses me as a member of parliament (and I refer you to page 1.2 of the Premier's portfolio and to where the agency is described within the different portfolio sections under 'Portfolio—net cost of services summary') is that we have the budget amount for this budget highlighted in the first column; we have the 2004-05 estimated result highlighted in the second column; and the 2004-05 budget figure for that year is highlighted in the third column. On looking through the papers and trying to make comparisons with other years, it came to my notice that the budget amount showing in these papers for 2004-05 is not the actual figure that appears in the 2005-06 papers.

In the area of estimated result there is flexibility and a whole lot of potential for a divergence of dollars. Actual then becomes the supposed correct amount, but the budget figure confuses me. If we are shown a budget paper one year and the next year that budget amount is represented in the current budget papers, why is it altered or changed? The figure for 2004 was \$46 000 864 in this year's papers, but the actual budget for that year was \$44 000 457 in last year's papers.

The Hon. M.D. RANN: I will refer the question or get a report on the matter for the honourable member.

The Hon. D.C. KOTZ: There are several variances such as that throughout the budget papers, where the budget figure for one year does not correctly relate to the budget figure given this year in those other years.

Mr O'NEILL: I am not aware of the position you are putting forward to me—I understand that comes from the Premier's Department. I am with the Auditor-General's Department, so I am not aware of the figures for the Premier's Department. It may be better answered by officials from the Treasury, but as I understand it adjustments could be made in budget papers this year relevant to the comparative budget figure of the previous year if there is a change in the basis of reporting relevant to that figure.

The Hon. D.C. KOTZ: I can understand where actual figures can change and estimated results can change, and I can understand where we have a qualification such as previous year amounts shown above being amended to ensure that all years are displayed on a consistent basis, but that does not refer to the Department of Premier and Cabinet figures.

The Hon. M.D. RANN: A number of things have happened. The Department of Aboriginal Affairs and Reconciliation was recently brought inside DPC, and that has brought in a number of FTEs. Before that so was the Arts Department. In defence of the Auditor-General's Department, this afternoon is supposed to be the examination of the accounts of the Auditor-General as opposed to an examination of the Auditor-General's examination of everyone else's accounts. It is a little unfair to pluck things out. This is about queries and questions relating to the accounts and expenditure lines on the Auditor-General. We have been generous in terms of allowing dialogue to occur.

The Hon. D.C. KOTZ: What I am saying relates not just to the Premier's portfolio but to other papers and numbers.

The Hon. M.D. RANN: I understand that, but this is about the examination of the budget line for the Auditor-General.

The CHAIRMAN: It being 4 p.m., that concludes the time allocated to the Auditor-General's department.

Membership:

Ms Bedford substituted for Mr Hanna.

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

Additional Departmental Advisers:

Ms J. Rankine MP, Parliamentary Secretary for the Minister for Volunteers.

Mr S. Temple-Heald, Acting General Manager, Office for Volunteers.

The ACTING CHAIRMAN (Ms Ciccarello): We are now dealing with the Office for Volunteers.

Dr McFETRIDGE: I want to say that I appreciate the bipartisan approach to volunteers in South Australia and the proud fact that South Australia does have one of the highest levels of volunteering in Australia. There is a definite will on both sides of the house to support volunteers and to continue supporting volunteers. However, there are some issues we would like some answers to and I am sure we will get those in that bipartisan fashion. The budget for the office in 2004-05 was \$1.787 million. However, the 2005-06 Budget Paper 4, page 1.15, has revised down the 2004-05 budget as being only \$1.420 million. Can you give me a reason for that difference?

The Hon. M.D. RANN: I will invite Mr Bodzioch to comment.

Mr BODZIOCH: We can provide a report on this. It is an accounting treatment dealing with overheads across government. Quite simply, that is all it is and we can provide the appropriate brief to the honourable member.

Dr McFETRIDGE: I refer to Budget Paper 3, page 2.2, chapter 2, 'Expenditure' and the subject of efficiency dividends. It is stated that the 2005-06 budget includes saving measures totalling \$75 million (operating and investing over the next four years). This includes efficiency dividends of \$61 million from agencies. What cuts have been made by the Office for Volunteers to meet the government's efficiency dividend target?

The Hon. M.D. RANN: I will invite parliamentary secretary Jennifer Rankine to respond.

Ms RANKINE: As far as I understand, there has been only a very small reduction, and that was in relation to a couple of items: a reduction in the cost of newsletters and printing; and a reduction in the estimated payments to the volunteer ministerial advisory group. If there is anything else, I can get that information for the honourable member, but as far as I am aware that is basically all.

Dr McFETRIDGE: I refer to Budget Paper 4 Volume 1, page 1.14, program 2, 'Office for Volunteers employee entitlements'. In the 2004-05 budget, employee entitlements were budgeted at \$857 000. Why was the actual result only \$589 000? This is a considerable reduction from 2002-03, when actual expenditure for employee entitlements was \$1.06 million. Has the number of employees within the Office for Volunteers been reduced? How many full-time employees are currently employed by the Office for Volunteers?

The Hon. M.D. RANN: I think we will take that on notice.

Mr CAICA: What mechanisms have been put in place to make communication between the volunteer sectors and the government more effective?

The Hon. M.D. RANN: Following the launch of 'Advancing the community together: a partnership between the volunteer sector and the South Australian government' in

May 2003 (which I have to say was one of the great ceremonies and I congratulate Jennifer Rankine for her huge effort in terms of forging that partnership through a massive consultative process), the government established the volunteer ministerial advisory group (VMAG). VMAG was established to facilitate implementation of commitments made in the ACT partnership (Advancing the Community Together) and to ensure a direct path for communication between government and the volunteer sector.

An important part of the advisory group members' role is to inform and advise the Minister for Volunteers and the Office for Volunteers in relation to all issues involving volunteers and volunteering, and to regularly consult with their sector of the volunteer community—issues such as insurance, public sector liability, the training of volunteer management and so on. The challenge of providing information to the sector and receiving information from the sector has been directly addressed by the volunteer ministerial advisory group and government, with a number of mechanisms put into place to make communication between the sectors more effective. Communication initiatives include:

- Hosting of an annual state volunteer congress on International Volunteer Day (5 December) to enable community involvement in reviewing progress implementing the volunteer partnership.
- Holding an annual volunteers day celebration event for 1 000 volunteers to acknowledge and recognise volunteer effort in this state and to provide information to the sector about progress on the partnership.
- Distribution of the quarterly 'State of Volunteering' newsletter and development of 'State of Volunteering Online', a news and information sheet emailed fortnightly to an ever increasing number of volunteer managers and volunteering organisations.
- Distribution of a range of information papers, reports on the ACT partnership and research papers via the Office for Volunteers web site.
- Establishment of a South Australian 'volunteer information hub' to assist people interested in volunteering to locate the various referral services available and links to volunteer resource centres and volunteer resources generally. The information hub can be accessed at www.savolunteer.info.
- VMAG members putting arrangements in place to communicate directly with the organisations in the sector they represent.
- Editorial information being provided to volunteer organisations for insertion into their newsletters.
- Provision of copies of 'Working Well Together', the second VMAG report to the Premier (May 2005) provided through the Office for Volunteers' web site and distributed to the 1 000 participants at the South Australian Volunteers Day celebration event.
- Distribution of the Volunteer Partnership in Action—Resource Information booklet to inform the volunteer community on issues that may affect them and to keep them up to date on important initiatives from the partnership.
- The ability to provide 'fact sheets' on topics and issues of importance to the volunteer sector for inclusion in the Volunteer Partnership in Action—Resource Information booklet, which will be developed as the need is identified.
- Regional visits to various volunteer networks to allow regional volunteers to have a direct input into the ACT partnership.

Dr McFETRIDGE: I refer to Budget Paper 4 Volume 1, page 1.14. Under 'Description/Objective' it states: 'initiate programs that support and promote volunteering'. Is the Premier aware that the grant money for the South Australian Soccer Federation is being withheld by the Office for Recreation and Sport, money that would be used to support volunteers in the wider soccer community, particularly those involved at local levels such as primary schools and women's soccer?

The Hon. M.D. RANN: Will the honourable member point out where in the budget lines this would appear, because that would come under the Minister for Recreation, Sport and Racing, not under the volunteers' line. Will the honourable member give me the budget line?

Dr McFETRIDGE: It is in program 2, 'Description/Objective' which covers all the areas of the Office for Volunteers, that is, all spending and all estimates. In part, it says: 'initiate programs that support and promote volunteering'. If the Premier's government is withholding funds, that would not enhance that objective. I think the Premier should be aware of that.

The Hon. M.D. RANN: I make this categorical pledge: we are not withholding funds from the Office of Volunteers for soccer. There is absolutely no withholding of funds from the Office of Volunteers budget to the soccer community.

Dr McFETRIDGE: On the same subject, has the Premier received correspondence from the South Australian Soccer Federation regarding the withholding of grant money?

The Hon. M.D. RANN: I have received letters from the soccer community. People would be aware that I am part of the soccer fraternity. Several members here were present during a recent penalty shoot-out at Hindmarsh Stadium, but I am not the sort of person to boast. I have received correspondence about soccer. I am aware that there is a bit of argy-bargy going on with soccer; that is hardly anything new. I have also received telephone calls from friends in soccer about these matters, but this has nothing to do with the Office of Volunteers.

Dr McFETRIDGE: I will quote from a letter from the South Australian Soccer Federation. It clearly refers to the Office of Recreation and Sport but in this letter dated 29 April the South Australian Soccer Federation states:

This office clearly has little empathy with the volunteer nature of the current officers.

That is the whole point. The volunteers who are working in all these sporting organisations are being affected by officers of the Premier's government. The letter states:

This office clearly has little empathy with the volunteer nature of the current officers, their desire to conclude a number of issues and in fact we are now faced with a prolonging of the issue which will ultimately be to the absolute detriment of the sport, threatening the very existence of several of our clubs and placing the good name of soccer in jeopardy.

The CHAIRMAN: Order! It's a good try, but this line of questioning has nothing to do with the budget line before us which is to do with the Office of Volunteers. I am prepared to give the member some latitude, but reading out a letter to get it on the record I will not allow because it has nothing to do with the line that we are examining. Does the honourable member have any questions on this line?

Dr McFETRIDGE: I have plenty of questions, but I am disappointed that as a key soccer fan and Minister for Volunteers the Premier is not putting money where his mouth is.

The Hon. M.D. RANN: I would like to have a penalty shoot-out with the honourable member. I am quite prepared to ask people to place their bets.

Dr McFETRIDGE: I refer to supplies and services, program 2 (page 1.14). The 2005-06 supplies and services expenditure of \$377 000 is considerably less than the amount budgeted in the 2004-05 year of \$464 000—a difference of \$87 000. Why is this so?

Ms RANKINE: I think you are mistaken. Are you reading the 2003-04 figures? I don't know where you get the figure of \$464 000 from. In my copy it is 377 000.

Dr McFETRIDGE: In the 2005-06 supplies and services expenditure.

Ms RANKINE: Yes—the 2004-05 estimated result is \$377 000; 2004-05 budget, \$377 000.

Dr McFETRIDGE: That is not my advice. I will check that.

Ms RANKINE: I think you should. I have the budget papers here, and some of the figures you read out earlier were wrong.

Dr McFETRIDGE: I refer to Budget Paper 4 Volume 1 (page 1.14)—grants and subsidies. Why has only \$454 000 been allocated to grants and subsidies when the actual expenditure for 2003-04 was \$490 000 and it was \$535 000 in 2002-03? This is a reduction in grants and subsidies to volunteers of \$81 000.

Ms RANKINE: That is not right; 2004-05 was \$454 000.

Dr McFETRIDGE: That is what I said, and in 2002-03 it was \$535 000.

Ms RANKINE: No, it was \$490 000.

Dr McFETRIDGE: The 2003-04 figure was \$490 000 and 2002-03 was \$535 000. So, it is a decrease from \$535 000 to \$490 000 to \$454 000.

Ms RANKINE: Some grants were reduced. One of those was to Business SA in relation to the Hundred Hours project. The former government was providing enormous amounts of money to Business SA to promote philanthropy. Off the top of my head, that may have been where some of the changes have occurred. It was tied in. It was an agreement that your government entered into.

Mr BRINDAL: Are the member for Morphett's figures correct?

Ms RANKINE: No, not according to these budget papers.

Members interjecting:

The CHAIRMAN: Order! Are there any further questions on this line?

Dr McFETRIDGE: I refer to the footnote on page 1.15 of Budget Paper 4 Volume 1, performance criteria. What are the details of the indirect costs previously allocated to the subprogram which are now included in subprogram 1.1, strategic advice and facilitation?

The Hon. M.D. RANN: Can you repeat the question?

Dr McFETRIDGE: What are the details of the indirect costs previously allocated to this subprogram that are now included within subprogram 1.1, strategic advice and facilitation? I refer to the footnote on page 1.15, which states, 'Indirect costs previously allocated to this subprogram are now included within subprogram 1.1.'

The Hon. M.D. RANN: We will take that question on notice. I know that you are referring to that particular footnote.

Dr McFETRIDGE: I refer to Budget Paper 4 Volume 1, page 1.15, program 2, performance criteria, relating to Advancing the Community Together. For the 2004-05 financial year, how much was spent on publicising, marketing

and promoting the volunteer partnership Advancing the Community Together program?

The Hon. M.D. RANN: I invite the parliamentary secretary to respond or, if not, to take the question on notice.

Ms RANKINE: The total amount of money used to facilitate the partnership, which included the research, the congress, the community meetings, the web site, the newsletter, committee payments, projects, advertising and printing, was \$219 000.

Dr McFETRIDGE: I refer to 'performance criteria' on page 1.15, Budget Paper 4 Volume 1, training strategy for volunteers. For the 2004-05 financial year, how much was expended purely on training volunteers?

Ms RANKINE: The sum of \$75 000 was divided among the three metropolitan volunteer resource centres. Volunteering SA also received a discretionary grant of \$55 000, as did Northern Volunteering and the Fleurieu Volunteer Resource Centre. Some money was also provided for training in our rural volunteer centres. A total of \$150 000 over two years (commencing in 2003) was provided to the volunteer sector to provide free general training to volunteers in regional and metropolitan areas. As I said, the training has been delivered by the resource centres, including Volunteering SA, Northern Volunteering and the Fleurieu Volunteer Resource Centre, as well as the three regional volunteer resource centres in Port Augusta, Clare and Naracoorte.

We also support half scholarships for volunteer managers, and the Office for Volunteers is funding a project through which all volunteer resource centre training will be aligned to the vocational education and training nationally accredited competency standards. This will ensure consistency in training provided to volunteers and volunteer resource centres across the state, with pathways to qualifications. Trainer and learner guides will be developed that will be available for use by any trainer provided to volunteers as a further expansion of consistency and quality assurance of training across the state. This means consistency.

Dr McFETRIDGE: The omnibus questions are, as follows:

1. Did all departments and agencies reporting to the minister meet all required budget savings targets for 2003-04 and 2004-05 set for them in the 2002-03, 2003-04 and 2004-05 budgets? If not, what specific proposed project and program cuts were not implemented?

2. Will the minister provide a detailed breakdown of expenditure on consultants in 2004-05 for all departments and agencies reporting to the minister, listing the name of the consultants, the costs, the work undertaken and the method of appointment?

The Hon. M.D. RANN: I think we have already done this.

The CHAIRMAN: The Leader of the Opposition has already asked these questions for all the Premier's agencies, including this one. I am happy for the member for Morphett to ask them again.

Dr McFETRIDGE: No; I do not want to use up my time.

Mr BRINDAL: I just want to confirm the Chairman's ruling. Is it clearly understood by the Premier that the one set of omnibus questions is in fact accepted for every agency?

The CHAIRMAN: Yes—for this line.

Mr BRINDAL: That is fine.

Dr McFETRIDGE: I refer to Budget Paper 4 Volume 1, page 1.15, performance criteria and the statewide campaign. What was the cost in the 2004-05 financial year for promot-

ing, publicising and marketing the statewide campaign to promote volunteering?

Ms RANKINE: The cost was \$20 000.

Dr McFETRIDGE: That is cheap.

Ms RANKINE: Well, that is the answer to your specific question. We have been frugal, and we do it well.

Dr McFETRIDGE: I refer to the same page. How many scholarships were awarded in the 2004-05 financial year? What was the cost of awarding these scholarships, and how much was expended on publicising, promoting and marketing the scholarships?

Ms RANKINE: Off the top of my head, I cannot recall exactly how many scholarships were awarded. I am guessing, but I think it was in the vicinity of five or six scholarships through the Onkaparinga Development TAFE. We will get the exact details for the honourable member.

Dr McFETRIDGE: I attended the state volunteer congress and, to give that government its due, it was very well presented. What was the expenditure to stage the third annual state volunteer congress? It was good value for money, but I would like to know how much it cost.

Ms RANKINE: What was the whole cost of the congress?

Dr McFETRIDGE: Yes.

Ms RANKINE: I will have to get the information for the honourable member.

Dr McFETRIDGE: As I say, in typical bipartisan fashion, I am quite happy to congratulate the government on the terrific job it did in holding the congress.

Ms RANKINE: It had a very strong focus on young volunteers and highlighted just how wonderfully young people perform and participate in our community.

Dr McFETRIDGE: Yes; it was good to see.

The CHAIRMAN: I adjourn the proposed payments to Wednesday 22 June, Estimates Committee A, for the examination of the Minister for Aboriginal Affairs and Reconciliation.

Arts SA \$95 071 000

Witnesses:

The Hon. M.D. Rann, Minister for the Arts.

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

Departmental Advisers:

Mr G. Mackie, Executive Director, Arts SA.

Mr J. Andary, Director, Lead Agencies and Planning, Arts SA.

The CHAIRMAN: I declare the proposed payments opened for examination and refer members to Appendix C, page C.2, in the Budget Statement and Portfolio Statements, Volume 1, Part 1, pages 44 to 56. Does the Premier wish to make an opening statement?

The Hon. M.D. RANN: The Minister Assisting the Premier in the Arts, the Hon. John Hill, and I have divided the responsibilities between us. I think that the honourable shadow minister is aware that I have responsibility for the Festival of Arts and minister Hill has responsibility for the Adelaide Festival Centre, the State Library, the Adelaide Symphony Orchestra, the State Theatre Company, the State

Library and the History Trust. I have responsibility for the Art Gallery and the Museum. He has responsibility for the State Opera and so on. This is direct line responsibility, although we obviously work as a team ad idem on everything.

Membership:

Mr Hamilton-Smith substituted for Dr McFetridge.

The Hon. M.D. RANN: In its fourth budget, the government continues to support the arts and cultural sector in South Australia. It acknowledges that the arts have inherent value in and of themselves; however, investing in the arts makes good economic sense and can benefit all South Australians. The arts provide creative opportunities and employment and generate flow on benefits to our tourism and hospitality sector. Participation in the arts promotes a socially inclusive society and instils important life skills in children and young people. Through major arts events such as the Adelaide Festival of Arts, they showcase our creative capital and increase our profile as a centre for the arts in Australia. In this budget the government will increase operational funding to the arts by 2.9 per cent, or nearly \$3 million, taking the total of the annual arts budget to nearly \$95 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 can all be proud of the valuable services and priceless cultural treasures housed in our North Terrace institutions. In the last 10 years, the South Australian Museum, the Art Gallery of South Australia and the State Library of South Australia have undergone major building redevelopments which were not provisioned for in former budgets. This has meant increased overheads. My government has allocated an additional \$250 000 per annum to the State Library of South Australia to address the increased operating costs resulting from an increase in the size and operations of the library. The additional funding will increase to \$270 000 over the next four years. The State Library is a magnificent and free facility that has seen record visitor numbers since the redevelopment was completed. I pay tribute to the Hon. Diana Laidlaw, who was honoured in—

Mr Brindal interjecting:

The Hon. M.D. RANN: Yes, I think she has an honorary doctorate; it is a very well deserved award, particularly for her services to the arts. I think it is really important to recognise those who have contributed. A grant of over \$1 million over two years has been allocated to the South Australian Museum to refurbish the Pacific Cultures Gallery and create a unique space for one of the most comprehensive and important ethnographic collections in the Asia-Pacific region. I think what they will do to the Pacific Cultures Gallery will be fantastic. Obviously, it is an area in which I have a particularly keen interest.

DIAS, the heritage unit, will provide \$400 000 towards the total restoration cost of \$1.655 million, while the museum will raise the balance of \$255 000 through its sponsors. The redevelopment of the Aboriginal Cultures and the Mawson and Minerals Exhibition galleries over the past six years has provided critical assistance to one of South Australia's most visited institutions. Improvements to the museum will ensure that this outstanding facility can fully promote diverse programs with respect to the environment, conservation, sustainability and reconciliation.

Three redevelopments at the Art Gallery, the SA Museum and the State Library have meant significant increases in

exhibition spaces and programs provided to the public. Subsequently, there has been increasing demand for Artlab's conservation services. Over the past 19 years, Artlab has generated \$8.1 million from local, interstate and overseas commercial clients. It is unable to meet local conservation objectives and retain its skills base under mostly static funding, and an additional \$100 000 annually will go towards addressing this important issue.

An additional \$100 000 per annum will also be allocated to the History Trust of South Australia. The trust operates three very successful museums, namely, the Migration Museum in the city, the Maritime Museum in Port Adelaide and the National Motor Museum in Birdwood. The trust also administers grants and a range of support services to community-based groups through the state. These additional funds will help to ensure that the state's cultural, heritage and arts assets are maintained to the expectations of the community.

This budget takes into account the far-reaching social and economic benefits which result when events such as the Festival of Arts, Adelaide Fringe, WOMADelaide or the Adelaide Cabaret Festival (which is now on) are adequately resourced. These events bring money into the state which provide creative opportunities in employment for artists and technicians, providing comparable career opportunities for performance and production personnel. The commercial and artistic success of the 2004 production of *The Ring* generated significant economic benefits to the state, as well as generating worldwide publicity for our Opera Company and the city generally. The biennial Adelaide Fringe is one of our most popular events, and it is the biggest arts festival in Australia. It will receive an extra \$650 000 over the next four years. An additional \$200 000 will be allocated this year and \$150 000 for each of the following three years, on top of its existing \$475 000 annual funding.

The Adelaide Festival of Arts has been funded an extra \$500 000 for the 2006 festival, and its debt of \$500 000, which has been carried since the 2002 Adelaide Festival, has been waived, bringing the total government allocation to the next festival to \$6.5 million. The Adelaide Festival of Ideas is the first festival of its kind, and a world leader. It is only in recent times that other places such as United Arab Emirates and, more recently, Brisbane are following suit. The government has provided the festival with an additional \$75 000 this year to maintain its stellar international and national program. This year's program includes a line-up of high-calibre speakers such as Joel Rogers, Elizabeth Sartoris, Germaine Greer, Baroness Susan Greenfield and even, I am told, Bob Ellis.

In March 2005, South Australia hosted the Australian International Documentary Conference. The event has been secured for Adelaide in 2007 to run alongside the Adelaide Film Festival again. The conference will bring up to a thousand interstate and overseas delegates and buyers, including commissioning editors and producers from the world's major broadband, pay and cable companies to Adelaide. My government will provide \$150 000 for the 2007 conference and \$160 000 to bid for the event in 2009.

The film industry is an important contributor to the state's economic and creative well-being. In 2004-05 the government funded \$500 000 for production incentives and \$250 000 for script initiatives. The international success of films such as *Wolf Creek* vindicates the government's investment in our film industry. Since its international premiere at this year's Sundance Film Festival, international

distribution rights for *Wolf Creek* have been bought for \$7.5 million by the US distributor Dimension Films, a subsidiary of Miramax.

This year, a pilot program to develop a Regional and Aboriginal Lands Indigenous Art Strategy will receive funding of \$50 000. An additional \$30 000 has been allocated for an additional arts acquisition program. Investment in upgrading infrastructure ensures greater access and services to the public and better working conditions for staff and volunteers. Equipment replacement and repairs will proceed at the Jam Factory, the SA Museum and Artlab, with grants totalling \$387 000. The Australian Dance Theatre will receive \$50 000 and Tandanya received \$70 000 for targeted projects such as to assist the Australian Dance Theatre's international touring program, which is soon culminating in an invitation to perform its spectacular production of *Held* at the Theatre de la Ville in Paris in November 2005, and maybe honourable members will want to go there to experience that.

A total amount of \$570 000 is to be distributed amongst 37 smaller arts organisations in South Australia. The youth arts funding package was introduced in 2004-05 in recognition of the vital role played by youth-related groups in our community. Last year, eight companies in metropolitan and regional areas received extra funding of \$12 500 each. Funding for this group will double to a pool of \$200 000 per year from 2005-06. In December 2003, the Australian state and territory governments announced the implementation of a National Visual Arts and Craft Strategy in response to the Contemporary Visual Arts and Craft Inquiry, or the Myer report. Last year, it was announced that funding of \$3.3 million over four years would strengthen infrastructure, expand the market nationally and internationally, and support indigenous artists, indigenous art and craft to ensure their long-term sustainability in South Australia. In 2005-06, the government has allocated \$341 000 to the sector.

Underpinning this vibrant culture of creativity are the artists themselves. The message from the 2003 Arts Summit was that investment in the creation of art should be at the core of the government's strategy for the arts. In 2006-07, an additional \$300 000 per year will be invested in artists in the making of art. Further details on this initiative will be announced shortly. The budget addresses the need to protect our precious cultural institutions for future generations, and recognises the economic and social opportunities generated by leading arts festivals as well as our film industry. The government continues to recognise and affirm the contribution of indigenous arts and culture, and supports indigenous artists across the state.

The budget also targets young people with funding for youth-related organisations that will provide them with greater opportunities to experience and participate in the arts. I believe that this budget sends a clear message to the arts and cultural sector, and the community, of my government's commitment to sustain South Australia's aspirations as a place with national and international opportunities for excellence and innovation in the arts.

Mr HAMILTON-SMITH: I thank the Premier for his speed reading—it saved us a few minutes—and appreciate his comments. The opposition begins by thanking the staff of Arts SA for the effort that they have put in for today. I know how demanding it is, and we very much appreciate the work that is involved. I would like to start with questions and no opening statement. Premier, in regard to Budget Paper 4, Volume 1, page 1.51, program 3, Arts Industry Development and Access to Artistic Product, could you please read into the

Hansard how many lead agencies the government will be funding this year, and how much total funding has been given to each of those lead agencies?

The Hon. M.D. RANN: The lead agencies' operation grants are as follows: State Library of South Australia, \$11 639 000; PLAIN Central Services, (which is obviously a library initiative) \$15 633 000; South Australian Museum, \$7 952 000; Art Gallery of South Australia, \$5 786 000; Carrick Hill, \$655 000; Artlab Australia, \$1 467 000; History Trust of South Australia, \$3 873 000; Adelaide Festival Centre Trust, \$8 032 000; Country Arts SA, \$4 892 000; State Theatre Company of South Australia, \$1 668 000; South Australian Film Corporation, \$4 406 000; State Opera of South Australia, \$1 181 000; Adelaide Festival of Arts, \$3 492 000; Tandanya, \$710 000; Community Information Strategies Australia, \$165 000; Disability Information and Resource Centre Inc., \$173 000; Australian Dance Theatre, \$871 000; Adelaide Symphony Orchestra, \$1 756 000; Jam Factory Contemporary Craft and Design, \$900 000; South Australian Youth Arts Board, \$2 069 000; Windmill Performing Arts, \$1 million; Adelaide Fringe Festival, \$667 000; and that is a total on my reckoning of \$78 987 000.

Mr HAMILTON-SMITH: I count that as 22 agencies. I gather that is the figure?

The Hon. J.D. HILL: It is 21, if you include State Library and PLAIN Central Services as one agency.

Mr HAMILTON-SMITH: In relation to the same budget reference and second tier organisations that will be funded, could you detail how much funding is to be provided to each second tier organisation?

The Hon. M.D. RANN: Yes. They are as follows: Adelaide Baroque, \$68 000; Adelaide Chamber Singers, \$29 500; Ananguku Arts and Cultural Aboriginal Corporation, \$70 000; Art Monthly Australia, \$4 000; Arts In Action, \$76 500; the Arts Law Centre of Australia, \$3 600; Ausdance SA, \$91 300; Ausmusic SA, \$20 000; the Australian Copyright Council, \$3 600; the Australian National Playwrights Centre, \$6 200; the Australian Network for Art & Technology, \$30 000; the Australian Performance Laboratory, \$11 000; the Australian String Quartet, \$212 500; Brink Productions, \$210 500; Co-Opera, \$90 000; the Contemporary Art Centre of South Australia, \$225 000; Craftsouth: Centre for Contemporary Craft and Design, \$145 000; Downtown Art Space, \$9 000; Feast, \$65 000; Folk Federation of SA, \$48 000; Friendly Street Poets, \$14 000; Jazz Coordination SA, \$37 500; Kneehigh Puppeteers, \$30 000; Mainstreet Community Theatre, \$172 000; Nexus, \$129 500; No Strings Attached, \$12 500; Recitals Australia, \$9 500; the South Australian Council of Country Music, \$30 000; the SA Writers Centre, \$107 000; SALA Festival (that is the South Australian Living Artists Festival run by Paul Greenaway), \$82 000; and The Firm \$24 300.

Funding for triennial organisations for 2005 is as follows: ArtLink, \$61 500; Community Arts Network, \$126 000; Experimental Art Foundation, \$108 000; Lee Warren & Dancers, \$250 000; the May Gibbs Children's Literature Trust, \$20 500; Parallelo, \$140 425; Radio Adelaide, \$25 000; Vitalstatistix, \$200 000; and Wakefield Press, \$68 000

Mr HAMILTON-SMITH: Can you confirm the number of funded second tier agencies? How many agencies are there?

The Hon. M.D. RANN: There are 40.

Ms BEDFORD: My question relates to Budget Paper 4, Volume 1, page 1.51, regarding the Australian International

Documentary Conference. How successful was the 2005 conference held in Adelaide from 21 to 24 February?

The Hon. M.D. RANN: It was extraordinarily successful and I congratulate everyone involved in it. The 2005 Australian International Documentary Conference has been acclaimed a tremendous success with the international documentary industry, claiming that the Adelaide conference is a must attend event on the international documentary conference calendar. This marks a turning point in the event's 18-year history. The 2005 conference saw an increase in delegate numbers (a total of 623 people), the expansion of the number of delegates from overseas (a total of 116) and the number of international buyers at a total of 38. The delegates came from 18 countries—a much wider international reach than previously. These countries included the United Kingdom, the United States, France, Finland, Germany, the Netherlands, Canada, Japan and New Zealand. I met some of the Scandinavian delegates. Due to the presence of such a large number of the world's leading documentary buyers, distributors, commissioning editors and executive producers, 2005 saw an increase in business with some hundreds of thousands of dollars in pre-sales. The 2005 conference was also the first to attract two formal delegations: a Nordic delegation, and the first ever new media delegation from the Bell Fund in Canada.

Eighty-seven South Australian delegates attended the 2005 Adelaide International Documentary Conference with a number of local teams selected to pitch in different competitions, with two local teams winning the Bell Fund pitching competition. The success of the 2005 conference has been largely the result of the efforts of the great South Australian team of conference director Heather Kroll (who is currently overseas on an Australian Film Commission fellowship) and Arts Project Australia. This local team will also manage the 2006 conference in Melbourne and the 2007 event in Adelaide. I mentioned before that we are also pitching for 2009 so that we align it each time with the Adelaide Film Festival. The conference is aligned with the Adelaide Film Festival as part of a strategy to expand South Australia's reputation as a place to do film and television industry business, promote the state's locations and create advantages for local producers across the film, television and multimedia industries. The South Australian government looks forward to again hosting the conference in Adelaide in 2007. I was able to pop in on only a couple of occasions. I met a BBC producer and sat in on a session. It was an outstanding international event.

Ms BEDFORD: I refer to indigenous art. What is the government doing to support the innovative and important art work coming out of the APY lands?

The Hon. M.D. RANN: I made clear that several years ago I was approached by Colin Koch of Koo Arts and as a result of that approach we are providing substantial funds for a range of art centres in the APY lands, which particularly help women. Someone told me there are five centres, and the work coming out of those centres is simply world class. It is the next generation on from the dot paintings and it provides a whole range of benefits, including economic benefits to the artists and also provides cultural acquisition, with older ladies, mums and young women involved in the process. It is about passing on the culture. The state government will purchase \$30 000 worth of art. I am pleased that the Deputy Premier is here: his interest in the arts is renowned. In fact, last night, much to my astonishment, he attended two arts functions.

Ms BEDFORD: He attended Writers' Week for a short time.

The Hon. M.D. RANN: Yes, and he was at WOMADelaide as well, but not in a kaftan. The state government will purchase \$30 000 worth of art from artists in the region for display in prominent places such as the State Administration Centre foyer space, the State dining room and Arts SA.

Mr Brindal interjecting:

The Hon. M.D. RANN: Yes.

Mr BRINDAL: You will be lucky to buy a good painting.

The Hon. M.D. RANN: No. A committee comprising members of Arts SA, the Art Gallery of South Australia, Tandanya and the Flinders University Art Museum will select works for purchase. It is expected that the purchase and display of these works will help to raise the profile of the high quality and innovative work coming out of the APY lands. This commitment is a very practical way of complementing the government's existing support for arts practice in the APY lands. The state government is currently supporting arts development in the APY lands by providing access to organised arts practice for the five most remote APY communities, none of which has an arts centre, and further developing the very exciting ceramics studio at Ernabella Arts. This project is producing fine art and first-rate exhibition works that have created great demand.

The government is currently finalising assistance to be given to the provision of much needed housing for the incoming Indulkana Arts Centre coordinator. This support is vital to securing the best possible staff to replace the retiring coordinator, who currently shares accommodation. The government has given a strong commitment over several years to Ku Arts, the regional artists' development body that is leading the expansion and increased sustainability of arts practice in the APY lands. Through Arts SA the government has provided almost a quarter of a million dollars to Ku Arts over the past three years to support its innovative programs that are as much about improving community capacity as they are about creating art. The government recognised that making and selling art is of enormous economic, cultural, social, community and spiritual value not just to the artists but also to their families and communities across the lands.

Ms BEDFORD: My last question relates to the Adelaide Symphony Orchestra—and many well known musicians live in Florey. How will the new funding provided to the Adelaide Symphony Orchestra ensure its future viability?

The Hon. J.D. HILL: In the Australian government budget on 10 May 2005 the federal Treasurer, as members would know, announced a package of \$25.4 million over four years for the implementation of the recommendations of the Orchestras Review 2005 chaired by James Strong. The funding provides for maintaining three identified orchestras—the ASO, the Tasmanian Symphony Orchestra and the Queensland Orchestra—at their current ensemble sizes, which is good news for South Australia. In anticipation of this announcement, the South Australian government took the initiative in announcing a four-year funding package of \$2.1 million for the ASO, and the Australian and South Australian governments' shares of this additional funding have been based on the current funding ratio of 76.6 per cent paid by the commonwealth and 23.4 per cent paid by South Australia.

The ASO will therefore receive a total of \$8.8 million over the next four years from both the Australian and South Australian governments to maintain its current ensemble of

74 full-time players, eliminate its accumulated deficit of approximately \$2.3 million and implement a number of workplace reforms. With such a generous package the ASO will be able to clear its debt and engage in a full program of activity for the benefit of the South Australian community, which has voiced its support for the orchestra upon the release of the review's report.

South Australia is the first state to pick up its share of the burden (in fact, I think that we are the only state at this stage to have done so), and I know that the ASO is very pleased. I attended a luncheon with the ASO yesterday, and I popped in briefly to hear a rehearsal of the new conductor's next production. It was a beautiful piece of music by an Estonian composer whose name I cannot recall, but it was reminiscent of Vaughan Williams' work. It was a very beautiful piece of music, indeed, and I recommend it to members.

Ms BEDFORD: We are looking forward to welcoming the ASO and any other arts groups out to our area for performances in the northeastern suburbs. We hope there will be some arts coming out to the north-east.

The Hon. J.D. HILL: I guess most people think of the ASO as being a company that produces just classical music in a hall in the city, but in fact it has a range of programs. It has a very popular Tea and Symphony program, aimed at retired people, which is held in the rehearsal space on Hindley Street. It has a program of more modern and popular works and recently accompanied k.d. lang at the Entertainment Centre. It also runs a number of school programs, whereby it visits schools. A wind section visits schools and also a string section, and it does have outdoor performances and regional performances from time to time. I will pass on to the ASO the honourable member's interest in having something in the north-east.

The Hon. M.D. RANN: Can I suggest we give the honourable member a couple of extra questions, because my opening statement was long-winded.

Mr HAMILTON-SMITH: I thank the Premier for his gracious offer. I refer to Budget Paper 4, Volume 1, page 1.51, Program 3. Last year you offered some one-off assistance to small to medium arts sector agencies, and I am also interested in the Health Promotion Through the Arts program. Is there any one-off assistance this year? How much is provided for in the Health Promotion Through the Arts program for companies to bid against? Are you including any other form of support for independent artists, and how will that funding be prioritised and distributed?

The Hon. M.D. RANN: Once again, by the redirection of moneys from, I think it was, other areas—

Mr HAMILTON-SMITH: Transport?

The Hon. M.D. RANN: No, it was from the Premier's Department. This is an announcement. Small to medium-sized arts organisations are the major employers of local performers, artists, directors, writers, administrators and technicians. In recognition of their contribution, I can announce today that a special \$500 000 support package for this sector has been made available. The film and media sector is receiving \$78 000 towards programs that assist the development of emerging practitioners, in part through the replacement of equipment in the Media Resource Centre. That follows the advice of Peter Wintonick, a Thinker in Residence.

Thirteen funded performing arts organisations, including groups such as Leigh Warren and Dancers, the Adelaide String Quartet, Brink Productions, Parallelo and Vitalstatistix, have received an additional \$132 000 to support initiatives

that bring artists and communities together. A number of community and industry networks, in particular the service organisations, will benefit from an additional \$110 000. Ten service organisations that support thousands of South Australian artists each year, including Arts in Action and the Community Arts Network, have received \$130 000 to support their ongoing program for artists, and \$50 000 has been allocated to the Out of the Square initiative, which is a suburban touring circuit established in 2004 to develop new and consolidate existing audiences for South Australian visual and performing arts.

Funding from this package will assist the museum sector and those affected by fires in the South-East and on Eyre Peninsula earlier this year. In total, 36 organisations will benefit from this additional funding. We had some savings in the Premier's Department and thought we would put them out to the small and medium-sized arts sector to assist it.

Mr HAMILTON-SMITH: Supplementary to that, for Health Promotions Through the Arts how much will be provided for in that fund for companies to bid against?

The Hon. M.D. RANN: Mr Mackie has advised me that it is \$1.9 million.

Mr HAMILTON-SMITH: I want to draw out how the money is moving around in the arts portfolio, because I have a concern that we have these announcements about new funding initiatives but, when you look at the actual quantum of money being spent in the arts portfolio, it does not seem to be moving very much. In fact, when one goes back (and I know that there were some capital works) there were some very substantial figures in the time of the last government and then it dropped right down in 2003-04. It is really sitting at about the \$94 million mark, on average, but we keep getting these new announcements.

In the 2003-04 Budget Statement, Budget Paper 3, page 2.9, the government announced a cut of \$3.8 million in grant funding spread over four years to 2006-07. Part of that was reinstated last year with the \$700 000 that you announced for grants over four years, and you seem to have just announced another \$500 000 that you have found that will go back into this area; however, if we have taken \$3.8 million out of grants two budgets ago and then we sift little amounts back in—like \$700 000 and now \$500 000—we are still behind. Last year I think it was \$3.8 million and you put in \$700 000, which made it \$3.1 million; and, if this \$500 000 you have just announced goes in there, that brings it down further to \$2.6 million.

I asked you about this in estimates last year on 16 June, when you took it on notice and said that you would get back to me with some details. I do not recall having got an answer to that one, and in your 23 May media release I note that there is nothing indicated as funding for grants and subsidies—there are the other things you have already announced. My question is this: we cut \$3.8 million a couple of budgets ago over four years and we are sifting little amounts back in, but is it not the net outcome that we are still behind by about \$2.6 million out of grants and subsidies?

The Hon. M.D. RANN: No, because you have to remember other things. For instance, we recently paid a poultice of money to get rid of the debt of the Adelaide Symphony Orchestra—that was a \$2.1 million package. We have set up the Adelaide Film Festival, which has a budget of \$2 million per festival; we have also put quite a bit of extra money into film; and we have also put extra money into WOMADelaide, because I sign it as a yearly rather than a two-yearly event. We have also put a significant increase into

the budget of the Adelaide Festival and into the Adelaide Fringe. Of course, there are also a number of other special, one-off initiatives along the way—people would be aware of the issues with the *Ring Cycle*, for instance. So, I think we have demonstrated that we have been extraordinarily generous and are continuing to be so.

Mr HAMILTON-SMITH: I take the point that there has been additional spending in the areas mentioned, but I am concerned that, when you look at the total quantum being spent each year, that money is being shifted around within the arts portfolio with possibly, as I mentioned, \$2.6 million out of grants and subsidies over four years to partly fund those other spending initiatives that you have, quite rightly, pointed out have been made. I am concerned that we are robbing Peter to pay Paul; that we are, if you like, redistributing the money within the arts portfolio to support new initiatives at the expense of grants and subsidies, in particular, to some other parts of the arts portfolio—someone else is missing out so that these new initiatives can be met. That is my concern.

The Hon. M.D. RANN: I think that is inevitable. You cannot say to every single arts organisation (and people are constantly looking for new initiatives and innovations in the arts), 'Don't worry, you are always going to get the same money.' It is, by its very nature, a dynamic sector; it is a creative sector. We had this issue that was raised and dealt with, I think quite adequately, at the arts summit. For years we had the situation where people wanted independent peer assessment reviews rather than a minister of any persuasion coming out and saying, 'I decree that I like this; I do not like that,' inflicting their taste on the arts.

What was happening was that there was a lack of maturity; that is, when an independent peer assessment review resulted in a recommendation to defund the Barossa Music Festival in 2002 because it was not meeting its objectives either artistically or financially, people screamed and wanted us to overrule independent peer assessment. You cannot have it both ways. By its very nature, the arts is dynamic and creative, and it will continue to be. We have been announcing new initiatives. The former government deserves great credit for things such as Windmill and the development of the library. We have done the Adelaide Film Festival—

Mr Brindal interjecting:

The Hon. M.D. RANN: No, we have—and signed up WOMADelaide and a range of other initiatives such as the Australian documentary conference, and so on. There will be changes in emphasis and there will also be changes along the way because some of the organisations do not maintain their creative edge or their creative leadership. It does not mean to say that they will keep on being funded.

Mr HAMILTON-SMITH: I take that point, Premier. I make the comment that when you graph the total spend on the arts over the last four budgets and you compare it with the previous government, and particularly if you look at the last three budgets, it looks as though there were some dramatic cuts in budget one of this government and then it slowly crept back up. However, when you aggregate the cuts over four years, you still finish up with a net cut in real terms for the arts. You have answered the question—

The Hon. M.D. RANN: Some information has just been handed to me about arts operating funding. No-one puts in capital because that distorts if you have a big project. For example, if we were to build a John Hill concert hall, that would distort it. Let us look at operating funding. In 2003-04, operating funding for the arts was \$85.28 million. In 2004, it went up to \$91.930 million; and in 2005-06, \$94.556 mil-

lion. There has been an increase of more than \$9 million over the past couple of years. That is doing very well. I think that the honourable member should look at those figures. It has gone up from \$85 million to \$94.5 million between 2003-04 and 2005-06. That is a big increase in the arts.

Mr HAMILTON-SMITH: I will look at those figures and come back to you. I refer to Budget Paper 3, page 2.21, under Arts SA. I note that there is \$3.9 million of saving initiatives over four years—I think \$950 000 in year one and then moving up to a figure of just over \$1 million in 2008-09. Those savings initiatives are described as administrative measures—reductions in operating costs. Will they come from Arts SA or will they come from elsewhere? Following on from page 2.20, Arts SA talks about the operating initiatives and then on page 2.21 the savings initiatives.

The Hon. M.D. RANN: Through the whole of government saving strategy, the government requires all departments to contribute towards the required savings target for 2005-06. The arts portfolio has developed savings initiatives to achieve savings of the \$950 000 in 2005-06. These savings are made up of the implementation of operational efficiencies and a combination of the withholding of inflation funding, and reductions in grant funding in some areas.

In 2005-06, total budget funding including capital for Arts SA is \$96 million net of required savings. This represents a 0.8 per cent increase in real terms over total budget funding in 2004-05. Excluding capital, operating funding for Arts SA is \$94.6 million, a 0.4 per cent increase in real terms over 2004-05, according to my advice. I will ask Mr Mackie to comment.

Mr MACKIE: Thank you, Premier. Member for Waite, with regard to Arts SA's approach to contributions towards the saving strategy, I can confirm that no grant programs have been affected. I can confirm that administrative savings within organisations, including North Terrace cultural institutions, and the presenter organisations have been sourced to contribute to this. There will be no impact on programs and outcomes for artists or for the community as a result of the saving strategy. Arts SA also continues to look for efficiencies within the operations of the central office.

Mr HAMILTON-SMITH: In further drawing that out, \$3.9 million is a substantial efficiency to be achieved over four years. When I think back to our budget estimates last year and the year before, I note there were also administrative efficiencies and savings then, mostly impacted upon Arts SA. I think that from corporate services, administrative savings and government efficiencies, there was quite a substantial sum. Could you tell us then how you will make those efficiencies? If they are not going to impact on grant subsidies and agencies, will there be a reduction in staff at Arts SA? Will it come out of other corporate activities at Arts SA? How will you find those efficiencies?

Mr MACKIE: The efficiencies which are not only sourced through Arts SA's central office but also through organisations that are funded, which are part of the Arts SA management reporting structure within the Department of Premier and Cabinet, which includes the cultural heritage institutions along North Terrace, are contributing through the withholding of some inflation funds toward the savings by generating administrative efficiencies. Within Arts SA's central office we are about to implement a restructure, which was announced about a month ago. However, there will be no reduction in the size of the work force, the number of people working at Arts SA. We constantly look to how we

can generate productivity improvements through efficiencies, and that is the key contributing factor for 2005-06.

Mr HAMILTON-SMITH: Moving on to Thinkers in Residence, Budget Paper 4, Volume 1, page 1.45. Premier, could you tell us how much will be spent on Thinkers in Residence? Has that been dealt with already?

The Hon. M.D. RANN: We have already dealt with that at length today.

Mr HAMILTON-SMITH: Okay, we will not go over that again then. The Adelaide Film Festival, Budget Paper 4, volume 1, page 1.45. Could you tell us how much is to be spent on the film festival leading up to 2007, in the two-year period. What is the biennial cost, if you like, of the film festival now? In total, how much has been spent on the film festival since its inception?

The Hon. M.D. RANN: I will just go from memory, and then maybe someone will help me out with some official figures. It is \$1 million per annum. The first festival was half a million. Because it is every two years, we then made the decision to provide \$2 million for the film festival, \$1 million of which was, of course, for the commissioning of films, which put our film festival in quite a different genre from the thousands of film festivals around the world. As far as I am aware, I have only heard of, I think, two other film festivals in the world that actually commission films. Of course, we saw a number of films, including the Spike Milligan documentary. A number of initiatives released at the film festival are now coming up for national and international release, and some of those were in conjunction with the South Australian Film Corporation.

So, in a sense, it is a big increase in funding for the commissioning and production of films. This is the only film festival of which I am aware that is involved with the development of films from the beginning of the creative process to the actual screening. Most film festivals just screen films. The lucky artistic director goes overseas and chooses the films by attending other festivals. With this one, it is involved in every step along the way, from script development through to production and everything else. It is a \$1 million a year initiative which really amounts to \$2 million per festival.

Mr HAMILTON-SMITH: So the all-up cost is \$2 million over two years or \$2 million per festival?

The Hon. M.D. RANN: Yes.

Mr HAMILTON-SMITH: Could you break up for me how much of that money is spent on administration, new film projects and other things, and could you also confirm for me the attendance at the last film festival? I know there was talk of a doubling or a significant increase, but I understand the festival was twice as long, so I am really interested in the figure per day or an aggregated comparison between festival 1 and festival 2.

The Hon. M.D. RANN: I will get you some details of that breakdown but, as I understand it, half the money is used for commissioning and the rest is to go out and actually get the films, and there is also the administration and staging of the event. I will get you some more details on that.

Mr HAMILTON-SMITH: And the attendance figures?

The Hon. M.D. RANN: Yes.

Mr HAMILTON-SMITH: What is the deficit at the Adelaide Festival Centre? I think the minister might have touched on this in his opening remarks, but does the government have a plan to take action to address that deficit and has any funding been allocated to it? What is the deficit figure

and what plans does the government have to address that deficit in the medium to long-term?

The Hon. J.D. HILL: In 1999-2000 when Dr Diana Laidlaw AM was minister the then treasurer approved a 12-year loan of \$8.7 million to the centre to fund the deficit from the AFCT's investment in the musicals *Crazy For You* and *Showboat*. In the 2002-03 state budget the then government provided the AFCT with increases to its annual operating grants after taking into account projected principal repayments to 2005-06. As at 30 June 2005, the loan stands at \$7.385 million. Principal and interest payments for the remaining six years of the loan total over \$8.2 million. In 2005-06 the principal that needs to be repaid is \$926 000 with interest of \$374 975. The principal amount is \$7.38 million and some interest at \$1.437 million. There is a schedule of payments going through to 2010-11. The estimated operating outcome for the Festival Centre Trust for this year is a deficit of \$1.4 million.

Mr HAMILTON-SMITH: In relation to the Festival Centre and the same budget reference paper from Volume 1, what are the challenges and problems facing each of the Festival Centre's business operations? How does the government plan to take action to address problems, in particular with the Festival Centre's BASS operation? I know there are specific challenges there. As the minister knows, the Festival Centre has a number of business operations, including set production, BASS and a couple of other operations. What are the challenges and problems facing each of those business operations; in particular, what are the challenges facing the BASS operation? I understand there are particular issues before the BASS function.

The Hon. J.D. HILL: There are a number of issues facing the Festival Centre. Some of them are obvious such as BASS, car parking, sponsorship, theatre hires and workshops. Then there are more abstract or philosophical questions about the role of an arts centre in the first part of 21st century. It was built in the 1970s when our understanding of how arts were presented was very different. It is how you redesign and repackage that bit of capital to be an arts centre for Adelaide in the 21st century. How does it take into account IT? A lot of music these days is obtained, produced and created on IT.

Mr BRINDAL: And pirated.

The Hon. J.D. HILL: It is pirated, too, but iPod is becoming very much the norm. A CD will become a relic in the next five to 10 years, in the same way that vinyl is now a museum piece. Entertainment and art will be delivered in entirely different ways. There are some interesting philosophical questions for the Festival Centre about how it positions itself. The existing CE Kate Brennan has done an outstanding job managing that centre through a difficult period. She inherited it at a time of difficulty and she has got it back on its feet. She is leaving, and I guess it is a good time for the board or trust to think through some of these issues. It is no secret that BASS is an organisation which is under some pressure. There are competitors to it. People have their own ways of booking tickets—and the internet is an example of that. It is under a lot of pressure, that is true.

Mr HAMILTON-SMITH: Obviously, the Festival Centre budget depends to some degree on revenue from some of these businesses. If they are under challenge, is there a contingency provision in the budget for a potential supplementation of that budget if BASS, or any of the other business operations of the centre, fall into a hole over the coming year or so?

The Hon. J.D. HILL: There is no specific provisioning, as such, for the AFCT. Obviously, government considers these issues as they proceed. When the State Opera got into trouble funds were available to help it out. I do not think we want to start off with provisioning 'in case a problem happens'. You really want the boards and organisations to manage their way through those issues—not have in the centre of their thinking that there is a pile of money to sort them out. We have a mid-year review process, and that is the opportunity for all organisations funded through government to put in cost pressures which are unavoidable. Running the Adelaide Festival Centre Trust is a complex business. I think the board and management is up to running it. I believe they will manage these issues.

Ms BEDFORD: I move:

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

Mr BRINDAL: I ask whether that is a competent motion because, generally, the only people authorised to extend the sittings of the house are ministers.

The CHAIRMAN: I assure the member for Unley that it is. It is a sitting of the committee, rather than a sitting of the house.

Motion carried.

Ms CICCARELLO: I would like to ask the Premier about the *Ring* cycle. I had the good fortune to attend one performance, but the others were booked out. Can the Premier tell us what benefits the 2004 production of Wagner's *Ring* cycle brought to South Australia?

The Hon. J.D. HILL: Perhaps I can answer that question.

The Hon. M.D. RANN: Go ahead—you are much more Wagnerian than I am.

The Hon. J.D. HILL: In fact, my ring tone is the *Ride of the Valkyrie*! Last year's production of the *Ring* cycle was a major triumph for our small State Opera Company. The production astounded and delighted audiences and continued to receive positive coverage in the international media. When the original budget allocated by the previous state government proved to be grossly inadequate for such an ambitious undertaking, it had to be revised, with increased budgeted income levels for box office sponsorship and donations. I am pleased to say that the production was achieved within its existing budget. Box office sales exceeded targets, and the State Opera had a waiting list of patrons eager to purchase any premium seats that became available. Income from the sale of programs and merchandise also exceeded budgeted targets. Private donations from almost 700 donors around the world finished only \$1 595 short of the target of \$850 000. Total corporate sponsorship support finished \$4 800 ahead of the net target of \$300 000, with some 20 businesses having provided support.

An economic impact study has been undertaken by the Tourism Commission, and cabinet will consider it in the near future. However, it indicates that substantial income was received by the state as a result of the *Ring* cycle's being staged here. The Adelaide Festival Centre Trust handled the marketing of the event, and it has estimated that, in addition to the economic benefit, the value of the media exposure generated by the 2004 *Ring* cycle event was \$2.3 million. That is a great outcome for our state.

Finally, we are contemplating whether or not to restage the *Ring* cycle at some future time. I have written to the federal government, to ministers for the arts and tourism and also to

Alexander Downer, who has a ministerial interest in cultural matters. I have asked them to support the cost of restaging, because there is no way that the state of South Australia, off its own bat, can afford to do so. We would need federal government support, and it is important for us to know upfront whether or not the federal government is interested in participating. If it is not, it really means that the *Ring* cycle cannot be restaged. However, we would be keen to work with the federal government to consider this.

The Hon. M.D. RANN: I have been criticised because I did not attend all the performances of the *Ring* cycle. I go to an extraordinary number of arts functions. I attended not only the opening function but also the opening performance of the *Ring, Das Rheingeld*—in fact, I accompanied Her Excellency—and I thought it was outstanding. A mischievous piece, written by Leo Schofield, appeared in *The Bulletin*. He has risen to the great heights of Artistic Director of the Sydney Tattoo.

Ms BEDFORD: There is nothing wrong with brass music.

The Hon. M.D. RANN: No; there is nothing wrong with it, and I am not being at all sarcastic. He said that I had missed a great opportunity to announce immediately the restaging of the *Ring* at the end of the series. No-one suggested that to me. No proposition was put to me that that should happen because, quite rightfully, the State Opera of South Australia wanted to do the evaluation of the effectiveness and the economic impact. It would have been grossly irresponsible for me, off my own bat, to have arrived suddenly on the stage amidst flames and water to announce that we were going to stage it in two years. I wrote a reply to Leo Schofield's piece, but the *Bulletin* did not have the guts to run the letter.

Ms CICCARELLO: I have one other question while we are talking about successes, and I am not sure which minister would like to answer. How successful was the Australian Dance Theatre's international touring program in 2004-05?

The Hon. M.D. RANN: He is the minister for opera and I am the minister for dance, so he is the diva but I will not say that I am the Nureyev. The Australian Dance Theatre has just completed a highly successful period of international touring. In the past seven months the company has toured to Europe, the UK and the United States. In October-December 2004, the company undertook a 10-week tour of *Birdbrain*, which was just fantastic, to Germany, the Netherlands, France and Belgium, culminating in the highly acclaimed performance of *Held* at the Monaco Dance Forum. The company gave 25 performances in 20 venues to a total audience number of 19 800.

In January-May 2005, the company undertook a 14-week tour of *Birdbrain* and *The Age of Unbeauty* to Belgium, the Netherlands, the United Kingdom—and, from memory, in the United Kingdom, it did a regional tour as well as London—and the United States, culminating in six performances of *Held* at the Joyce Theatre in New York. The company gave a total of 42 performances in 24 venues to a total audience number of 27 540. Throughout both tours, the ADT received wide press and a significant number of positive reviews for its works. For the UK regional tour, the ADT received a grant of £155 000, which is roughly \$A400 000, from the Arts Council of England to present *Birdbrain* to young audiences in regional middle-scale venues. The program was a great success with positive responses to the company and the work from younger audience members.

As a result of the company's performance at the Monaco Dance Forum—and, clearly, all of us should have been

there—the ADT has been invited to perform its spectacular production of *Held* with the renowned American dance photographer Lois Greenfield at the Theatre de la Ville in Paris in November 2005. The company will undertake an Australian tour in August-September 2005 with performances in Port Pirie, Whyalla, Port Lincoln, Darwin, Alice Springs, Parramatta and Wollongong; so, if you cannot make it to Monaco, maybe you can make it to Parramatta.

In 2004, the ADT received a number of national awards as a company as well as for the individual dancers in the company. In August, the company was awarded three Helpmann Awards and, in November, three Ausdance Awards. In recognition of the additional costs incurred as a result of their extensive touring program, I have recently approved the provision of an additional \$50 000 of funding to the ADT. In return, the ADT has agreed to explore ways of strengthening its brand association with South Australia. It is known as the Australian Dance Theatre, so we have to ensure that people overseas know where it comes from.

Further to this, the ADT has benefited from the granting of \$100 000 of major commissions funding towards its world premiere 2006 Adelaide Festival of Arts production. From 2005 to 2006, I am also pleased to announce that the ADT will receive indexation on its annual grant which, in the coming year, amounts to an additional \$21 000. We are proud of the achievements of the ADT and we look forward to exciting dance in the years ahead. The company is really doing our state proud. I think that Garry, the team, the dancers and the administrative staff really are artistic heroes for our state. They have not only taken over the national leadership of dance and modern dance in this country but they are now regarded as being up there with three or four of the great dance companies of the world.

Ms CICCARELLO: I am not sure whether it is appropriate but, for the edification of the committee, I point out that Leigh Warren and Dancers has also been very successful in South Australia. The company has won many awards. It has had sell-out performances in both Singapore and Japan.

The Hon. M.D. RANN: Part of this extra funding will go to Leigh Warren and Dancers. Leigh Warren is not only world class but also a world famous dancer and choreographer. He has danced with Nureyev and, I think, Barishnikov, as well as with the Netherlands Dance Theatre and the Frankfurt Ballet. I may be wrong, but I think that I am right. Also, considering funding to Leigh Warren and Dancers (which is comparatively much lower than for the ADT), this state has two world class dance companies. One of my ambitions is one day to dance with Leigh Warren and Dancers.

Mr HAMILTON-SMITH: My question relates to Budget Paper 4, Volume 1, page 1.50, program 2. I am interested to know the government's present plans and its idea to swallow Carrick Hill into the History Trust. I know that legislation was mooted. There have been meetings. Is this legislation unlikely now to come forward before the election? Will it come forward after an election if there is no change of government? What are the government's plans for Carrick Hill, and when will they be revealed?

The Hon. J.D. HILL: There are no plans of which the opposition is not aware. During the term of the former government, a select committee (as the honourable member probably recalls) inquired into Carrick Hill. One of its recommendations was that Carrick Hill would be a better organisation if it were incorporated into the History Trust, for example. It is a small organisation with a budget of less than

\$1 million. It seems a little silly to have a separate board managing it. I undertook a process of consultation with the Carrick Hill board and other interested parties about its amalgamation with the History Trust.

To that end I placed the then chair of Carrick Hill on the board of the History Trust to try to get some integration between the two bodies. I was attacked for doing that. I was accused of trying to do some sort of evil thing. I cannot recall exactly what the criticism was. We did prepare legislation. After talking to some of the interest groups at Carrick Hill, I said that I would prepare legislation for them to look at. One of the proponents said that, if they saw legislation, he thought that would be okay. I prepared legislation. Of course, when I showed him the legislation, which was done in good faith, he commenced a campaign against it.

I think it is a good idea, but it is not a pressing priority for me. We have a new director and a new chair of the board. I am just keen to see the place settle down and get on with the job of attracting visitors. There is no immediate intention. At this stage, the government has decided not to proceed with the amalgamation.

Mr HAMILTON-SMITH: I move now to the Southern Cross replica aircraft. I am sure that the minister assisting will be well prepared for this question. We were assured, I think two years ago, that this would be dealt with expeditiously; that the matter would go off to the Historical Aircraft Restoration Society. Unless tractors have moved into the hangar in the past few days, I understand that the replica remains in the hangar, rotting away. The insurance money is in the hands of the government. Has the arrangement fallen through? I know this has been the subject of comment by the Auditor-General, and there have been questions in the house. What is going to happen with the *Southern Cross*? Will the government's commitment that it will fly again in South Australian skies be imminently fulfilled? What is the plan?

The Hon. J.D. HILL: I will address the issue first. I find the member's fascination with this issue a bit like the Red Baron. He is just fascinated by this whole—

The Hon. M.D. RANN: He wants to jump out of the plane.

The Hon. J.D. HILL: If we can get it into the air, we will let him jump out of it—that is a promise. The member mentioned the Auditor-General. I think he is stretching the argument a bit by saying that the Auditor-General commented on it. The only reason the Auditor-General commented on it was because the member referred it to the Auditor-General. The Auditor-General reviewed the process undertaken to transfer the ownership and provided a letter detailing his findings as part of the 2004-05 general audit of Arts SA. As I recall, there were no problems with the way in which we dealt with it.

Mr HAMILTON-SMITH: Except that nothing has happened; it is still stuck in the hangar.

The Hon. M.D. RANN: It's not the real one, you know.

The Hon. J.D. HILL: That's true. It is an imitation *Southern Cross*; it is a replica. The connection with South Australia is pretty moot, anyway. For the benefit of the record, I will tell the member where we are at. Some time ago (about two years, as the member has said), the Historical Aircraft Restoration Society Incorporated was selected to become the new operator of the *Southern Cross* replica aircraft. It has undertaken to repair the aircraft to airworthiness licence standards and to fly it regularly in South Australian skies. HARS is registered as an incorporated association in South Australia, and it will base and operate the aircraft from

rented hangar facilities at Murray Bridge. HARS has indicated that it will undertake some repairs to the aircraft at Murray Bridge and some in Sydney. In order for it to do that, the HARS subsidiary not-for-profit organisation, which holds a CASA certificate of approval for the repair and maintenance of HARS' fleet of historic aircraft, must make an application to CASA to vary its certificate of approval to establish the Murray Bridge site as a registered maintenance location to permit repairs to the aircraft to be undertaken there.

A prerequisite for the approval of this variation will be the requirement to equip the Murray Bridge site in accordance with CASA regulations. No repairs or maintenance to the aircraft can be undertaken by HARS until this variation has been granted. It is also developing an engine workshop at its Sydney site, for which CASA accreditation is being sought, to undertake bulk stripping and overhaul of aircraft engines and propellers. This will allow repair work to be done on the *Southern Cross* replica aircraft engine and propellers. It should be noted that, prior to any repairs being made of the aircraft, HARS will need sufficient time to assess the damage to the aircraft and to put in place a repair plan that meets CASA regulations and requirements. At the same time, Arts SA, with the assistance of the Crown Solicitor's Office, is working closely with HARS and its legal adviser to reach agreement on all the terms and conditions of the deed under which the transfer of ownership of the aircraft will be effected. I understand that Arts SA is awaiting correspondence from HARS that will signify agreement on all the terms and conditions of the transfer, after which my formal approval will be sought to execute the deed.

I can assure the member that it is not that we particularly want to hold onto this pile of broken-down aircraft. We want to transfer it and have it repaired, but there have been a lot of difficulties, a number of which have been caused by the reluctance, I guess, of those who were in charge of the aircraft to let go of it. Some of their behaviours have made it difficult to get this to happen. As I have just explained, there are also issues to do with CASA and legal advice from within government about the nature of the contract. We are working through those as best we can, but we are dealing with contract negotiations, and the body to which we are contracting is being very cautious, as it should be, and we are as well. It will take as much time as it takes. I do not want to give any artificial time frame, but we are planning to do it as quickly as we can. I would be very pleased to see this off the agenda. I do not think it is a particularly important matter for this state. It is of some interest to a relatively small group of people, who have quite a passion about it. However, to the population and the arts department it is a relatively minor matter. However, it is eating up a lot of time for the departmental officers trying to resolve it, and a huge amount of time for at least one officer.

Mr HAMILTON-SMITH: I will move on to the question of regional theatres in Budget Paper 4 Volume 1, page 1.45. I note that the government has allocated some moneys to the regional theatres, but that amount falls well short of the significantly larger amount that the opposition understands is needed to properly refurbish the theatres. Also, has the government received a request to assist with the Nautilus Theatre at Port Lincoln, or the theatre in the Barossa Valley, which I know are not operated by Arts SA or Country Arts SA? So, the question is really in two parts: are you going to be able to find adequate funds to properly repair the four theatres, and are these other two theatres on the agenda?

The Hon. J.D. HILL: Let us deal with the second part of the question first. The Barossa theatre, which is essentially a school theatre, was funded, I think, by the commonwealth and the school. It is a relatively new theatre and I would be surprised if it needed any work done. I was there within the last year, I think, and it looked to me to be in pretty good condition. It was a brand new theatre. I have not been in the Port Lincoln theatre, but it is also relatively new. I am advised that it was upgraded three or four years ago, and the state government put \$500 000 into it. However, it is substantially a council and community-owned theatre. Through Country Arts SA we subsidise those theatre communities by the provision of arts events, but I am not aware of any requests by the owners or operators of those theatres for any additional support.

In relation to the Mount Gambier, Whyalla, Renmark and Port Pirie theatres, the government has provided in the past, and will provide money in the future, amounts of \$2.5 million to upgrade those theatres, and that comprises a one-off allocation of \$500 000 in 2003-04 followed by allocations of \$500 000 in each of the four years from 2004-05 on. That allows Country Arts SA, which manages the theatres, to put in place a program of works to address occupational health, safety and welfare, building compliance and sustainment issues.

The Robert Helpmann Theatre in Mount Gambier re-opens on Saturday 18 June. I will be attending to launch the new seats and other things following completion of refurbishment works that are valued at a total of \$555 000. These works have included an upgrade of the theatre's fire service, replacement of unsafe theatre lighting, installation of an emergency communication system for staff, replacement of speakers, auditorium seating and foyer carpeting, installation of aisle lighting, and provision of hearing impairment systems. Being the oldest of the state's four regional venues, this theatre got first priority for attention.

The most urgent electrical and fire compliance issues have also been addressed at the Whyalla, Port Pirie and Renmark theatres, and attention will now turn to dealing with other maintenance works at these three theatres. Of these other works, replacement of carpets to the foyer, stairs, auditorium and office areas of the Chaffey Theatre are considered high priority items along with the replacement of auditorium, seating and improvements to aisle lighting, and several other occupational health and safety matters. It is expected that these tasks will be completed over the coming two years.

An additional sum of \$25 000 has also been allocated towards an upgrade of the car park of the Chaffey Theatre. The Whyalla Theatre recently had two cinemas installed, and I went up there and had a look at those. I think that pretty good facilities have now been provided to the people of Whyalla with those cinemas. It gives them an opportunity for the first time in years to see current releases. It is extraordinary to think that no commercial venture has been able to provide that facility for the people of Whyalla. All those upgrades to which I have referred will need to be managed around the theatres' performance commitments and will need to take into account the availability of local trades people. So, that is \$2.5 million—a fairly substantial amount. If there are additional things that are required after the expenditure of this sum, they will be considered by the government through the budget process, and certainly we will be talking to Country Arts SA about its plans and its thinking.

Mr HAMILTON-SMITH: I would like to read into *Hansard* some omnibus questions.

The CHAIRMAN: I am advised that it is not necessary. When they were asked by the Leader of the Opposition earlier in the day, they were relevant to all of the agencies within the Premier's portfolio. If the member for Waite wants to do it again, that is fine, but I am advised it is not necessary.

Mr HAMILTON-SMITH: All right. I just ask the minister to refer to the omnibus questions asked by the leader that have to do with a range of issues and respond to them on behalf of the arts portfolio.

The Hon. J.D. HILL: I assure the member that we will do that.

Mr HAMILTON-SMITH: To all the staff, I thank you for your hard work and preparation.

The Hon. M.D. RANN: I also thank the opposition as well as the government's members. This year I think we have all behaved ourselves. I also thank the arts department for its excellent work, particularly Greg Mackie for his leadership. I think as a state we can all be proud.

The CHAIRMAN: That ends the examination.

Department of Trade and Economic Development,
\$59 469 000

Witness:

The Hon. M.D. Rann, Premier, Minister for Economic Development.

Departmental Advisers:

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

Rear Admiral (Rtd) K. Scarce, Chief Executive, Defence Unit.

The CHAIRMAN: I declare the proposed payments open for examination and refer members to Appendix C at page 2 in the Budget Statement and Portfolio Statements Volume 1 part 2 pages 1 to 31. Does the Premier want to make a statement?

The Hon. M.D. RANN: I refer members to the statement I made earlier.

Mr HAMILTON-SMITH: I welcome the officers and congratulate them on their hard work in this portfolio area. I note that we will be coming back again next week under the trade and economic development portfolio and I want to ask a question on notice, because I think you will need some time to look at it and perhaps come back with the information next week when we reconvene. It has to do with how much money has been removed or relocated out of industry, trade and economic development generally over the past four budgets. It may be that the government will argue that more money has been spent, but looking at the budget papers it appears that less has been spent. In preparing a response to this question for next week, I refer to Portfolio Statements for 2003-04, particularly Budget Paper 4, Volume 1.

On page 2.15, program net expenditure for this portfolio included industry development, business and manufacturing capability, small business, trade development and regional development, and figures were given. A year later in 2004-05, partly to do with restructures of the department and the rearrangement of areas, some categories had been removed and others inserted. We now have, in Budget Paper 4, Volume 1, page 2.7 for 2004-05, economic strategy and

policy, business manufacturing capability, small business, trade development, regional development, local government, major project facilitation and implementation—and another figure is given.

In this year's Budget Paper 4, Volume 1, page 2.7 it shows a further reorganisation and a smaller figure again is given. When one tries to trace the money in this portfolio area of economic development, it would seem at face value that back in 2000-01 or 2001-02 we were budgeting to spend around \$192 million. In 2002-03 we actually spent \$122 million. The estimated result for 2003-04 was \$109 million, and for 2004-05 the budgeted amount was \$80.8 million. In this budget the figure is down to \$69.9 million. When you add it up, it looks at face value as though about \$122 million less is being spent now than four budgets ago.

When you focus in particular on infrastructure development and major project facilitation and break that down, it looks as though there is nearly \$70 million less being spent now than was spent previously. I have thrown a lot of figures on the table and you will need to go away and look at them.

The Hon. M.D. RANN: No; I think I can handle it. We got some very strong advice from the Economic Development Board and from people in the private sector that what we needed in terms of economic development was to get the business climate right and not spend the money on so many public servants in the areas of DIT and DTED (or whatever it was at that incarnation). It was essentially about getting the infrastructure and the business climate right and winning a few projects for the state that would have a transformational effect rather than just employing a lot of people with a lot of titles.

When you think about it, we made a decision (which we announced) to reduce staff levels in the department, which we did quite massively, but at the same time we brought down cuts to business taxes. We have also announced an investment of \$140 million in defence infrastructure, which was part of our bid to win the air warfare destroyers contract, and \$20 million over the next four years for Carnegie Mellon—a transformational project for our state—and millions of dollars for skills acquisition. We thought it was more sensible to invest in tax cuts and infrastructure that supported business—not just the \$140 million we were putting in for the defence precinct, the ship lift, the Osborne maritime precinct, the ship transfer system and the deepening of the harbour but also to realign the state's infrastructure budget to service the needs of industry and exports. For years business had said that South Road was a substantial freight bottleneck and that the port of Adelaide needed to be revitalised. So, we have invested in infrastructure and skills rather than public servants in this area.

The fact of the matter is that we have the lowest unemployment that we have ever seen; nearly 49 000 jobs have been created since the last election. We are out-innovating the rest of the country in terms of indices. We have KPMG (an Australian industry group) surveys, which show how competitive we are, and we are continually trying to ensure that that competitiveness increases. We have won the air warfare destroyers project, and I am going from this estimates committee hearing tonight to a meeting with executives of BHP Billiton about the doubling of the size (or maybe more) of Olympic Dam. We have also achieved an 18-year high in exploration in mining. All of this we thought was more useful than having a fat bureaucracy in the industry area with people on big titles and that maybe it was better to invest in action rather than talk.

Mr HAMILTON-SMITH: I have a supplementary question. Is it the Premier's understanding that about \$122 million has been moved out of this portfolio area into the other areas he has mentioned, and is it correct that about \$70 million of that is from the infrastructure development and major project facilitation area? I note that many of the things the Premier has just mentioned have been picked up and captured in the budget papers for this year. Does the Premier think that those figures are roughly right?

The Hon. M.D. RANN: I will obtain a report on that.

Mr HAMILTON-SMITH: I move to the Economic Development Board and I refer to Budget Paper 4 Volume 1, page 2.8, program 1. What is to be the total cost of running the EDB in 2005-06 and what proportion of that is broken up into administration and salaries, for example, compared with project related expenses?

The Hon. M.D. RANN: Again, rather than spending millions of dollars on public servants, I think we spent about \$425 000 on the EDB, which we think is money well spent, because we have some of the best minds in the country. We have people such as Mike Moore, the former head of the World Trade Organisation, the man who brought China into the WTO. Rather than have a whole lot of public servants with big titles, we decided to try to get people who are heavy hitters in business and in government. As part of its charter, the EDB is required to meet at least four times a year to consider issues and report back to the government. In fact, it is massively more active than that, because EDB members are freely available to us and are also involved in a whole range of subcommittees and other groups.

During 2004-05 the EDB held six meetings, including two regional meetings in Whyalla and the Riverland, which increased the EDB's understanding of regional issues. EDB member Bob Hawke, who chaired the summit revisited, also played an important role in the Deputy Premier's trade mission to China in April 2005. Mr Hawke was in China attending the Bo'ao Economic Forum at the federal government's invitation, so the majority of his travel costs for the trip were borne by the federal government. Mr John Bastian was appointed to the position of Deputy Chairman of the Economic Development Board in late 2004 and receives \$65 000 per annum. John Bastian's work is just outstanding. Members of the EDB are entitled to receive board fees of \$45 000 per annum. The Chairman, Mr Robert Champion de Crespigny, waived his right to receive board fees.

The board membership for 2004-05 is: Robert Champion de Crespigny AC; Cheryl Bart, who is also chair of the South Australian Film Corporation and Adelaide Film Festival; John Bastian; Grant Belchamber, who comes from the ACTU; Monsignor David Cappelletti, who is the chair of the Social Inclusion Board, and I think it has been terrific to have that crossover; Maurice Crotti, who would be known for his own family's industries but he is also a great citizen; Andrew Fletcher, who used to be the head of Halliburton KBR's Asia Pacific office; Hon Bob Hawke AC, former Prime Minister of Australia; Dr Michael Keating, who is the former secretary of the Department of Prime Minister and Cabinet and one of the nation's top public servants; Wayne Jackson, former head of the AFL, former head of the brewery and former head of BRL Hardy; Mike Moore, former head of the WTO; Dr Helen Nugent AO, whom people would know from banking and so many other areas; Fiona Roche from the Adelaide Development Company, a major property developer and expert in planning; and David Simmons, head

of Hills Industries and particularly strong in the manufacturing area.

You could not get a more dedicated group of individuals, totally bipartisan, and we get massive value for money. For the \$45 000 per head per annum, I put them up against so many people in the department previously, when we had bloated numbers but not the activity that we wanted.

Mr HAMILTON-SMITH: Budget Paper 4, Volume 1, page 2.17 deals with the government's investment in OzJet, Jetstar and Griffin Press. How much was invested in each project and when was the money paid or when is it to be paid, and what is the process for that investment to unfold?

The Hon. M.D. RANN: I will check this out but, from memory, \$1 million was for Griffin Press, nothing has been paid for Jetstar and nothing has been paid for OzJet.

Mr HAMILTON-SMITH: What is to be paid? The budget paper talks about that as an objective, to invest in those three. How much is earmarked or planned for investment in those two?

The Hon. M.D. RANN: Currently we are talking to OzJet, so I do not want to pre-empt those negotiations.

Ms BEDFORD: My question relates to innovation performance. What is the extent of innovative activity being undertaken by South Australian businesses and how does South Australia compare with the other states?

The Hon. M.D. RANN: This is something which we can all be proud of and which is a great credit to the South Australian private sector. The ABS survey, Innovation in Australian Business, released earlier this year, I am told, provides a very positive message for South Australia. South Australia had the highest proportion of businesses undertaking innovation of all the states: 45.9 per cent. In comparison, the proportion of businesses innovating in New South Wales, Victoria, Queensland and Western Australia were all around the 30 to 35 per cent mark.

The survey reinforces the 2002-03 business expenditure on R&D statistics released by the ABS late last year, which also showed that South Australia was leading the rest of Australia in terms of business expenditure on R&D as a percentage of GSP. The survey shows that not only is there a greater percentage of businesses innovating in South Australia but also that these businesses are innovating to a higher degree than those in other states. Innovation is classified in the survey in three categories: a new good or service; a new operational process; or a new organisational managerial process. South Australia had the highest proportion of businesses which innovated under all three categories.

Nationally, the manufacturing sector contributed the highest proportion (27.1 per cent) to the total Australian expenditure on innovation. South Australia's manufacturers led all other states in terms of the proportion of businesses undertaking innovative activity in this important sector. A comparison with members of the European Union showed South Australia coming within 0.1 per cent of outperforming every country in terms of the proportion of businesses undertaking innovative activity. Only one European Union nation, Germany, outperformed South Australia in this comparison. This is a great credit to our institutions and to our private sector.

Mr CAICA: What are the likely benefits that will occur in South Australia from the development of the Osborne Maritime Precinct?

The Hon. M.D. RANN: The decision to award the air warfare destroyer contract to the ASC signals the beginning of the consolidation of Australia's colonial shipbuilding

industrial legacy into a modern naval construction industry for the 21st century. This consolidation is a trend occurring throughout the developed world, and it will position South Australia as the centre of high-end, complex naval warship and submarine construction in Australia.

The development of the Osborne Maritime Precinct is a critical element in establishing a national capability for the long-term; it is the centrepiece in the transformation and growth of an industry. The South Australian government developed the precinct concept in conjunction with the ASC, and it was a fundamental part of the state's push to attract the air warfare destroyer contract to South Australia. Key features of the precinct include:

- common use infrastructure that includes ship lift, transfer systems and wharf capable of servicing multiple shipbuilders, contractors and subcontractors in the same location;
- state ownership and operation of common user infrastructure rather than handing it to one particular company;
- at least 60 hectares of land dedicated to naval shipbuilding and supporting industries;
- a dedicated maritime skills centre to train the work force for the naval shipbuilding industry, including the training of apprentices;
- dredging to berth large vessels;
- the provision of supporting infrastructure and utility services; and
- critical mass and economies of scale in shipbuilding infrastructure and work force.

Development of the precinct will not only create the opportunity to develop a globally competitive naval shipbuilding industry, it will also create an estimated 3 000 jobs across a number of key sectors such as construction, manufacturing, defence, trade and business services. It will stimulate innovation and industrial skills, it will attract companies and develop the existing industry base. It will provide opportunity for companies to expand and improve supply chain efficiencies, and it will provide opportunities for local companies willing to embrace the challenge to grow their businesses. South Australian companies need to ensure that they get organised and seize the tremendous opportunities that this project provides. Redevelopment of Port Adelaide, the expansion of Outer Harbor, improvements to road and rail networks and the development of the Osborne Maritime Precinct mean exciting times ahead for the Le Fevre Peninsula.

I would like to take this opportunity to pay tribute to Kevin Scarce and also to members of his staff and team at the Defence Industry Advisory Board—and, indeed, to the Defence Industry Advisory Board. I am on countless boards and committees. There is no finer group with whom I have ever worked. The group includes the Deputy Premier and also Robert Champion de Crespigny. It is chaired by Admiral Scarce. It also includes members such as Admiral David Shackleton, the former head of the Australian Navy; the Hon. Ian McLachlan, the former federal minister for defence; John White, who used to be in charge of Transfield in terms of the shipbuilding project; and Malcolm Kinnaird, who is well-known to us all. Other members include Cheryl Bart and Andrew Fletcher from the Economic Development Board.

It all started towards the end of 2002. A group of us met privately in the Hyatt Hotel. We hired a meeting room and, with butcher's paper and other things, we set about the task of how we could win this giant project. At that stage, speculation was about New South Wales, Victoria and

Western Australia, which many people thought was going to be the successful site. We had to knock out our competitors and then come down to a grand final against Victoria. Nearly every commentator in Australia believed we would lose to Victoria. As I have said both publicly and privately, this was about investment in infrastructure.

The decision to look at common user infrastructure was critical because it meant it doubled our chances in terms of Tenix or ASC, but also the industrial relations that was negotiated with the unions involved. The three unions involved, us and the ASC put together a groundbreaking national agreement. We also worked assiduously by travelling overseas and elsewhere to talk to the relevant companies. It was about tactics and strategy. As I said, we took on a large armada from the east and we whipped them.

Ms CICCARELLO: My question relates to the economic development in the state. How has the South Australian economy performed recently?

The Hon. M.D. RANN: I should not have said 'whipped them'. I should have said that we 'sunk and scattered their fleet'. I think the question was: how has the Australian economy performed recently? Economic indicators point to South Australia's economy having remained strong during 2004-05 after posting very good growth in 2003-04. South Australia's economy grew at 4.3 per cent in 2003-04 compared to the previous year—0.5 percentage points higher than the national growth rate in this period. South Australian state final demand (which is a measure of the total expenditure within the state) is reported in the latest figures from the Australian Bureau of Statistics to have grown by 2.5 per cent from the December quarter to 2003 to the December quarter of 2004 in real seasonally adjusted terms.

Nationally, demand grew at 3.4 per cent. This represents a slight slowing in demand growth, which is not unexpected given the recent strong growth and an interest rate increase. Private new capital investment (which has been at very high levels) grew by 8.3 per cent in the year to March in trend terms. In annual terms, from 2002 to 2004, business investment in South Australia grew by an average of 11.5 per cent per annum. The corresponding Australian figure was 10.7 per cent. High levels of investment are a particularly positive sign for the economy because they suggest that businesses have faith in our long-term prosperity.

The labour market has been another bright spot. Data from May 2005, which is the most recent period available, show that South Australia's seasonally adjusted unemployment rate had fallen to 4.9 per cent in that month, which is the lowest level since the ABS began collecting monthly labour force data in 1978, and lower than the current national rate of 5.1 per cent. South Australia's trend unemployment rate is equal to the national trend rate of 5.1 per cent. Employment was also at the highest level it has been in this series' history at 740 900. Since March 2002, employment in South Australia has on average grown at a rate of 2.2 per cent per annum. Since my government came to office, an additional 48 700 jobs have been created with strong growth in full-time employment.

South Australian exports grew in nominal terms by 3.8 per cent during the 12 months to April 2005 compared with the 12 months to April 2004. However, it is evident that they have not fared as well as in the rest of Australia. This is attributable to the mix of products that we export and the markets that our products go to, as well as the effects of drought. So we are all hoping that there will be a sustained end to this drought, which is a real problem.

As at 1 June 2005, there are 178 major building investment and infrastructure projects listed on the Major Development SA web site worth in excess of \$15 billion. This figure does not include—I repeat, it does not include—the recently announced \$6 billion air warfare destroyer contract. Forecasts of real economic growth by key private sector economists still tend to have South Australia continuing to outpace Australia during 2004-05. Growth rates are not expected to be as strong in 2004-05 as they were in the previous financial year, but that could be expected given that 2003-04 was boosted by post-drought recovery of the farm sector. There are outstanding figures for unemployment and outstanding figures for employment.

Mr HAMILTON-SMITH: I refer to Budget Paper 5, page 2.7. How will the defence industry systems centre of excellence function? Is there matching investment to supplement the government's \$4.7 million? What will the \$4.7 million be built on? Will it be buildings or people? How will ongoing operating costs be funded for that centre once it is up and running?

The Hon. M.D. RANN: This was obviously a very important part of our bid for the AWD project. Maybe I could ask Kevin Scarce to respond.

Mr SCARCE: The centre itself is designed to grow the software engineering skills for South Australian companies. It is designed to service not only the air warfare destroyer program but also our patrol aircraft program and the high level of system integration work that South Australian industries are currently engaged in. With our partners—the Defence Science and Technology Organisation and the University of South Australia—our goal is to attract world standard software systems engineering people to the state. Our aim is to bring them in with the University of South Australia and DSTO, to grow the skills in the state and to attract companies to come into the state to use the services that they provide.

The vast majority of the \$4.7 million that is pledged over the three-year life of the program from the state government's perspective will be used to employ those internationally accredited people who bring skills and knowledge to the state. That makes our industry more competitive. Our partners will bring in less of the cash but more of the in-kind systems and people support that is necessary to make the centre a success.

Mr HAMILTON-SMITH: Of the \$4.7 million, how much will be spent on buildings, and are we linked with particular commonwealth or private partners that are going to contribute matching amounts?

Mr SCARCE: We are not intending to purchase a building; we are intending to lease a building to reduce our costs and to maximise our investment by attracting the right skills to the centre. The matching partner is approximately \$3 million from DSTO and the University of South Australia, but the emphasis is really on attracting the skills base, not investing in bricks and mortar.

Mr HAMILTON-SMITH: I refer to Budget Paper 4 Volume 1 (page 2.6), which mentions the Innovation SA project. How much is budgeted for this project, how will it be organised and tasked, and how will it differ from the Centre for Innovation, Business and Manufacturing that was in place? What will this Innovation SA project achieve?

The Hon. M.D. RANN: I will ask Ray Garrard to answer that question.

Mr GARRARD: The budget is roughly \$2 million per year. The fundamental difference between this centre for innovation and what exists in CIBM is that we are trying not

to create a physical centre, as such, but to create a link, with one node in the north and one node in the south, so that we can tap into existing services and provide very much a brokering service rather than trying to replicate what may exist elsewhere. Whereas CIBM was a physical centre on South Terrace, this will be a presence in the city, and we will be working very much in partnership with other providers in terms of providing services for industry. As I said, we will very much have a focus on having a node in the north and one in the south to support that.

Mr HAMILTON-SMITH: Is that \$2 million per annum?

Mr GARRAND: Correct.

Mr HAMILTON-SMITH: And that is budgeted to start in 2005-06?

Mr GARRAND: Correct.

Mr HAMILTON-SMITH: I note on Budget Paper 4 Volume 1 (page 2.7) that strategic initiatives was \$47.3 million and it is coming down to \$21.8 million. There might be a very simple explanation for this, but it is a significant drop in strategic initiatives in the coming year.

Mr GARRAND: Most of the accounting treatments are in terms of some of the industry assistance packages and also the treatment of the funding that has been provided to Mitsubishi. Quite a large part of that variation relates to the timing of when those payments are made and when they are brought to book. We can get you further details.

The Hon. M.D. RANN: When you think about it, there is \$140 million for the air warfare destroyer infrastructure and, as you know, the strategic initiative is the other big one, together with the AWDs and Carnegie Mellon. Obviously there are the zircon mining prospects 200 kilometres north of Ceduna, and of course the big one is the Roxby Downs redevelopment, but we will get a report for you.

Ms BEDFORD: What is the government doing in response to BHP Billiton's acquisition of WMC Resources?

The Hon. M.D. RANN: I am about to leave here to go to a meeting on this very issue. The government has been talking with senior BHP Billiton executives about its future plans for WMC Resources' Olympic Dam mine. I have had talks recently with Chip Goodyear, the CEO of BHP Billiton, and I also had talks in London with senior executives of BHP Billiton. BHP Billiton has announced that it will base its Australian base metals head office here in Adelaide. The office will oversee the operations of Olympic Dam and undertake the pre-feasibility assessment of the proposed expansion of the mine as well as overseeing BHP Billiton's existing lead, silver, zinc mine at Cannington in Queensland. It will be run out of South Australia. The Olympic Dam expansion, as proposed by WMC Resources, is conservatively estimated to create an additional 1 500 direct jobs and a further 8 400 indirect jobs. As I understand it, there will be 10 000 jobs in construction and permanently about 8 700 extra jobs.

In addition, the government is talking with senior BHP Billiton executives to secure a more significant presence in South Australia by relocating BHP Billiton's global headquarters of the base metals group from Santiago, Chile, to Adelaide. Mr Roger Higgins, the Vice President of BHP Billiton's global base metals office, has been appointed as Base Metals Australia's Vice President and Chief Operating Officer. The Base Metals Australia office will be collocated with BHP Billiton's existing shared services centre in Adelaide, which currently employs 220 people. They are getting a chunk of South Australia and we want a chunk of BHP.

Mr CAICA: How is the Economic Development Board engaging regional South Australia?

The Hon. M.D. RANN: I may have covered this by way of an earlier answer. As part of its charter, the Economic Development Board is to give regard to specific economic needs and challenges faced by regional communities. The board has undertaken to hold at least one regional meeting per year. In September 2004 the board visited Whyalla. During the two-day visit the EDB held a number of forums for community leaders, visited local companies and community groups, aquaculture and OneSteel, and so on. A follow-up visit by the Deputy Premier and Chairman of the EDB is planned for July. A visit to the Riverland on 19/20 April was the first regional visit for 2005. It included a visit to the Murraylands, accompanying minister Maywald. The purpose of the visit to the Riverland was to obtain, first hand, briefings on regional development issues and provide advice where possible. The program included eight site visits, including visits to various community facilities such as the Flinders University Rural Clinic, Central Irrigation Trust, the Aboriginal Health Advisory Committee, a community dinner involving approximately 50 guests and an environmental forum at Banrock Station. A follow-up visit by the EDB is planned for late July.

Ms CICCARELLO: What progress has been made in relation to the implementation of the economic development framework?

The Hon. M.D. RANN: On 19 April this year, the Economic Development Board publicly released its second detailed report on framework implementation performance—some two years after the economic growth summit in April 2003 and as a follow-up to the one year on report it released 12 months ago. The report highlighted that of the 70 recommendations endorsed by government from the framework for economic development some 45 recommendations have been implemented in their entirety, with a further six implemented with some minor detail to be resolved. Some of the major initiatives implemented to date include the preparation and release of the State Strategic Plan; review of the Office for the Commissioner for Public Employment with the establishment of the Office of Public Employment; release of the state population policy and some encouraging results in the state's recent overseas migration statistics; integration of a whole of education strategy into the mainstream work of the Department of Education and Children's Services; development and release of the export strategy for South Australia by the industry-led Export Council; restructuring of the state's overseas offices network, including the establishment of collocation models in overseas markets with Austrade; the release of the Strategic Infrastructure Plan, which encompasses a strategically prioritised capital investment agenda; and, obviously, there has been the exploration initiative with an 18 year high in mining initiatives.

Although 19 recommendations are not yet implemented in their entirety, many of those outstanding are encompassed in activity relating to South Australia's strategic plan. The board will continue to advise on implementation activity of these outstanding recommendations on a case-by-case basis, reporting on progress to me.

The CHAIRMAN: The time allocated to the examination of the proposed line having expired, I adjourn the proposed payments to Monday 20 June, Estimates Committee B, for the examination of the Minister for Small Business and Minister for Regional Development.

The Hon. M.D. RANN: I thank the chair, the officers, government and opposition members and also, of course, all the senior public servants who have helped me cope throughout the day. I particularly thank my current advisers, Mr Garrand and Mr Scarce.

ADJOURNMENT

At 7.01 p.m. the committee adjourned until Thursday 16 June at 11 a.m.