

HOUSE OF ASSEMBLY

Wednesday 22 June 2005

ESTIMATES COMMITTEE A**Chairman:**

Mr J.J. Snelling

Members:

Ms F.E. Bedford
 Ms V. Ciccarello
 The Hon. D.C. Kotz
 Dr D. McFetridge
 Mr J.R. Rau
 Mr G. Scalzi

The Committee met at 11 a.m.

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

Witness:

The Hon. J.W. Weatherill, Acting Minister for Aboriginal
 Affairs and Reconciliation.

Departmental Advisers:

Mr P. Bucksin, Chief Executive Officer, Department for
 Aboriginal Affairs and Reconciliation.

Ms J. Mazel, Executive Director, Indigenous Affairs and
 Special Projects Division, Department of the Premier and
 Cabinet.

The CHAIRMAN: I acknowledge that we are on Kaurna land. The estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of proposed payments to facilitate the changeover of departmental advisers. I understand that the minister and the lead speaker for the opposition have agreed on a timetable.

Changes to committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed request to be discharged form. If 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 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—and, I add, relevant. 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 purpose of the committee, some freedom will be allowed for television coverage by allowing a short period of filming from the northern gallery.

I declare the proposed payments reopen for examination and refer members to Appendix C, page 2 in the Budget Statement, and Portfolio Statements, Volume 1, Part I and, in particular, pages 16 and 17. Does the minister wish to make an opening statement?

The Hon. J.W. WEATHERILL: Yes, I do, sir. As the committee would be aware, I am the acting Minister for Aboriginal Affairs and Reconciliation because my colleague the Hon. Terry Roberts remains ill, although we have every hope, as does he, that he will be able to resume his duties shortly. Progressing the government's work to improve the lives of the state's Aboriginal people is one of the most challenging portfolio areas in government but also one of the most rewarding.

The past year has seen a significant number of changes that have had significant effects on the portfolio and the work of the Department for Aboriginal Affairs and Reconciliation. Two years after the Rann government adopted the Doing it Right policy, the Action Zone approach, focusing on particular areas of the state, is proving beneficial, administration of the Aboriginal Heritage Act has been streamlined and promising developments are under way towards a government strategy for Aboriginal economic development.

The abolition of ATSIC (Aboriginal and Torres Strait Islander Commission) and the mainstreaming of commonwealth government indigenous affairs funding have changed the landscape significantly. It has put in the minds of many indigenous South Australians great uncertainty and concern about the future. However, the state continues to support advocacy structures in the fields of Aboriginal heritage and land rights administration through the state and local Aboriginal heritage committees and three Aboriginal landholding authorities. We also, of course, maintain the Aboriginal Housing Authority, another important indigenous structure.

Senior officers of the state government are maintaining positive working relationships with their commonwealth counterparts to ensure a continuing commonwealth commitment and a joint approach to addressing community needs. At the highest strategic level an overarching agreement is close to being agreed between the state and the commonwealth, establishing principles and mechanisms for working across governments and with indigenous communities. Separate agreements, such as an indigenous infrastructure and housing agreement, will follow, and these are issues of important need in South Australia.

The importance of the Aboriginal Affairs portfolio is reflected in the South Australian Strategic Plan, which was released in March 2004. We target 6.1, 'Improving Aboriginal Well-being', indicating a significant, public declaration of commitment to the well-being of indigenous South Australians. The strategic plan also holds government departments accountable for the improvement of our Aboriginal wellbeing.

During this financial year, DAARE was moved within the Department of Premier and Cabinet. The inclusion of DAARE as the division of the Department of Premier and Cabinet has increased the leverage that the Chief Executive has had in our dealings with various state government agencies and the delivery of services to Aboriginal people. This has been made clear through the work of the Aboriginal Lands Task Force in DPC, with its focus on more effective use of government funding and improved governance on the APY lands. The work in areas on APY lands is difficult, and change will not happen as quickly as some might like. However, if I may quote the member for Morphett: 'Of course, members hear all about the bad things happening on the lands, but let me tell the house that there are some fantastic things happening in those communities.' And I can confirm that that is certainly the case.

The Aboriginal Lands Task Force will coordinate the spending of approximately \$4.4 million in pooled state government funds in 2005-06. This is part of the extra \$25 million this government has committed to improving the lives of people living on the APY lands.

I am particularly pleased that the 2005-06 budget for DAARE places a high priority on land rights administration, heritage and community infrastructure for remote Aboriginal communities. Additional funding for land rights administration of \$253 000 in 2005-06, and an ongoing additional allocation of \$790 000 indexed, will enable the state government to meet its legislative responsibilities under the Pitjantjatjara Land Rights Act and the Maralinga Tjarutja Land Rights Act 1984 in the light of the withdrawal of commonwealth government funding in these areas.

An extra \$1 million per year for the administration of Aboriginal heritage will greatly increase the government's capacity to manage the Aboriginal Heritage Act 1998, particularly with respect to the processing of section 12 development applications. This is likely to result in a considerable increase in the number of Aboriginal sites registered. The figure for 2004-05 was 38. Community infrastructure funding for the APY power station has been carried forward from 2004-05 to 2005-06 to the tune of \$1.463 million. This substantial project, valued at in excess of \$15 million, is expected to be completed during 2005-06, and will provide a vastly improved power supply to the communities of the APY lands.

During 2004-05, steps have been taken to further advance reconciliation in South Australia. These have included a series of public space events in Adelaide, which I have been very proud to participate in, including most recently during Reconciliation Week. Further events are planned during NAIDOC Week in early July. These activities and the ongoing work of the Across Government Reconciliation Implementation Reference Committee, are clearly increasing the understanding and recognition of the errors of the past and the extent to which dispossession, separation and pain still affect the lives of Aboriginal people today.

One other focus of state government activity that I would like to bring to the attention of members is the advancement of Aboriginal economic development in South Australia. As you would probably be aware, DAARE held an Aboriginal Economic Development Seminar and Expo on 3 June 2005. It showcased and promoted Aboriginal business and economic development success stories, and is being used to inform the development of an Aboriginal Economic Development Strategy. Those are my opening remarks.

The CHAIRMAN: Thank you. Does the member for Morphett wish to make an opening statement?

Dr McFETRIDGE: Thank you, Mr Chairman, I do. The opposition does not usually make opening statements in estimates. However, Aboriginal Affairs is an unusual portfolio in that most of the programs and budget allocations for indigenous programs are dealt with in other departments and portfolios; for example, the Department of Education. The minister did quote me quite correctly, in that I did say that there are some great things happening on the APY lands. But there is a long way to go. In relation to the Department of Education, we welcome the announcements of new capital expenditure for the Ernabella Anangu School and the Pipalyatjara Anangu School, although we regret that only \$100 000 will be spent in this current year on these projects.

In the Department of Families and Communities there are significant budget allocations to Aboriginal housing through the Aboriginal Housing Authority, although there is not much new money this year, and only one new home for an Aboriginal family will be built on the APY lands this year. The Department of Health has contributions to health services and also capital works commitments to the Adelaide Aboriginal Step-down Service and the Ceduna Aboriginal Step-down Service, both of which we welcome. The Department of Further Education handles TAFE on the APY lands and, unfortunately, not very well from my personal experience up there, speaking to people involved. The Department of Primary Industries and Resources claims to be assisting people on the APY lands by encouraging mining. That is an area which we look forward to seeing developed. So, the Department of Aboriginal Affairs and Reconciliation (DAARE) has very little actual responsibility for program delivery.

In Estimates Committee A on 15 June the Premier gave a detailed list of his government's budget allocations to the APY lands, with particular reference to \$13 million over four years in 2004-05, and \$12 million in 2003-04. The opposition commends the government for these additional allocations. Make no mistake, we support additional funding for the people on the APY lands. I have actually visited the lands on a number of occasions in recent years, both with the Aboriginal Lands Standing Committee and with other parliamentary trips, and I have spoken with many people on the lands, both Aboriginal people and the European service providers. I have examined the Coroner's recommendations flowing from the petrol sniffing inquests. I am a member of the Aboriginal Lands Standing Committee, as I said. There is no doubt that the opposition does support the progress that is being made, although it is very slow, unfortunately, and it is just, as the minister acknowledged, a fact of life in some cases. Make no mistake, I know that there is a need, and I acknowledge the Premier's interest in these issues.

However, the opposition is critical of the way in which the government has approached the tragedy on the lands. The government has been too focused on managing the media in Adelaide rather than managing programs actually on the lands. The Premier seems to think that simply allocating funds and setting up committees and task forces in Adelaide will translate into services on the ground. The classic example was his proud announcement that youth workers were in all Aboriginal communities. The Premier seems to assume that, by allocating funds in Adelaide and issuing a press release, hey presto! youth workers will be in place, on the ground, and actually working on the APY lands. Mr Chairman, it is not quite like that, as anybody who has been up there will know.

In October 2004, the Department of Aboriginal Affairs and Reconciliation was moved over to the Department of Premier and Cabinet. That was a massive vote of no-confidence in the minister. Incidentally, I should reiterate the acting minister's comments here that minister Terry Roberts is on leave with a serious illness, and the opposition certainly wishes him a speedy recovery and a complete recovery. Nobody doubts that minister Roberts has his heart in the right place on Aboriginal issues. Unfortunately, good intentions are not enough, and we believe that events in this portfolio have overwhelmed him. The Treasurer and cabinet completely ignored him when the APY Executive was blamed for the petrol sniffing deaths in March 2004, and the Premier has virtually sidelined him, and I think that that is an absolute shame.

The other aspects of the Premier's handling of Aboriginal affairs is the Premier's preoccupation with spin. The appointment of Professor Lowitja O'Donoghue and Reverend Tim Costello as advisers was really a media stunt designed to cover the government's failure to provide coordination of services on the lands. The appointments were very warmly greeted by the metropolitan media. The Premier got good TV footage from it, but the people on the lands got nothing. Makinti Minutjukur, the MSO at Ernabella, is a member of the APY executive. Makinti wrote a letter, dated 13 March 2004, exposing Mike Rann's approach. When he visited Ernabella with Bob Collins and camera crews, he would not join the community people for even a cup of tea but, instead, stayed in front of the cameras. The emptiness of the O'Donoghue-Costello appointments was exposed by Professor O'Donoghue when she publicly announced that the Premier had not honoured his commitments. What was the point of appointing a person of the standing of Lowitja O'Donoghue but not honouring his commitments to her?

A final criticism of this government's approach is that it seems to be preoccupied with the APY lands. There are over 23 000 people of Aboriginal and indigenous descent in South Australia and only 3 000 live on the APY lands. Because the lands have media attention, the government appears to have forgotten the needs of the other 20 000 who do not live there.

My first question relates to Budget Paper 4, Volume 1, page 1.16, Aboriginal affairs and reconciliation and the role of DAARE. On 17 June last year, in his opening statement in the estimates committee, the minister (Hon. Terry Roberts) stated:

The Department for Aboriginal Affairs and Reconciliation has been restructured to enable it to meet the new challenges and priorities of Doing it Right, and DAARE is committed to driving the government's Aboriginal affairs policy agenda ensuring that tangible outcomes are produced for the state's Aboriginal communities.

Given the fact that on 14 October 2004 the Department for Aboriginal Affairs and Reconciliation was transferred to the Department of the Premier and Cabinet, how can it be claimed that DAARE is now driving anything? Is it not the case that the average health status, longevity and rate of employment of South Australian Aboriginal people have not improved since the Rann government came into office?

The Hon. J.W. WEATHERILL: One thing we do know is that we know much more about the APY lands than certainly we did in the previous eight years of the former government, and the reason is that this government has chosen to make it a contemporary political issue. It has chosen to accept responsibility for the appalling outcomes that exist in the APY lands and do something about them. This needs to be contrasted with the veil of secrecy left over

the APY lands during the period of the previous government. When you look into social problems, or areas of the state where there are serious difficulties, you will find things you are not proud of. We do not claim credit for solving the problems of the APY lands, but we claim credit for being honest about the difficulties there and for making an honest effort, with as many resources as we can gather and with as much intelligence as we can bring to bear, to solve these problems and address this appalling state of affairs.

Frankly, it is just a tad galling to come here and be lectured by the member for Morphett on what we have not done in three or so years in the APY lands, when for eight years the Aboriginal Lands Standing Committee was not permitted even to travel to the APY lands to consider the circumstances there.

Dr McFETRIDGE: I reiterate my second question: is it not the case that the average health status, longevity and rate of employment of South Australian Aboriginal people have not improved since the Rann government came into office?

The Hon. J.W. WEATHERILL: I do not know what figures the honourable member refers to, but we certainly freely admit that there is a long way to go in terms of Aboriginal wellbeing on the APY lands. It has not been drawn to my attention in any recent statistical analysis of the present circumstances of the people of the APY lands.

Dr McFETRIDGE: If my enthusiasm for advancing Aboriginal affairs is seen as lecturing, minister, so be it. I was not a member of the last government, but I am here now and trying to do what I can for Aboriginal affairs, albeit in opposition and on the committee. I refer to Budget Paper 4, Volume 1, page 1.16, relating to family support workers. In last year's budget, \$733 000 was allocated for health and community service programs, including family support workers. It was proposed that nine family support workers be appointed to communities on the APY lands. These positions were to provide training support for young mothers. I believe that only one of the nine has been appointed and that the program funds have been cut. Will the minister confirm that only one of the nine family support workers has been appointed? Have the program funds been cut out? Will the minister also advise why the programs have not yet been fully implemented?

The Hon. J.W. WEATHERILL: I can confirm that the program continues, but I do not have the figures of its precise funding. However, we will certainly supply an answer to the honourable member. It is not true to say that the program has been cut.

Dr McFETRIDGE: On a recent visit to the lands, we were told that only one of the eight or nine trainees attended the last intensive training block for family support workers held at Ernabella. I found that disappointing, and we must look at the reasons for that non-attendance. My next question relates to the same reference and concerns community constables. Can the minister confirm that, although 10 community constable positions are available on the APY lands, at present only four positions are filled? Why is that so, and what action is the government taking? I realise that the minister may need to refer these questions to the Minister for Police but, if he can give an answer today, it would be appreciated.

The Hon. J.W. WEATHERILL: There are now seven permanent police officers on the lands, and that number will increase to eight. The officers will live on the lands when housing becomes available, and four will be housed by October. There are five community constables, and another

is on 12 months' leave. SAPOL is making efforts to fill the remaining four positions.

Another piece of information that may assist the honourable member is that police facilities in the six major communities are being upgraded, and there will be new police cells at Amata and Ernabella. Police stations in each major community are open for a period each day, and night patrols have been established at Amata, Mimili, Ernabella and Indulkana. SAPOL has also initiated crime prevention programs, including community safety committees in six larger communities, Blue Light discos in Fregon and a bicycle program, all of which are assisted by those constables whom we spoke about earlier.

Ms CICCARELLO: Minister, I note on page 1.17 of Volume 1 of Budget Paper 4 Portfolio Statement that in 2004-05 the Department of Aboriginal Affairs and Reconciliation conducted an Aboriginal Economic Development Seminar and Expo, which showcased Aboriginal enterprises in South Australia. Will the minister explain the short and longer-term benefits which the seminar and expo provided and will provide for Aboriginal people and for the state's economy?

The Hon. J.W. WEATHERILL: It is true that on 3 June this year a very successful Aboriginal Economic Development Seminar was held in Adelaide. The seminar showcased in excess of 20 Aboriginal businesses in South Australia, with an audience of 300 people, including over 100 Aboriginal people from rural and remote Aboriginal communities. Keynote speakers included Aboriginal enterprise leaders; representatives from state, commonwealth and local government agencies; and business experts, particularly those working in partnership with Aboriginal people.

The seminar launched a new indigenous cultural dance group, which we expect to hear more about in the future. The opening performance by the group was exceptional and a tribute to South Australia's indigenous talent in performing arts. The seminar provided an opportunity, through joint funding support from the commonwealth, to provide a short film profiling a number of additional businesses in South Australia. The film captures an array of businesses in the diversity, such as arts, crafts, housing construction, cultural tourism, mining, aquaculture, cultural awareness training, and graphic design and printing. It is worthwhile pointing out that we have recently launched a program to expand cultural awareness training amongst the state public sector which, no doubt, will call upon some of these business enterprises to assist us in that regard.

The key findings and themes from the seminar will feed into the development of the Aboriginal economic development strategy being undertaken between DTED and the Department of Aboriginal Affairs and Reconciliation. The strategy will provide a starting point and framework for which future directions and actions will be taken to assist Aboriginal economic development. The strategy will have as its core objectives employment, training, capacity building and economic development, thus delivering on the State Strategic Plan. The key industries of these objectives are natural resources, heritage management, arts, tourism (including ecotourism), fishing, aquaculture and mining. Each initiative contained within the strategy will have targets, key indicators, a measuring mechanism and responsibility for ensuring that the targets will be allocated to particular agencies.

It is envisaged that a draft strategy will be released for wide community consultation, including the private sector,

later this year. I am confident that the breadth of interest shown in the seminar and expo, and in the development of a strategy, will lead over time to improved economic outcomes for both Aboriginal people and the state's economy.

Ms BEDFORD: I would like to acknowledge that we do meet today on Kurna land. Minister, my first question relates to page 1.17, Volume 1 of Budget Paper 4. In 2004-05, the Department for Aboriginal Affairs and Reconciliation reviewed and implemented a new and improved Aboriginal heritage study. Will the minister explain what is involved in this improved strategy and the benefits it is expected to deliver?

The Hon. J.W. WEATHERILL: This government is committed to protecting and promoting Aboriginal heritage and culture. In the last three years, we have determined 65 sites to be afforded protection under the Aboriginal Heritage Act, compared with one site under the eight years of the previous government. The new and improved Aboriginal Heritage Strategy has as its core the belief that enhanced administration of the Aboriginal Heritage Act can support both the achievement of South Australia's economic prosperity and the protection and preservation of Aboriginal heritage, which is, of course, the intention of the act.

In May 2004, the Minister for Aboriginal Affairs and Reconciliation established a heritage task force to improve administrative procedures under the act. As a result, the government has provided in this budget additional funding of \$1 million a year to create a viable heritage administration Branch within DAARE to better carry out the statutory requirements under the act. The new branch will consist of 14 ongoing positions and one funded for a year to undertake legislative reform. Three of the senior ongoing positions are filled, including the Heritage Branch Manager, and action is under way to fill the six vacant positions remaining.

Heritage documentation and processes have been reviewed, and an operational procedures manual and stakeholders' guidelines for publication are nearing completion. Robust planning, monitoring and reporting processes are in place to ensure consistent and efficient processing of development applications and the relevant consultations. The benefits which will flow from the improved administration of the strategy include better protection of Aboriginal heritage and culture, resulting in increased support to the functioning of the State Heritage Committee, local heritage committees and Aboriginal communities and greater certainty and confidence for business and investment stakeholders relating to current and likely future development programs which will contribute millions of dollars to the South Australian economy.

Ms BEDFORD: My last question refers to page 1.16, Volume 1 of Budget Paper 4. The government is committed to fund reconciliation in South Australia. Will the minister provide details of the government's achievements with respect to the funds provided in 2004-05 and what will be achieved in 2005-06?

The Hon. J.W. WEATHERILL: I should acknowledge that the member for Florey is a regular attendee at almost every one of these events—

Ms Bedford interjecting:

The Hon. J.W. WEATHERILL:—when she gets an invitation, and we always ensure that she does. The department, of course, coordinates across government reconciliation, as well as providing funds for community-based reconciliation activities. It provides an annual grant of \$100 000 to Reconciliation SA, an incorporated body that

advances reconciliation in this state. In 2004-05, Reconciliation SA conducted a comprehensive range of activities, its most successful reconciliation week to date. Activities included an arts exhibition, featuring establishing and emerging indigenous and non-indigenous artists, including artists in Magill and Cavan training centres and Aboriginal prisoners within the South Australian prison system. In addition, Reconciliation SA collaborated with the Sorry Day Committee to stage a community day at Victoria Square/Tarndanyangga and, in the evening of the opening of Reconciliation Week 2005, it staged a family barbecue and youth disco.

My department, DAARE, also leads the Across-Government Reconciliation Implementation Reference Group and undertakes its own reconciliation projects and events. I have been very keen also, in my capacity as Minister for Families and Communities, to ensure that the public squares of Adelaide have as many events as they possibly can to ensure that we do not create the impression that Aboriginal people are not welcome within our city squares.

Within the public sector, we involve ourselves in cross-cultural protocol and etiquette training as an important aspect of the South Australian government's approach to prepare staff to engage successfully and sensitively with Aboriginal communities. Public servants regularly participate in reconciliation activities organised by departments.

The use and support of traditional healers is an important part of the work that is carried out in the health sector. The Public Space initiative convened a number of highly successful events, namely, an ANZAC event at the State Library, where the indigenous involvement in our armed conflicts was commemorated, a beanie festival organised by Reconciliation SA and the Department of Education and Children's Services in Reconciliation Week, and a ceremony to recognise the 1923 Ngarrindjeri petition at Victoria Square/Tarndanyangga. That was to commemorate the legislation which took children away under the guise of a training scheme in 1923, in response to which elders presented a petition to the government.

The government will continue to coordinate and stage reconciliation activities that promote our coming together as a state and as a people, and that is what reconciliation is all about. It is my firm belief that these should be in places which are publicly visible so that it is a message to the whole of the community of our commitment, not only the commitment of the state government but the whole of the community, to the process of reconciliation.

Ms BEDFORD: I have a supplementary to that. What plans are there for cross-cultural training for members and staff here at Parliament House?

The Hon. J.W. WEATHERILL: That is a very good question. Following the lead of the state government, I had the pleasure recently of announcing some cultural awareness training that has been launched for the state public sector to ensure that its workers, when they engage with indigenous communities, do so in a culturally appropriate fashion. I think it is only appropriate that members of this chamber are fully aware of those matters, and I think it is a proper matter for you to raise with the Speaker.

Ms BEDFORD: With your assistance, I am sure, sir.

The Hon. J.W. WEATHERILL: Certainly, with my blessing, and I am sure—

Ms BEDFORD: Perhaps you would rather drive it.

The Hon. D.C. KOTZ: I want to ask a couple of questions in relation to the Anangu Pitjantjatjara power

station. The background is that the initial overall budget for all stages was \$14.3 million. That comprised funding of \$6.65 million from both the commonwealth and the state and \$1 million from Greenhouse Australia. The Premier advised in estimates on 15 June that \$1.463 million of state funds will be carried over from 2004-05. The 2003-04 budget, which was the third year of the project, showed an allocation of \$6.65 million, which was the state component of expenditure for the power station, with an estimated \$325 000 expenditure for that year. The 2004-05 budget allocation amounted to \$1.138 million for the same project. The 2005-06 budget allocation is \$5.66 million, but it also shows that neither the \$325 000 nor the \$1.138 million allocated expenditure was ever spent, hence, I presume the alleged \$1.463 million carryover that the Premier indicated. However, as the initial state budget allocation was \$6.65 million, and no expenditure occurred in 2003-04, why is there a \$990 000 (almost \$1 million) shortfall in this year's budget compared to the original budget?

The Hon. J.W. WEATHERILL: In a nutshell, we will spend more than was originally budgeted because of the additional costs associated with producing the project. The project is in three stages that will upgrade the power supply and distribution system on the APY lands and, so, the overall budget for all stages in total now is—

The Hon. D.C. KOTZ: Can you take that on notice, minister?

The Hon. J.W. WEATHERILL: Yes, perhaps I will, about the precise figures. But the essence of it is that we will be putting in more money; it is just that it will be spread over a longer period. So, maybe in the coming years you will see a lower amount than was projected to be spent, but over the life of the project the state will be putting in more money, as will the commonwealth, to meet some of the shortfall in the expected higher amount for the project.

The Hon. D.C. KOTZ: Just a point of clarification: I think that some of the information that the minister has given is slightly incorrect. So, perhaps, it might be better if the question is taken on notice so that other incorrect statements will not be made. There is a \$2.4 million blowout in this project overall, but that does not relate to the question that I asked you regarding the initial component of state funding—that is a different aspect of it altogether.

My second question is: the Premier also advised that the project has an overall budget deficit of \$1.845 million for stages 2 and 3. The Premier also advised that DAARE will make a priority bid to fund that deficit through the 2006-07 budget bilateral process. The budget papers advise the latest completion date for the project will be September 2006. If the department's bid is successful, can the minister advise what \$5.650 million plus \$1.845 million (which is a total of \$7.495 million) will actually produce in terms of the project's infrastructure and construction, and is the September 2006 time-line for completion actual or hypothetical?

The Hon. J.W. WEATHERILL: I think I had better take that question on notice. The answer to your final question about whether it is an actual completion time or a hypothetical one is that, in a sense, every expected completion time is hypothetical. We are expecting that it will be completed on that date and it may or may not, depending on unforeseen circumstances that may arise. I am advised that the blowout in costs is associated with increased costs associated with the distribution network, but I will provide a fuller answer to you about that.

The Hon. D.C. KOTZ: I appreciate that. Again, on a point of clarification, the project, according to all the information that we have received over these estimates, could very well end up blowing out to 2007-2008, never mind looking at an expected 2006 completion date. My third question again relates to information that the Premier advised these estimate committees, when he said:

Should the bid for funding in 2006-07 be unsuccessful, then stage 3 would be reduced in scope proportional to the total shortfall of \$1.845 million.

I understand that the stage 3 development is the distribution system, which was intended to service some seven Aboriginal communities on the lands, provided by 250 kilometres of distribution powerlines. Will the minister explain what a reduction in scope will actually mean to this project, and what proportion of the distribution line is purchased with the additional \$1.845 million, and how many communities this is liable to effect?

The Hon. J.W. WEATHERILL: Once again, that is hypothetical. It will be a priority to try to fund the additional \$1.845 million, to ensure that the distribution network is rolled out to all of the communities. I will take on notice the question of what that would or may involve, should there be that shortfall, but the intention is that there would not be a shortfall, so the question may not arise.

The Hon. D.C. KOTZ: On another point of clarification: I suggested to the minister that this was information provided to the estimates committee by the Premier. It is the Premier who is telling us that DAARE has to re-bid for the deficit, which is a shortfall of \$1.8 million. It was the Premier who said, 'If the bidding is unsuccessful, then proportionate to the total shortfall, the project would be reduced,' and it would be cut. So, it is not a matter of a hypothetical proposition that I am putting in this question, minister.

The Hon. J.W. WEATHERILL: It is hypothetical.

The Hon. D.C. KOTZ: It is one that is based on what the Premier told estimates.

The Hon. J.W. WEATHERILL: Sure, it is a set of circumstances which may or may not come into existence. But we will do the best we can with supplying what should happen if that eventuality were to occur.

Ms BEDFORD: Minister, what is planned for NAIDOC Week this year?

The Hon. J.W. WEATHERILL: As the honourable member would be aware, NAIDOC Week is managed through a committee established by the commonwealth. The commonwealth, of course, has abolished ATSIC, but the ATSIC regional committees remain in place until 30 June. They are continuing their work to organise celebrations. The monies have been sent out to various local regions to plan their own activities, and DAARE is essentially assisting in that exercise.

So, we are supporting local regional events that will occur all around this state. We fully expect—and we do not have any control over this exercise—that there will be celebrations that once again showcase Aboriginal culture, and they traditionally have been associated with schools and other community groups, and we fully expect that they will continue with the support of our department. I am advised that the program should be published within a week; I think the second week in July is NAIDOC week.

Mr SCALZI: I refer to Budget Paper 4, Volume 1, page 1.16, and to the DAARE program and TAFE. In last year's estimates (17 June, page 89) the Minister for Further Education said that her department had put another 11

positions into the APY lands. At that time the minister admitted that there were only two positions (17 June 2004, page 81). I am told in discussions with my colleagues that there are problems with TAFE on the lands. Have the 11 positions been filled? Are they full-time positions? Where are they located? How many students are participating in TAFE courses on the lands? Has the effectiveness of the TAFE efforts on the lands been evaluated and, if so, by whom?

The Hon. J.W. WEATHERILL: I will take that question on notice. I observe that under the previous government the services on the APY lands from TAFE were considerably wound back, and we have been rebuilding them during the period of our government.

Members interjecting:

The Hon. J.W. WEATHERILL: That's absolutely true.

Mr SCALZI: I again refer to Budget Paper 4, Volume 1, page 1.16, and to the DAARE program. The government introduced an indigenous employment strategy for the South Australian public sector aimed at increasing the percentage of indigenous people in the Public Service from 1.2 per cent, which was the level in June 2003, to 2 per cent. This year's budget shows that the government estimates that there will be 73 842 in public sector employment as at 30 June 2005 (Budget Paper 3, page 2.12). This figure includes 69 468 in the general government sector, 3 856 in the public non-financial corporations sector and 518 in the financial corporations sector.

On my calculation, 2 per cent of 73 842 is 1 477. What progress has been made in achieving this target? Can the minister provide details of employment levels? For example, are all the new recruits in base level positions or temporary positions? How it is determined that persons should be classified as indigenous for the purpose of this scheme? Given that we have a youth unemployment rate of over 22 per cent and a much greater proportion of indigenous unemployed, especially the young, it is of major concern.

The Hon. J.W. WEATHERILL: I thank the member for his concern for indigenous people who are unemployed. We have established this target and significant progress has been made. I do not have the precise figures at the moment, but individual agencies are moving to establish their own targets. I know that in my own agency sadly 20 per cent of the workload in terms of protection notifications, children in guardianship, and even a higher percentage than that in the juvenile justice system, are for indigenous people. We have taken seriously the importance of having indigenous workers, so considerable numbers of indigenous employees have been taken on in the most recent round of recruitment of the extra DSC staff. The Department of Education is conducting a very extensive process of improvement which will focus on indigenous employment. We will come back to you with the actual figures and where they have moved to. In terms of the classification of somebody who is indigenous, that is a self-identification process and we do not believe that that would lead to any concerns about its accuracy.

Mr SCALZI: I again refer to Budget Paper 4, Volume 1, page 1.16, and to the DAARE program. In last year's estimates (17 June 2004, page 81) the Minister for Further Education said that the Hon. Bob Collins was in the process of developing a five year APY training plan. As we all know, Bob Collins was unable to continue as the government's coordinator of services on the APY lands. He was replaced by Professor Lowitja O'Donoghue and Reverend Tim Costello, and both of them have now departed. What has

happened to the five year training plan? Has it achieved its goals and, if not, why not? Has the program been evaluated?

The Hon. J.W. WEATHERILL: I cannot identify where it was specifically recommended that there be a five-year training plan, but we are working with TAFE to develop the appropriate courses and programs that ought to be run in the lands. That is an ongoing process. We are very conscious of the fact that gaining employment is a critical element of the solution on the APY lands. We are considering as many opportunities as we can to ensure that local Anangu are able to take up the jobs which are created in the lands that will sustain their own communities.

For instance, there is a massive need for additional housing, and there is an ongoing need for maintenance. Therefore, we are focusing on ensuring that those relevant skills are in the community. There is also a range of skills needed to run the organisations that administer the many government programs that exists in the lands. That will be another focus for our department in relation to skills development, but we will be guided by our experts within TAFE about what the appropriate training needs will be in the APY lands and deliver those on an ongoing basis.

Mr SCALZI: In my question I referred to the youth unemployment rate of about 22 per cent. Can the minister give us the youth unemployment rate for the indigenous population?

The Hon. J.W. WEATHERILL: We will supply the figure.

Mr SCALZI: It is important that we know the difference.

The Hon. J.W. WEATHERILL: I can tell you that the youth unemployment rate for indigenous people will be higher than the youth unemployment rate for the non-indigenous population. I can tell you that in 2001 in the Parks area the youth unemployment rate for 19 to 25-year-olds was 55 per cent. That might give you some idea of the youth unemployment rate for indigenous people in other metropolitan areas. I think that was in the suburb of Angle Park, which might be of interest to the member for Enfield.

Dr McFETRIDGE: I will read the omnibus questions into *Hansard*.

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, and 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 consultant, the cost, the work undertaken and the method of appointment?

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

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

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

6. What was the total number of employees with a total employment cost of \$100 000 or more per employee, and (as a sub-category) what was the total number of employees with

a total employment cost of \$200 000 or more per employee, for all departments and agencies reporting to the minister as at 30 June 2004; and what is the estimate for 30 June 2005? Between 30 June 2004 and 30 June 2005, will the minister list the job, title and total employment cost of each position (with a total estimated cost of \$100 000 or more)—(a) which has been abolished and (b) which has been created?

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

I refer to Budget Paper 4 Volume 1 (page 1.16)—consultation re review of Pitjantjatjara Land Rights Act. What amount has been allocated to facilitate the consultation process on the current review of the Pitjantjatjara Land Rights Act? One of the proposed changes to the act is a requirement for gender equity on the APY executive board. I believe that this proposal was made in Adelaide before any consultation occurred with people on the lands. So, my question is: to what extent is the government asking the people on the lands what they want; to what extent is the government telling the people what the government wants; and what is going to happen irrespective of the true wishes of the people?

The Hon. J.W. WEATHERILL: The sum allocated to the council of \$20 000 is in addition to the in-kind resources. I think gender equity has been raised at a number of different levels by people on the APY lands and other consultative bodies that have made submissions. The broad point about the review is that you have to start somewhere. This started in 2002 when extensive consultation occurred under the Rolling Thunder which endorsed changes to legislation. So, we are in the hands of the community. If people want changes we will pursue them; if they don't want changes, we will not pursue them. We are entirely in the hands of the community about what they want to do with this legislation. The fact that things have been put out for consultation does not mean that it is a fait accompli. They are just simply been put out for consultation—it is as simple as that.

The CHAIRMAN: As this concludes the time allocated for the Minister for Aboriginal Affairs and Reconciliation, I declare the examination concluded.

Department for Correctional Services, \$134 305 000

Witness:

The Hon. M.J. Atkinson, Acting Minister for Correctional Services.

Departmental Advisers:

Mr P. Severin, Chief Executive, Department for Correctional Services.

Mr A. Martin, Director, Financial and Physical Resources.

Membership:

The Hon. W.A. Matthew substituted for Dr McFetridge.
Mr Meier substituted for the Hon. D.C. Kotz.

The CHAIRMAN: I declare the proposed payments open for examination and refer members to appendix C, page 2 in the Budget Statement and Portfolio Statements Volume 1, Part 4, pages 121-132. Does the minister wish to make an opening statement?

The Hon. M.J. ATKINSON: I am here today as the Acting Minister for Correctional Services, owing to the illness of my colleague the Hon. T.G. Roberts. I would like to start by extending my best wishes to minister Roberts and his family, and I look forward to seeing him again around the cabinet table and here in parliament house.

I would like to acknowledge the efforts made by Correctional Services in what is a complicated area of public administration. Prison officers, staff in Community Corrections and management in the department face difficult challenges every day, and it is a credit to those public servants that the corrections system runs smoothly. Over the past three years, the government has provided increased funding to the Department for Correctional Services to carry out initiatives. Among other initiatives, this funding has been provided to:

- introduce an intensive therapeutic intervention program for high-risk sexual and violent offenders;
- expand Mobilong Prison with the construction of housing for 50 low-security prisoners;
- increase staffing levels in Community Corrections;
- introduce improved programs for Aboriginal offenders;
- refurbish part of the Adelaide Women's Prison;
- upgrade security in all prisons;
- remove hanging points from prisons; and
- improve fire safety in the state's prison system.

The most important initiative in the prison system for many years has been the introduction of a correctional-based sexual offender treatment program. The pilot program started in March 2005 with 10 prisoners and 11 community-based offenders, and I am pleased to say that they will complete their course in September. The department is preparing the intake of prisoners and community-based offenders for the next course, expected to start in October.

The prison control room is the heart of prison security, the central point from which one operator can monitor all of the prison with strategically placed cameras. South Australian Corrections is at the forefront of control room technology. Our technology and intellectual property is in demand throughout Australia. All the state's prisons now have a state-of-the-art control room, which has improved security within our prison system.

I was able to witness the workings of the new Mount Gambier Prison control room that was completed this year, and I can see why South Australia is a leader in this area. Since I have been a minister I have visited Mount Gambier Prison, Cadell Prison and Yatala Labour Prison. In this year's budget, the government has provided continuing funding for all the initiatives that have been introduced in recent years. It has also provided additional funding for stage 2 of the fire safety program that will ensure the safety of prisoners and staff in the event of a fire in one of the state's prisons.

In closing, I believe that the government has provided the department with the funding to enable it to continue to run the corrections system reasonably well and increase community safety, and I would be pleased to answer the committee's questions on this year's budget, particularly from the former corrections minister in our midst.

The Hon. W.A. MATTHEW: The opposition has no formal opening statement as such but we would like also to extend our best wishes to the minister, the Hon. Terry Roberts. On a personal note, in my dealings with Mr Roberts he is a thoroughly decent individual, and we all look forward to his coming back to the parliament.

I would also like to comment on the government's new stance on Mount Gambier Prison. I am delighted that the Attorney was impressed with the prison: it is very professionally run by Group 4. The Attorney would be familiar with the fact that his party in opposition, led by the now Deputy Premier, strongly opposed the privatisation of that prison, and I am delighted that he found it so good. I would agree that it is indeed an example of good prison management and is a leader in its field. I would hope that, as Attorney-General, the minister is also appreciative of the fine work that Group 4 does with prisoner transport. I know from personal discussions with members of the judiciary that they have also been pleased with that service, which was also opposed by the Attorney's party in opposition.

I hope that the Attorney is looking to emulate those successes in other areas during the government's short remaining time in office. My first question refers to custodial services. How many drug tests for prohibited substances were conducted over the last 12 months and, of those, how many were positive and to how many individuals did those positive tests relate?

The Hon. M.J. ATKINSON: I am advised that between 700 and 800 drug tests are conducted on prisoners each year in South Australia, and many more than that figure are conducted in community corrections, particularly in the Drug Court, because urinalysis is a requirement for those offenders who are taking both the benefit and the burden of the Drug Court system. I do not have the statistics with me about how many of those tests are positive, but we will take that question on notice and endeavour to obtain an answer for the committee.

The Hon. W.A. MATTHEW: Sir, I have a supplementary question. The Attorney said that he will take the question on notice. This is no criticism of the Attorney—I know that he is only standing in in this instance—but I am staggered that those figures are not available. Certainly, during my time as minister it was a matter of monitoring the situation on a monthly basis because, regrettably, drugs continue to be a problem in prison. About 3 500 people go through the prison system over any one given year and, obviously, from time to time it is necessary to drug test those prisoners. Can the Attorney, in taking this on notice, also obtain information about the number of prisoners who went through the system and, of those, how many were drug tested? Clearly, at a time when there are drugs in the system it seems to me to be relevant that as many prisoners as is practicable are tested to try to drive this problem out of our system.

The Hon. M.J. ATKINSON: We will endeavour to obtain those figures. When I was at Cadell it was explained to me that prisoners who are willing to undergo random urinalysis are able to move out of the cell block and into the area where three, four or five prisoners share a unit in the grounds of Cadell. So, obviously, urinalysis drug testing is taking place there.

The Hon. W.A. MATTHEW: I am pleased to hear that that program is still in existence. It was established during my time as minister when the cell block was built, and it was certainly effective. My next question relates to the number of community-based orders completed successfully. I note from the budget papers that, last year, only 59 per cent of the 628 people who were the subject of intensive bail supervision completed their obligation successfully (in other words, 258 people did not comply with the orders). Can the Attorney advise the committee how many of those 258 not complying were prosecuted for breaching their bail and, of those, how

many were granted bail after the breach and how many were returned to jail?

The Hon. M.J. ATKINSON: Can I clarify the question? Is the member for Bright saying that 258 people who were issued with community service orders as part of their sentence did not complete the program, and is he asking what happened as a consequence of that?

The Hon. W.A. MATTHEW: That is correct.

The Hon. M.J. ATKINSON: My understanding is that those 258 offenders who were issued with community service orders as a punishment and failed to comply would have been required to go back to court. Some would have been declared in breach and sent to prison; others would have had new community service orders framed depending on their capacities and their excuses. I am not quite sure where bail comes into it.

The Hon. W.A. MATTHEW: Essentially, those people have breached their conditions. As a consequence, some of them are prosecuted for breaching their conditions.

The Hon. M.J. ATKINSON: Yes.

The Hon. W.A. MATTHEW: Some may be imprisoned as a consequence and others may be imprisoned but bailed.

The Hon. M.J. ATKINSON: Imprisoned but bailed?

The Hon. W.A. MATTHEW: Some may be given a custodial sentence, effectively, but bailed during the process. Imprisonment is invoked and then bail is granted: in other words, the system is not tough on them.

The Hon. M.J. ATKINSON: I take it that the member has now switched from the second half of this question to the question of bail supervision. The department would say that the large number of breaches of bail are detected owing to its close supervision of bailees, and that, where breaches are detected, the alleged offender is returned to court, and the offender will then be remanded in custody, or the court will impose perhaps more intensive bail supervision on different conditions the second time around.

The Hon. W.A. MATTHEW: I note from the budget papers that the figures show that employee expenses for community-based services reduced by \$79 000. Does that reduction in moneys show that fewer staff will be engaged in community based services in this coming financial year, and, if so, is this not contrary to his assurance in his opening address that it is the department's intention to increase its community-based supervision?

The Hon. M.J. ATKINSON: I think the member for Bright has misread those figures. It is an increase, not a decrease.

The CHAIRMAN: Perhaps the member for Bright could just check the figure, and we will come back to that question. The member for Florey.

Ms BEDFORD: Before I start, I would like to acknowledge the terrific work of the people in the minister's office and within the department, and also at the correctional facilities, who, whenever I have had anything to do with them, have been absolutely superb. It is a bit like teaching, I think: if somebody is really inspiring in that system, it actually rubs off on the people with whom they are working.

I refer to Budget Paper 4, page 1.21, and the reference that is made to fire safety in the targets of 2005-06. I am conscious of the responsibility that the government has towards workplace health and safety. This responsibility is particularly important in prisons where security and safety must be ensured. I know that the government has previously upgraded fire systems in prisons. Will this initiative continue? What further enhancements are planned for safety in prisons?

The Hon. M.J. ATKINSON: The government is aware of the importance of effective fire systems in prisons. The Department for Correctional Services has developed a risk management plan. In the 2002-03 budget, \$1.9 million was provided to carry out stage 1 of the recommendations of the Metropolitan Fire Service's audit of fire safety in prisons. An additional \$70 000 has been allocated currently to employ a fire safety officer to be responsible for the development of fire safety procedures and staff training.

As a consequence, many of our prisons are now fitted with advanced very early smoke detection devices that are directly linked to the metropolitan and local fire services. This equipment constantly monitors the air, and automatically sends an alert to the department's control room fire indicator panels and fire services at the first sign of smoke. This enables correctional officers to move prisoners before there is any serious risk of injury. I am not exactly sure how it works, because, of course, so many prisoners—something more than 70 per cent—do smoke cigarettes in prison. I have had letters from the Minister of Health, the Deputy Leader of the Opposition and a clergyman about trying to reduce or ban smoking in prisons.

Ms BEDFORD: I have written letters as well.

The Hon. M.J. ATKINSON: Oh, you have written as well. Yes. I do not see it happening at any time soon. Peace in our time. In addition, over the past three years, funding has been allocated to purchase 132 new fire escape and breathing apparatus sets to upgrade current equipment. Staff have been trained in the operation of the new equipment. To ensure that there is a clear understanding of responsibilities between the Department for Correctional Services and officers from the Metropolitan Fire Service and the country fire services, memorandums of understanding have been prepared. These memorandums have enabled the development of operating procedures that dictate the actions that prison staff will take if there is a fire. Although correctional staff are not responsible for fighting fires, they are trained for first response fire emergencies, which can include the use of portable fire-fighting equipment, and they are at all times responsible for prisoner supervision.

In the 2005-06 financial year's budget, the government has provided a further \$800 000, and in 2006-07 it intends to provide an additional \$400 000 for carrying out stage 2 of the recommendations of the Metropolitan Fire Service's audit of fire safety in prisons. Stage 2 provides for early warning smoke detectors in the Adelaide Remand Centre, the Adelaide Women's Prison, the Adelaide Pre-release Centre and all non-accommodation buildings at Yatala Labour Prison. Stage 2 is programmed for completion by March 2006 (and I am not sure whether the opposition will accuse us of pork-barrelling for electoral purposes). This will improve workplace health and safety in our prisons.

Ms CICCARELLO: I refer to page 4.123 and the reference to rehabilitation, reparation and community benefit tasks. Following the devastating fires in the Port Lincoln area, prisoners from Adelaide, Port Augusta and Port Lincoln worked alongside the community, assisting with fence reconstruction and other valuable restoration work. Can the minister outline the work that has occurred and inform the committee of the future of this program?

The Hon. M.J. ATKINSON: I can, and I thank the member for Norwood for giving me the opportunity to do so. Prisoners, community service offenders and Department for Correctional Services staff from around the state played a role in helping to rebuild Eyre Peninsula after January's fires.

They re-fenced properties, particularly in those areas between national parks and private farming properties, and were also given the job of removing trees regarded as dangerous on the verges of the 630 kilometres of roads ravaged by fires. Local councils have already acknowledged that without the work done by prisoners entire work programs to deal with the removal of trees that posed insurance risks would have been closed. Port Lincoln prisoners were recognised for their impressive efforts by the Salvation Army.

For weeks now, the department has been unable to move prisoners from the prison to the affected areas. The department's bus was not suitable for the rugged terrain over which it was required to pass, and the department is waiting for delivery of an off-road vehicle that will enable the program to continue. Whilst waiting for delivery of the vehicle, Port Lincoln prison authorities have been busy recruiting supervisors to continue the program and, in conjunction with the Fire Restoration Committee, they have been identifying projects that will have first priority when the prisoners are able to work again. The date of delivery of the vehicle is expected to be early July.

I understand that the focus of the prison work gangs is likely to change from fence construction to providing help to farmers to remove burnt trees and debris from their farms and from watercourses. I also understand that Port Lincoln Prison is in the process of establishing a nursery to propagate local plants for replanting over the affected areas.

Ms CICCARELLO: I refer to page 4.124 in the budget papers and the performance criteria of the sexual offenders program. Sexual offenders are regularly mentioned in the media, and I note the reference in the estimates committees to the Department for Correctional Services' sexual offender program. Can the minister advise members of the current status of the sex offender treatment program and what is planned in the future?

The Hon. M.J. ATKINSON: Members will recall that for many years South Australia was the only mainland Australian state not to have an in-prison sexual offender treatment program. I cannot remember the name of the government that failed to have such a program. It escapes me for the moment, but perhaps the member for Bright will be able to help me! In 2003, this government announced the allocation of \$5.5 million, part of which was to be used over the next four years by the Department for Correctional Services to develop a sexual offender treatment program for offenders in prison and upon their release in the community. The remainder of the funding is allocated to provide programs for violent and Aboriginal offenders.

Officers of the Department for Correctional Services reviewed the programs of many correctional jurisdictions before deciding that the Canadian model would best suit prisoners and offenders in South Australia. The current pilot program targets moderate risk sexual offenders who are serving either custodial or community-based sentences and focuses on rehabilitation. It places a strong emphasis on accountability, quality and evaluation. Each course takes up to nine months, and the department has targeted those offenders who are in the last 12 months of their sentence to ensure that all offenders with sentences of nine months or more will benefit from the program.

The course is based on material that affects the way in which an offender acts and thinks about criminogenic behaviour and offence-specific matters. The in-prison program operates four days a week, and each participant is

required to attend therapeutic sessions, with additional course material completed in their own time.

The program initially provides for selected prisoners and offenders and, in addition to other departmental rehabilitation approaches, it will eventually cater for all suitable adult and child sex offenders in custody and adult sexual offenders in the community. The first program, comprising 10 prisoners and 11 community-based offenders, will be completed in September. Planning is already under way for the next course, which is expected to start in October. I can see the member for Bright is rejoicing. I understand that the course will include a further 10 prisoners and 11 community-based offenders.

Suitable prisoners have already been identified and, as part of the continuing evaluation, service delivery is currently being assessed to determine changes that can be made to improve the way in which the program is offered to offenders. Similarly, staff evaluating the program are developing criteria to measure the effectiveness of the program in the longer term. The government recognises the importance of a successful correctional-based sexual offender treatment program to the safety of the community, and it is satisfied with the progress to date.

The Hon. W.A. MATTHEW: I want, first, to come back to the question the Attorney endeavoured to answer before, because he gave incorrect information. Before we go on to other questioning, I ask the Attorney whether he wishes to reflect on it. In my last question, I asked the Attorney why \$79 000 less was to be spent on employee expenses. I draw the Attorney's attention to page 4.127 of Budget Paper 4, Volume 1, which shows 2005-06 employee expenses for community-based services at \$12 265 000, which is \$79 000 less than the \$12 344 000 that is estimated will be spent in 2004-05. I again ask the Attorney whether this indicates a reduction, not an increase, in employee activity in community-based corrections.

The Hon. M.J. ATKINSON: I will refer that question to Mr Severin, who has told me he can address it completely.

Mr SEVERIN: The budget expenditure has, in fact, increased from 2004-05 to 2005-06 in the order of \$700 000. The estimated results (which is the figure that was referred to) for 2004-05 includes a range of one-off costs, none of which is related to the level of service delivered. Those costs are related to initiatives that surround the preparation for the introduction of Parole Board legislation (which is still pending), but they do not affect the delivery of services and number of staff employed by the department. The increase of \$700 000, in a budgetary sense, is largely due to an increase in salaries as a result of enterprise bargaining outcomes.

The Hon. W.A. MATTHEW: I am further confused, and I ask the Attorney whether he can clarify. The line to which I am referring relates to employee expenses (in other words, employee salaries) that were actually paid for 2004-05—that is, \$12 344 000. That is what I am talking about—just the employee expenses. That figure reduces by \$79 000 in 2005-06 to \$12 265 000. It may be that what I am being told is that extra staff were included for those other operations and the money that was allocated for those extra staff distorts the statistics. If that is the case, I accept that. I ask whether we can be told how many staff were employed in 2004-05 specifically for Community Correction service delivery versus how many will be employed for 2005-06? That information will clarify the issue.

The Hon. M.J. ATKINSON: I will find that out for the member.

The Hon. W.A. MATTHEW: Thank you, Attorney. I have one more question, and I would then like to defer to my colleague the member for Hartley. I listened with interest to the Attorney's answer to the last question asked by the member for Norwood in relation to the sex offender treatment program. I was interested for a number of reasons. During my time as minister, the department implemented a sex offender treatment and assessment program—interestingly, based on the Canadian model. Obviously, the department is still taking a keen interest in what is occurring in Canada. Also, group 4, as part of its contract, was required to take sex offenders into that institution and run special programs. First, I ask the Attorney whether group 4 is still providing specialist programs for sex offenders. Secondly, can the Attorney advise how many prisoners have been through the program since its inception in 2003 (my understanding is that it is only six in two years), and what proportion of the money allocated has been for travel to and from Canada?

The Hon. M.J. ATKINSON: Mr Severin has indicated that he is able to answer those questions.

Mr SEVERIN: As outlined earlier, the in-prison pilot program commenced at the beginning of 2005. At the same time, we commenced a program in Community Corrections. It has certainly taken a considerable time to, first of all, conduct the research, recruit the program team and provide the training for the program team to deliver the program in accordance with the standards set by Canada. Most recently, in order to limit further costs regarding the provision of ongoing training to staff, through the Canadian Correctional Services, we sent two staff to Canada for a fortnight to undergo some train-the-trainer training, which now enables them to pass on that training to departmental staff.

The program experienced a degree of delay in its commencement, which was largely due to the difficulty of recruiting staff which have the very onerous qualifications and ability to deliver these programs. Also, a degree of industrial disputation occurred, which was unrelated to the staff delivery team. Nevertheless, that contributed to the delay the department experienced with the first program commencing. However, the program is still under way—there were no drop outs, and the first 10 prisoners and 11 Community Corrections offenders who participated have continued with the program. They are likely to conclude the program in September. It will only be then we will have exit reports which indicate the success of the program, based on the very extensive assessments which are linked to the finalisation of the evaluation of individual participation of offenders.

As outlined previously, we are satisfied that, over time, the program will cater for eligible and suitable sexual offenders—both child sex offenders and adult sex offenders—in custody to participate in this program, as well as adult sex offenders in the community. Child sex offenders in the community will continue to participate in the sex offender treatment program organised by the Department of Health.

The Hon. W.A. MATTHEW: The first part of my question has not been answered. Is Group 4 still running sex offender treatment programs at Mount Gambier Prison?

Mr SEVERIN: To my knowledge, Group 4 was never contracted to provide sexual offender treatment programs. I am happy to provide further information, though, once I have obtained it. My understanding is that Group 4 provides some early intervention in the way of psychological interventions under the current contract, and it would refer sexual offenders for specialist treatment to either departmental psychologists or, indeed, later in the sentence to the external SOTAP

program, but that would not be facilitated from Mount Gambier. So, the current contractual arrangement, which has been in place for almost 10 years now, does not require Group 4 to deliver sexual offender treatment.

The Hon. W.A. MATTHEW: I have a supplementary to that, because I am still not quite sure from the answer so far about the way the money is being expended for this program. Can the minister say how much money was expended over two years on the sex offender treatment program before the pilot actually started?

Mr SEVERIN: Given that the program team is responsible for the development and delivery of three components of this initiative, one of which is the sexual offender treatment program, it is quite difficult to identify exactly how much is spent. However, I believe we would be in a position to provide the more detailed breakdown of the cost component of the \$1.5 million that this initiative provides per annum to the department as it relates to sexual offenders. I do not have those detailed figures here at this point in time, though.

The Hon. W.A. MATTHEW: I am happy for that to be taken on notice.

Mr SCALZI: I refer to Capital Investment Statement 2005-06, Budget Paper 5, page 14, under the heading Correctional Services. Last week it was reported that the Treasurer was considering the construction of a new women's prison. He said that it is a question of how and when. He said that when this Labor government first came to office the thought of the department was to close Cavan, Northfield and Magill and to consolidate it all into one. He also said that the government was looking for a location. Attorney, what locations are currently being considered? What are the options for the configuration of the proposed prison and collocation with a juvenile and/or men's facility? What is the estimated cost of such options? Will the Treasurer be using bridging finance, as he has in his own electorate?

The Hon. M.J. ATKINSON: The government provided the Department for Correctional Services with half a million dollars to look into its future infrastructure needs. I expect that there will be a report later this year that will canvass, at least, the matter that the member for Hartley raises. The current accommodation for the number of people in prison exceeds the design capacity of our prisons. It is not really fit for its purpose, and it is comparatively inefficient to operate. That has been so for a long time. Projections indicate that the demand for prisons will increase. The existing custodial infrastructure requires redevelopment to meet current and future demand to improve efficiency and to increase the effectiveness of rehabilitation. We are exploring many options to establish the most cost-effective means of meeting future demand and rehabilitation needs for prisons.

A project director has been appointed to oversee the development of a business case. An extensive search for potential greenfield sites for future prisons has been undertaken, and the preferred site will be considered once the business case has been finalised. A departmental steering committee has worked on potential infrastructure redevelopment models, including expanding capacity of existing prisons and greenfield site construction.

Mr SCALZI: I have a supplementary to that. Will we have the answers to those questions before the March election, or are we going to wait until September as we did in relation to the materials and services charge decisions in education?

The Hon. M.J. ATKINSON: I think we will have some answers for the member for Hartley by September, so he may as well wait until September.

Mr SCALZI: Is that 2005 or 2006?

The Hon. M.J. ATKINSON: 2005.

Mr SCALZI: I again refer to Portfolio Statement 2005-06, Budget Paper 4, Volume 1, page 4.126, and the reference is Custodial Services. My question is: earlier this year, following the Channel 7 *Today Tonight* story, alleging several activities at the Port Lincoln gaol between female visitors and an inmate, the department announced that it would investigate this. That was on 1 March 2005. Minister, has the investigation been completed and, if so, will the findings be released publicly? If not, when will it be completed?

The Hon. M.J. ATKINSON: It was a story in the true tradition of *Today Tonight*, and it has been fully investigated, and now Mr Severin will give you the truth of the matter.

Mr SEVERIN: The investigation that commenced immediately upon the information being raised with the department and, later on, obviously telecast via the Channel 7 program, was completed with an initial report being provided within seven days of the matter being known, and the final report being provided some time after that. That included interviewing the person who made the allegations in relation to the occurrences at the visit sessions at Port Lincoln. The department does not, as a matter of rule, make findings of investigations public, and that is a matter for the minister to consider if, indeed, there are any matters that need to be publicly released.

Obviously these investigations are of quite a sensitive nature, particularly as it relates to the security of our system, and we have to be careful that we do not put information into the public domain that can be used by the wrong people for the wrong purposes. However, what I can say from the outcome of the investigation, is that there was no evidence to confirm that the alleged sexual activity occurred in the way it was described. There was certainly a very strong indication that the visits in question were not actually conducted with only those two people in the visit room. There were other people at all times in the area. It was established that the kids in question, who were alleged to have obscured camera vision, would not have been physically in a position to do that, as a result of the way that the cameras are positioned in that area.

The Hon. M.J. ATKINSON: That is a very important point.

Mr SEVERIN: Yes, which would have raised great concern about the integrity of our visit system. As with all investigations, there are some learnings, and there are certainly some areas where we feel that there are, and have since taken action to address, a number of identified shortcomings. One of those has been to ensure that in addition to constant camera surveillance, we have a higher frequency of direct supervision by staff in those visit areas. Also, we have made some modifications to the monitoring of communication, other than through visits, and we have also satisfied ourselves that, at no time, kids were actually used for, what would have been, a highly inappropriate purpose.

Mr SCALZI: I refer again to Portfolio Statement 2005-06, Budget Paper 4, Volume 1, page 4.121, line reference, Highlights. Through you, Attorney, what initiatives from the Drugs Summit have been implemented by the department?

The Hon. M.J. ATKINSON: I am glad that the member for Hartley asked that question because the Premier's 2002 Drugs Summit resulted in initiatives being funded. The two Department of Correctional Services initiatives that received funds were the Prison Opioid Substitution Treatment Program, and the Offender Alcohol and Other Drug Treatment Program. About one quarter of the prisoners coming into the system are opioid dependent. The Drugs Summit funding makes available opioid replacement for up to 300 prisoners, and has eliminated the high risk waiting list. It is important to say that the Liberal Party is now committed to stopping this program in our prisons, and that has been announced by the Hon. Angus Redford.

The Hon. W.A. MATTHEW: That is not quite correct. We are replacing it with a program that reduces and eliminates the habit, not encourages it.

The CHAIRMAN: The minister is answering the question.

The Hon. M.J. ATKINSON: In the correctional setting, mental health issues are aggravated by drugs. Drug and alcohol problems constitute a major criminogenic risk factor. The Drugs Summit initiative also provided funding for the ASSIST Offender Alcohol and Other Drug screening program, and for an intensive offender Alcohol and Other Drug Treatment Program delivered by specialist psychologists. A monthly average of 250 prisoners and remandees receive daily opioid replacement treatment and, contrary to the interjection of the member for Bright, that will be stopped if the government changes. That is a Liberal Party promise.

The Hon. W.A. MATTHEW: It will be replaced with a more effective program.

The Hon. M.J. ATKINSON: Opioid replacement will be stopped. Mr Redford has assured Radio 5AA listeners that that is what will occur. It will be stopped.

The Hon. W.A. MATTHEW: It will be replaced with a drug treatment program. There is a distinct difference.

The Hon. M.J. ATKINSON: The number is expected to rise when the Mount Gambier prison program is established, once the new contract with GSL, the prison contractor, is in place. The number of assaults on prison staff, and the number of overdose deaths on release from prison, continue to reduce. The ASSIST screening program trial has been completed and the program is due to begin again in July 2005. The intensive alcohol and other drug program tender has been let to Hall, McMaster and Associates of Lyttelton, New Zealand, and the pilot programs are due to begin in August.

Individual specialist psychological counselling is provided for offenders and prisoners with alcohol and other drug problems compounded with psychological disorders. The initiative provides funds to employ 6.5 full-time equivalent psychologists for this service. However, difficulties in recruiting psychologists with specialties in forensic drug and alcohol work has slowed its being carried out.

The prison opioids substitution treatment program will begin at Mount Gambier Prison and will cater for about 40 prisoners. Again, if the government changes that will be stopped not long after it starts. The intensive program will begin at two sites, and recruitment for the final 1.5 full-time equivalent positions will be a high priority of this Labor government.

Mr SCALZI: Again I refer to Portfolio Statements, Budget Paper 4, Volume 1, page 4.122 and the line reference 'Program net cost'. The Correctional Services Act requires the minister to appoint a Correctional Services Advisory Council. As at 28 February 2005 the council had not met for

nine months because it had insufficient numbers to form a quorum. Has the council met this year and, if so, when? Who are the members of the council?

The Hon. M.J. ATKINSON: This is a case of the pot calling the kettle black because under—

Mr SCALZI: Who is the pot and who is the kettle—and who is steaming because you are not giving the answers?

The Hon. M.J. ATKINSON: The member for Bright is the pot and it would seem that I am the kettle.

Mr SCALZI: Can I just have the answers?

The Hon. M.J. ATKINSON: Yes, you can have the answer. Under minister Matthew the committee did not meet for more than a year, I am informed; and under us, owing to the chairman's being grievously ill and having resigned, we are looking for a new chairman and then the advisory committee will meet. As a government we are not dependent on advisory committees: we have ideas of our own.

The Hon. W.A. MATTHEW: I note that the 2005-06 estimated prison population is expected to rise by only 1 per cent, which is half the national average as reported by the Productivity Commission. Why is it, in the light of the tough stance that the minister is always claiming his government has on law and order and this lock-up mentality that he is championing, that the prison statistics do not reflect that? Why is it that our prison population is expected to rise by only about half that of the rest of the country? Why is it that it is rising by such a small number in view of the things that the minister is claiming publicly? You must be letting them out faster, Attorney, or are you not catching them?

The Hon. M.J. ATKINSON: I am glad the member for Bright asked that question. I have an answer that will disappoint him greatly, and that is that South Australia's population growth is rather less than that of other mainland Australian states, and correspondingly our prison population does not grow as much as the prison population of other mainland Australian states. I do not claim any credit for the crime statistics that have rolled in since the Rann Labor government was elected to office. I think crime rates depend on many factors, including the proportion of young men in the population. What I can say, though, is that crime is down in most categories. We have had great reductions particularly in home invasions and house breakings generally. As I say, the government—

Mr SCALZI: Car theft?

The Hon. M.J. ATKINSON: Car theft is up—no, I do not think it is up; I think it is about the same.

The Hon. W.A. Matthew interjecting:

The Hon. M.J. ATKINSON: The rate per head of population is the highest in mainland Australia.

Ms Bedford: They even stole my car!

The Hon. M.J. ATKINSON: Not the Florey mobile! Given that crime rates have been reducing over the past three years, it follows that we do not expect large increases in the prison population, but there have been increases over the life of the government.

The CHAIRMAN: It being 1 o'clock, that concludes the time allocated for this line. I declare the examination completed.

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

Department of Primary Industries and Resources,
\$115 141 000
Administered Items for the Department of Primary

Industries and Resources, \$202 287 000

Witness:

The Hon. P. Holloway, Minister for Industry and Trade, Minister for Mineral Resources Development, Minister for Urban Development and Planning.

Departmental Advisers:

Mr J. Hallion, Chief Executive, Primary Industries and Resources SA.

Mr G. Knight, Deputy Chief Executive.

Dr P. Heithersay, Executive Director, Minerals and Petroleum.

Mr M. Williams, Manager, Budget Strategy.

Dr T. Tyne, Director, Minerals.

Mr D. Cockshell, Acting Director, Petroleum.

Membership:

Ms Geraghty substituted for Ms Ciccarello

Mr Williams substituted for the Hon. W.A. Matthew

The CHAIRMAN: I declare the proposed payments reopened for examination. I refer members to appendix C, page 2 of the Budget Statement, and Portfolio Statements, Volume 2, Part 5, in particular, pages 16 and 17. Minister, do you propose to make an opening statement?

The Hon. P. HOLLOWAY: No, Mr Chairman.

The CHAIRMAN: The member for MacKillop.

Mr WILLIAMS: Last year, the budget papers expressed budget projections for the mineral resources group over about nine pages. There were four programs: information services, state resources and regulation services; coordination and advice; and facilitation services, with no fewer than 10 sub-programs, each with performance commentaries attached. These budget papers contain only one mineral resources program and two sub-programs: minerals and petroleum. There are two pages of information in comparison with nine pages in last year's budget.

My first question is: why has the government decided to condense its published budgeted program in this way and how does this reconcile with the Labor Party's policy of giving the mining sector much greater prominence by, amongst other things, appointing a separate minister for mineral resources and with its claim of openness and accountability in government? Further, is the minister able to give the committee a breakdown of the department's budget under similar headings used in last year's budget?

The Hon. P. HOLLOWAY: The short answer is that the reason we have two divisions (minerals and petroleum) is because they reflect what happens within the department. In my view, this is far more meaningful than having the other sub-groups which, in my opinion, were rather artificial. If we exclude energy, which from the 30th of this month will be formally transferred to the new Department of Transport, Infrastructure and Energy, what will remain in PIRSA are the minerals and petroleum branches. Under the former headings, there was some fairly arbitrary allocation of resources.

If the honourable member is interested in the structure of the department, it would be far more meaningful to give him a breakdown by branch. That has always been my view. When I was in opposition I was critical of the presentation of the budget papers at that time. Because they covered functions that went right across divisions, they really did not bear any strict relationship to what was happening within the

administrative divisions of the department, and they therefore lacked transparency.

We can certainly provide the honourable member, if he wishes, with a breakdown of the sub-programs within the minerals division and the petroleum division. I am happy to take that on notice and provide it to the honourable member. That will be the real budgets that we work with within government rather than the things that we come up with at budget time to try to reflect outputs instead of what the department is actually working with.

Mr WILLIAMS: Thank you for the offer: I will take the minister up on that. The question is based on my belief that the budget papers as presented to the parliament (and I think the minister's comments indicate his agreement) give the reader very little understanding of what is going on within the department. Mr Chairman, my questions will all refer to Budget Paper 4, Volume 3, and principally to pages 5.10 and 5.11, which contain all the information in the budget. There is a little more in the investment strategy and a little more in Budget Paper 3 where we talk about royalties. Again, it is a bit pointless my referring to lines in the budget, because of the paucity of lines in the budget.

I refer now to the financial performance. The budget papers last year indicated a proposed expenditure of just over \$18 million for the 2004-05 financial year. This year's budget gives last year's budgeted figure as \$16.863 million. What is the cause of this difference on page 5.10?

The Hon. P. HOLLOWAY: The \$16.863 million is the net cost of services from ordinary activities, which is the difference between revenue and expenses.

Mr WILLIAMS: The point I am making is that last year's budget was presented in a different format and the total mineral resources group was under four different headings. When I added up the net cost of each of those different areas, the sum total came to \$18.131 million, which is in round figures \$1.2 million different from what is expressed in this year's document. I am trying to understand that difference.

The Hon. P. HOLLOWAY: I will ask Mr Knight, but clearly there has been some restructuring there. I point out that, if one looks at what has happened to the mineral resources development budget over the three years, it has gone from an actual expenditure or a net cost of \$11.669 million in 2003-04 actual to a budget position of \$20.481 million. It is nearly a doubling of money that the government will spend this year compared to what was actually spent in terms of the net cost. That indicates the priority that the government has given to the mineral resources area. As for the technical explanation, I will hand over to Mr Knight.

Mr KNIGHT: The answer here relates to the adoption of a modified attribution of corporate overheads across the agency, which will mean that the actual program estimates do differ from those published in last year's estimates. There will be no difference as a departmental whole but by program. Because we have recast the programs, which was the point of the honourable member's earlier questioning, we have moved from a program structure that bore no relationship to the way we actually operated in the real world to one that does reflect how we operate in the real world, and that means that we have recast the way corporate overheads are allocated to those divisions. I am happy to provide a reconciliation table so that the honourable member can follow those changes, but that is essentially what the changes are.

Mr WILLIAMS: Again, I take up that offer of having access to the figures presented in that format. The minister

has just said that the bottom line is that, according to these budget figures, we have gone from \$11.669 million to \$20.481 million. The point I am trying to make is that the figures are quite different from what was expressed in last year's budget by a considerable amount of money, getting towards 10 per cent. To be honest, I did not go back to the 2003-04 budget to see whether that \$11.669 million figure is what was expressed in that budget. I will take the minister's word that that is what appeared in those papers. From the table appearing on page 5.10, I have a number of questions. In the 2004-05 year employee expenses exceeded the budget by \$377 000. What caused that blowout?

The Hon. P. HOLLOWAY: I will ask Jim Hallion to answer that question.

Mr HALLION: The difference between the two figures is \$300 000, and it is primarily due to enterprise bargaining wages supplementation approved during 2004-05. During the year, effectively, the movement from the budget to result was due to wages supplementation provided to the agency. That would be similar to what would have occurred across other state agencies as well.

Mr WILLIAMS: So, that would have come out of a Treasury contingency fund?

Mr HALLION: Yes. Of course, one has to look at the net cost to services but, certainly, that would have been an appropriation direct from Treasury to us.

Mr WILLIAMS: Subsequent to the publication of the last budget?

Mr HALLION: Yes, subsequent to last year's budget.

Mr WILLIAMS: The supplies and services estimated result, again, is \$648 000 over the budgeted figure. What is the explanation for that?

The Hon. P. HOLLOWAY: Again, I will ask Mr Hallion to answer that question.

Mr HALLION: The difference between the two primarily relates to the PACE (the Plan for Accelerating Exploration). Additional funding was provided in 2004-05 during the year (so, that explains all of that movement), but it was partly offset by a reclassification of expenditure between supplies and services and grants and subsidies. There was \$900 000 additional funding and then a \$200 000 offset in that reclassification I mentioned from supplies and services to grants and subsidies. So, there are two movements there: \$900 000 plus and \$200 000 down, approximately, which gives the \$648 000—sorry, \$684 000.

Mr WILLIAMS: I also have \$648 000—whatever.

Mr HALLION: Something over \$600 000.

Mr WILLIAMS: Yes—about \$650 000. My next question relates to the grants and subsidies. Under the PACE program, how does one determine whether the expenditure becomes a supply and service or a grant and subsidy? I would have thought, from my understanding of the PACE program, that the vast majority of your expenditure in that area would be in the grant subsidies area.

The Hon. P. HOLLOWAY: I think it is probably a question of accounting treatment here. I will ask Geoff Knight to explain that.

Mr KNIGHT: Obviously, when funds are provided by government, it is often on the basis of an intended package of programs—and this was certainly the case with PACE—and that will be at a very broad level. Clearly, in consulting with industry in terms of how we will roll out those programs and achieve the objectives that the government wishes to achieve—and this is very true of the PACE program—that can change the accounting treatment of those things. Often

one will find that that varies between budget and estimated outcome. However, once one has full consultation with industry to properly design these programs to achieve their intended aims, that can result in expenditure being reclassified in accordance with the accounting standards.

Mr HALLION: It is fair to say that a large percentage of the PACE initiative is in relation to drilling subsidy issues, but there are also a number of other programs. There are eight themes under PACE. They include balancing resource development with conservation, which is a partnership with DEH to get better science around conservation issues. There is the drilling partnership, which is roughly \$2 million a year over five years. So, that is a \$10 million program. That is the bulk of it. We are also involved with the Centre for Mineral Exploration Under Cover, which is a program with the university, to increase our capacity in that area.

There are also geochemical and geoscientific database upgrades. I suspect that they would be largely supplies and services rather than grants. The main area of supply and service provision probably would be in the geoscientific data and, of course, we want to keep our prominent position in that area. The Fraser Institute rated us as being a world leader in geoscience databases in both the 2003-04 and 2004-05 surveys, so we are putting a lot of work into that area. Associated with that is 3-D modelling, which I suspect also would probably come into the supplies and services area. Then there is expenditure associated with our minerals and petroleum expert group, and that would also come in the supplies and services element. There is a mix of elements of the program. Even though a significant component of the program is the drilling partnership with industry, there are certainly other elements that would largely come under the services and supplies element.

Ms BEDFORD: I refer to Budget Paper 4 Volume 2, pages 5.10 and 5.11. Can the minister advise how PIRSA's minerals and energy division is actively working with our indigenous communities in remote regions of the state?

The Hon. P. HOLLOWAY: Yes, I certainly can. A number of such activities are under way, and I am pleased to provide that information to the committee. As part of the PACE program, which we have just been discussing, PIRSA has committed \$400 000 over four years to training with indigenous communities in conjunction with Spencer TAFE for the rehabilitation of the chrysoprase pit in the APY lands. A suitable training program is currently being produced and is earmarked for commencement in August this year. The training will incorporate driver training for a heavy truck licence, and certificates for heavy machinery, including an excavator and bulldozer, and it will also include occupational health and safety modules.

In another educational initiative, PIRSA's mineral resources group sponsored two Pitjantjatjara students from the Woodville Wiltja School in a pilot program during 2003. The students participated in a 10-week component of the geoscience course for mineral exploration field technicians at Onkaparinga TAFE. The course was integrated into their year 12 SACE studies. PIRSA has agreed to employ two Anangu field assistants, who have both completed modules from this course. Two young men, Fabian from the Kanyipi community, and Roy from the Nyapari community, have been selected. It is anticipated that both will commence towards the beginning of the 2005-06 financial year. Their duties will include rock and soil sampling, assisting with ground magnetic data collection and ground radiometric readings.

PIRSA also has an involvement with Walga Mining, South Australia's first indigenous mining company, which was launched in Whyalla in August last year. The company has entered into a five-year contract with Henry Walker Eltin to provide services at OneSteel's Middleback Range iron ore mines. Four staff members are currently operating machinery that will feed the new beneficiation plant being built at the mine site, and it is expected that more staff will be employed there in the future. PIRSA provided \$25 000 for assistance in establishing its office, and has made a commitment to assist Walga Mining by providing training to assist with the development of the business.

The Mineral Resources Group sponsored Pitjantjatjara and Aranda students from the Wiltja school to attend the Reconciliation Youth Ambassadors Ball at the Adelaide Convention Centre last June. In 2004, PIRSA and Rio Tinto sponsored the APY representative football team to travel to Adelaide to compete in the indigenous football carnival. As a result of this, PIRSA and Rio Tinto were asked to assist the APY youth coordinator in organising and running a football match between APY and Maralinga/Yalata. The game was played on 21 May 2005 prior to the Port Adelaide versus Essendon match at AAMI Stadium and was a major success, with the APY Thunder victors on the night. PIRSA and Rio Tinto have committed to the game for the next two years with a view to a more long-term arrangement. PIRSA provided \$10 000 to the APY team, and \$5 000 to the Maralinga team.

I thank the honourable member for the opportunity of sharing these highly worthwhile initiatives, and I also thank those PIRSA staff members who are always working tirelessly in the spirit of engaging with the indigenous communities in such diverse ways.

Ms BEDFORD: What sort of gender balance is in those indigenous opportunities?

The Hon. P. HOLLOWAY: In relation to the football teams, I am afraid that we have not yet been—

Ms BEDFORD: Is there a netball initiative happening?

The Hon. P. HOLLOWAY: If we can do it, we will take that on.

Ms BEDFORD: Will there be heavy duty driving instruction up there for the girls as well?

The Hon. P. HOLLOWAY: Yes, absolutely. There is no problem there.

Mrs GERAGHTY: I refer to Budget Paper 4, Volume 2. Minister, can you tell us what the government is doing to assist the opal mining industry, particularly at Coober Pedy?

The Hon. P. HOLLOWAY: The government fully recognises the importance of the opal industry to this state in terms of the economic activity and employment generated and, of course, also as a tourist drawcard. The opal industry really is the backbone of industry in Coober Pedy, in particular, but also in other towns in the Far North of the state. Finding new opal producing areas is essential to the long-term future of the industry.

Following representations from the Coober Pedy Miners Association and the South Australian Opal Miners Association Inc. to the member for Giles and myself, the government has agreed to provide \$100 000 funding to the Coober Pedy Miners Association for the purchase of a drill rig, allowing them to conduct a drilling program at Coober Pedy to explore for opal away from the known fields. The program will be undertaken by the miners in cooperation with PIRSA geologists, who will record and report the results of the drilling. The South Australian Opal Miners Association will also be funded \$50 000 to carry out an exploratory drilling

program at Lambina, Mintabie and new Welbourn Hill diggings.

The Coober Pedy Miners Association is very positive about the purchase of the drill and will hire the drill rig to its members to fund a longer-term opal exploration drilling program, recognising that an extended program will probably be required for discovery of major new producing fields. Another positive outcome is the formation of an opal industry alliance between all states' opal mining associations. This experience has demonstrated how industry and government can work together to achieve meaningful outcomes for the industry. This support for opal exploration is consistent with the government's support and encouragement for all mineral exploration announced in April 2004 as part of the Plan for Accelerated Exploration.

This drilling program is in addition to the South Australian government's ongoing regulatory support to opal mining through the PIRSA Coober Pedy office, which recently had the pleasure of opening its new premises at the TAFE campus in Coober Pedy. This will provide a more central location in the town and improved facilities to better service clients. Service to the industry will be improved through upgraded IT services and digital communication, a higher standard of office accommodation and customer service areas, and a secure area provided for the Opal Mining Register. PIRSA also provides promotional material on opal for the benefit of the industry and its related tourism activities.

I was very pleased to be up in Coober Pedy early this year to start the first rig, and I wish the local opal miners every success with their discovery, because the more opal they discover, the more viable that township is, and the better this state as a whole can service the people of the far northern areas of the state. Opal mining in Coober Pedy is essentially the industry that underpins so much of the state's services that are supplied through the Far North of the state. We just need to discover more.

The only other point I make in relation to that drilling program is that the results will now, for the first time with opal exploration, be logged into the state's database so that we will be able to build up a databank, which may help in the future in identifying likely opportunities in that industry. Unfortunately, that has not been the case in the past. It is one of the benefits of the state sponsoring this drilling program.

Mrs GERAGHTY: I refer to Budget Paper 4, Volume 2, Program 1, page 5.10. Minister, you and the Premier recently announced that more than \$3 million has been allocated to the collaborative drilling program under the Plan for Accelerated Exploration. Can you explain what the benefits of this initiative have been and what expectations there are for the future?

The Hon. P. HOLLOWAY: I am very pleased to talk about the PACE program because it has been a great success. PACE is, of course, a five-year, \$22.5 million initiative, which is building on the work of the Resources Task Force and other previous initiatives to ensure that South Australia is showcased to the world as the premier destination for resource investment. The PIRSA-managed PACE program has been operating since April 2004. Minerals and energy exploration and development have been identified within South Australia's Strategic Plan as having significant potential for the creation of long-term wealth for South Australia and all South Australians.

As part of the strategic plan, it has distinct measurable goals: to achieve exploration with South Australia worth \$100 million per year and to achieve mineral production and

processing worth \$4 billion per year in South Australia by 2020. PACE is therefore a major program within the government's strategy of building the state's economic development. These goals recognise the importance of the mining industry to the future of the South Australian economy.

In its first year, PACE contributed significantly to the strong growth in the minerals sector in South Australia. The four major outcomes of PACE will be: improved land access decision making under a multiple land use framework; recognition of South Australia as a world-class centre of excellence in exploring for resources under deep cover of rocks and other materials; increased exploration expenditure by the minerals and petroleum resources sector, leading to new discoveries and opportunities for regional development, employment and exports; and the emergence of sustainable indigenous communities (we talked about that issue in an earlier question). Mineral exploration is showing strong sustained growth, with exploration expenditure growing to \$55.5 million in the 2004 calendar year, which is a 55 per cent increase on the \$35.9 million spent in 2003. These figures are based on ABS statistics.

South Australia has also increased to 6 per cent its share of Australia's total mineral exploration. Near record numbers of exploration proposals are being received, leading exploration activity levels in South Australia to eclipse the highs experienced in the late 1990s. I believe that the PACE program has made a significant contribution to this success, but it would be wrong not also to acknowledge the support of the mining industry and the South Australian Chamber of Mines and Energy (SACOME). In fact, PACE is a collaborative element between the government, the industry and the chamber, and nowhere is this demonstrated more clearly than in the recent announcement of the allocation of more than \$3 million to the collaborative drilling program—one of the eight themes within PACE. Under this program, the government is supporting the exploration industry with funding of up to 50 per cent of the cost of new exploratory drilling. This not only encourages exploration but also builds up the bank of knowledge about the state's geology and resources, as all drilling results from the government-assisted program must be made available to the industry at large after a reasonable period of commercial confidentiality.

The first call for proposals under this theme was made last year. There were 47 proposals, of which 27 were approved for funding. This year, in the second call there were nearly 70 proposals, and I am pleased to be able to say that 43 were successful. More than \$3 million of government funding has been allocated to these projects, with contributions from the companies involved. This will generate more than \$7 million of new exploration in the months ahead.

South Australia's strategic plan has identified mineral and energy resources as having the potential to generate long-term wealth for all South Australians, and the PACE program is playing a major role in achieving that objective. Fairly shortly, we hope to obtain some of the results from the recent round of exploration drilling, and we again look forward to some exciting discoveries. Of course, the state will not benefit from many of these for five or 10 years into the future. Some of the mines now coming on-stream are the result of support provided by government some years ago to provide geoscientific information. It does take a long time from government input to getting results, that is, in terms of a mine's being up and running. Certainly, I think that the state will have a very bright future indeed if just a small fraction

of these projects we are funding under PACE come to fruition and produce a viable mine.

Mrs GERAGHTY: The minister will pardon my lack of knowledge in this area, but does the PACE scheme include geothermal exploration, or is that entirely separate?

The Hon. P. HOLLOWAY: Yes; four such drilling programs have been provided under the PACE program. In fact, there is the potential for approximately \$400 million of exploration within the hot rocks area, and I would certainly be happy to go into it later if the member has a question on that issue.

Mr WILLIAMS: My question follows on from what the minister has just been talking about and acknowledging that the current government has adopted the strategy set in place by the previous government—

The Hon. P. HOLLOWAY: The original TEISA was actually begun in 1992, if the honourable member wants to get historical. I believe that it was actually Frank Blevins' idea, but certainly I acknowledge that the previous government continued with that TEISA program.

Mr WILLIAMS: Certainly, I have never thought to take the kudos for the original TEISA program, unlike the current minister, who seeks to take kudos for the things which have been happening in recent years. It is worth noting that the current strategies identified by the 1999 resources task force—

The Hon. P. HOLLOWAY: I am quite happy to acknowledge—

Mr WILLIAMS:—and the target of achieving \$100 000 million per year of exploration which, hopefully, will lead to \$3 billion annual production value and \$1 billion of downstream processing was identified by that task force and taken up as challenges by the previous government.

The Hon. P. HOLLOWAY: I acknowledge that where it is appropriate.

Mr WILLIAMS: The minister's understanding of when that is appropriate would be when there are probably no reporters around. The minister excels in highlighting good news and accepting, where he can, the kudos for this—and he does issue a steady stream of press releases. The opposition does not have a problem with that. The opposition is very happy with what is happening with the minerals exploration area in South Australia. As I say, we initiated all the exploration that is occurring at the moment, and we certainly hope that they do come to fruition. My question is to draw attention to the minister's latest press release, which claims that the exploration level in South Australia is at a historic high of some \$55 million. Does the minister acknowledge that, when we express this sort of information in pure dollar terms and not take into account the effect of inflation, it is a little meaningless?

I point out for the minister's benefit that, using ABS inflation figures, the figure of \$53 million of exploration achieved in South Australia in 1997, in fact, in today's dollars would be equivalent to \$64 million. Why does the minister not utilise the measures that his department stated would be used to measure the success several years ago when they initiated the PACE program; that is, the actual metres of drill hole achieved in any particular year?

The Hon. P. HOLLOWAY: The important point to make about the significance of what is happening in the state in terms of investment is the proportional share South Australia has of the exploration that is happening in Australia at the moment. If the honourable member looks at that, it is now 6 per cent compared to 4.9 per cent in 2003. The honourable

member might have seen comments in the press recently that in Western Australia the Chamber of Mines and Energy is lamenting the fact that gold exploration in Western Australia (which is the bellwether for exploration) has been at relatively low levels. What is important is that South Australia is becoming the preferred target within Australia. If one looks at Australia as a whole it is of some concern. Many people in the mining industry in Australia lament the fact that Australia's significance as an exploration target has dropped relative to that of countries such as Canada, which have flow-through share schemes and other policies at the national level to encourage exploration.

Australia used to be second and Canada was third or fourth. They have now changed positions. However, I am pleased to say that, against that national background, which is one of declining exploration activity within the country, South Australia has held up. That is why our share is increasing relative to other states, and I am sure that the PACE program is a significant factor. It is all very well to set those targets, as I have conceded the honourable member's government did in 1997. However, you have to put in hard dollars to make it happen, and that is shown in these budget papers. There are significant increases in the budget, including through the PACE program, to try to achieve those results. Clearly, I would very much like to see a greater exploration effort right across the nation, and I hope that the federal government will also take measures, such as those taken by the Canadian government, to try to increase our share of exploration.

I think it has been pointed out by many key people in the mining industry that not only Canada but other countries in Asia and South America, for example, are making a significant effort to attract exploration to their countries. If Australia is to maintain its prominence as a mining company, not only this state government but other governments in this country will have to contribute for that to happen.

Mr WILLIAMS: It is encouraging that South Australia's share of the national exploration cake is increasing. Does the minister have any target we should realistically be able to expect? We could say that South Australia enjoys somewhere between 7 and 8 per cent of the nation's population—

The Hon. P. HOLLOWAY: Perhaps the more legitimate thing is that about 14 per cent of the land mass—

Mr WILLIAMS: I was going to come to that. That is probably a more realistic—

The Hon. P. HOLLOWAY: At the record high, we had 6 per cent. I would like to see it higher. Of course, the reason why exploration traditionally has been so low in this state is because of this undercover problem—our vast mineral resources which we hope are down there and which are under about 100 metres of cover. The technology has been increasingly developed over the last one or two decades to enable us to look beyond that surface cover.

Of course, a key part of the PACE program is to set up the chair at the university, which will help develop these techniques. This state has been second to none in providing geoscientific data for about 15 years, and that all began with those original programs back in the early 1990s. That has continued now for some years. So, we can provide as good a bank of geoscientific data as can anyone else in the world. In fact, the Fraser Institute put us as number one in that regard.

However, our disadvantage has been this problem we face that our resources are under cover. However, as that problem is gradually being overcome by new technology, we should

be able to increase our share. I would like to see our target somewhere in the range of 10 to 15 per cent, which at least reflects our land mass. I think that is a legitimate goal for us to strive for, but we need to recognise that we have not had the advantages enjoyed by other states. However, new technology is rapidly overcoming that disadvantage.

Mr WILLIAMS: I concur with the minister. The minister's department (or at least I think it comes from his department) publishes an interesting graph comparing South Australia with Western Australia and shows the level of contribution of agriculture in the two states compared to mining over a 30 or probably 40 year period.

The Hon. P. HOLLOWAY: It had already began in about the 1970s, with the mining boom in Western Australia.

Mr WILLIAMS: It certainly indicates to me, and I am sure to the minister—and even more so to the Mineral Resources Section of the minister's department—that there is huge potential in South Australia. Minister, the previous government recognised the importance of giving explorers and miners access to land for their activities. Again, this is one of the key outcomes of the task force study into the industry. One of the initiatives of that government which has proved to be very successful and which continues is the Indigenous Land Use Agreement (ILUA) process. The mineral sector tells me that a significant impediment continues. Under the ILUA process at the moment, they are very happy with regard to exploration but, unlike the petroleum industry, the mineral industry has a two-step process, where exploration is relatively straightforward in a lot of areas because of the ILUAs that have been put in place. What is the government doing to allow the mineral sector to have an ILUA-type process to move directly into production phase after the exploration has proved up a resource?

The Hon. P. HOLLOWAY: I understand the question the honourable member is asking, and I certainly agree with him. My view—and, I am sure, the view of most members of parliament—is that Indigenous Land Use Agreements would be far more preferable than a very expensive legal system, because in that case it would be the lawyers, rather than the indigenous people, the mining companies or even the state as a whole, who would benefit most.

Two ILUAs for mineral exploration were registered by the Native Title Tribunal in 2004, and they were with the Antakarinja and Arabunna native title claimants respectively. These ILUAs meet the government's objective of negotiating rather than engaging in expensive and divisive native title litigation, and foster greater cooperation and understanding between explorers and Aboriginal people.

In addition, in April this year the South Australian Chamber of Mines and Energy and the Aboriginal Legal Rights Movement reached agreement with the Gawler Ranges native title claimants for an ILUA over that native title claim. These parties have also commenced negotiations with the Far West Coast native title claimants.

ILUAs provide benefits to both the registered native title claimants and the explorers by providing greater certainty of access for explorers and ancillary benefits to native title claim groups, including protection of Aboriginal heritage. I think it is worth pointing out that no other state or territory has achieved the same success in relation to agreements for negotiating access to native title land for mineral exploration. So, while there may only be two or three agreements, we are, like the petroleum sector, leading the way. Other jurisdictions are focusing on project-based ILUAs for particular proponents compared with the South Australian method of

negotiating ILUAs over the entire area of native title claims—and, as the honourable member said, that has been ongoing for some years now.

In relation to the conjunctive issue of exploration and development, I will ask Jim Hallion to add to that part of the question.

Mr HALLION: As you rightly point out, conjunctive agreements do exist in the petroleum areas under the right to negotiate, which is federal legislation. That is a significant advantage for the petroleum industry because it gives to both the industry and indigenous communities. At present, under the state Mining Act ILUAs do not have conjunctive agreements, and there are a couple of reasons why, historically, that has been the case. One is that it is more certain exactly where petroleum is likely to be found, whereas in mineral exploration you are covering a broader front.

The other reason is that the time to development is generally longer for minerals than it is for petroleum—some of our petroleum wells have flowed within 18 months of starting exploration activity. However, we believe that conjunctive agreements are an important way to go in the mineral sector, and we are working on seeing if we can achieve that as well. We just have to be careful of federal and state legislative cover here, but we are certainly aware of the advantage they achieve in the petroleum area, and we are currently examining the same for the minerals area as well.

Mr WILLIAMS: Are you making any progress in negotiations with the indigenous groups involved?

Mr HALLION: Good progress is being made with the indigenous communities; it is more a case of sorting through the legislative issues associated with coverage at both a state and federal level. I think the issues are more legislative than they are to do with the indigenous communities which have, in general, been very receptive to conjunctive-style agreements.

Mr WILLIAMS: Another issue relating to access that has been brought to my attention by industry is the relationship between the South Australian and commonwealth government over all the land that is under commonwealth control in the Far North of South Australia. Again, I know that it is an issue that has exercised the minds of your department, minister, for some time. Is any progress being made there? Is there any good news imminent, or on the horizon, about giving our prospective explorers access to that large area of land that, to date, has been denied them?

The Hon. P. HOLLOWAY: It is not only a question of exploration, but also, in a very real sense, it is a question of development. The problem at Prominent Hill deposit, which is now in the feasibility stage, is in that region. I visited it recently. I know that there have been discussions with the Department of Defence. I am always told that these discussions are amicable, and that they appear to be progressing, but it is fair to say that the Department of Defence is probably not the fastest moving bureaucracy in the business. We are confident that we will be able to proceed. I do not think that it is any impediment to exploration. It is purely a question of development. We have to look at it on a case by case basis. In relation to Prominent Hill, those negotiations are being undertaken. The department stands ready to help where necessary but, essentially, those negotiations are going on between the companies concerned. I have just been reminded that the Challenger gold mine—it is a long way from Woomera, right on the fringe of that area—was successfully negotiated. I think that the history is there, and it is just a matter of case by case negotiation. I suspect that that is the

way it will be. Particular prospects like Challenger and Prominent Hill will reach resolution, and we will have to deal with them one by one. I think that we can be confident that, at the end of the day, we will get there.

Mr SCALZI: I refer to Budget Paper 4, Volume 3, page 5.13 on the subject of encouraging students. While the government continues to expand the rhetoric about its efforts in the mineral resources area, what has been done by the state government to ensure that we have a work force capable of supporting a mining industry in South Australia? Mining professionals require knowledge at the high school science level, prior to studying any of the earth science discipline at the university level. I had a workshop with regard to the shortage of skills, and this is one of the things that came out very clearly from the concerns of the industry.

In South Australia, from 1992 to 2004, our public school system has failed to provide for the future of South Australia. While the study of sciences has fallen across the school sector, the public school system has a very poor record in the sciences. While the study of maths has fallen by 14 per cent in the private school sector, the decline has been a massive 60 per cent in the South Australian government-run public school system. The figures respectively are 14 per cent and 48 per cent for chemistry and 30 per cent versus 54 per cent for physics. While politicians love to say that the youth of today are our future, in its normal manner, the current government has done nothing to ensure that the youth of today will be prepared to manage their future in an increasingly high-tech world.

The Hon. P. HOLLOWAY: That is your question, is it? If you are going to blame the current government for skills shortages, it is a bit rich. If it takes three or four years to train people, why was the planning not being done earlier? It is true—

Mr SCALZI: Minister, with all due respect, I said 1992 to 2004. I am saying that there is a general problem, and I accept that we were in government for part of that period. The shortage is now; what are we doing?

The Hon. P. HOLLOWAY: You are right. There are two main impediments to economic growth within in Australia at the moment. One is the provision of infrastructure, and that affects mining, particularly in places like Port Dalrymple in Queensland and all that publicity that has been given to ships backed up in ports, and the like. We are addressing our infrastructure problems through the Infrastructure Plan.

The other impediment is skills shortages. It is not just in the mining sector, and even within the mining sector it is not just within the professional area, but it is right across the board. In Western Australia they tell me there is a shortage of people to drive heavy trucks. Driving trucks is an important undertaking and, if one looks at the freight load of this country, it will rise massively in the next few years, but it appears that truck driving is not a preferred occupation by many young people. The average age of truck drivers is in their 40s or 50s. It is not just in the technical areas. This government is mindful of that and we will be doing our bit to address that matter.

We have spent a lot of time negotiating with universities. Part of the problem we have now is that universities—and this is a matter for another portfolio, not this one—are funded in a particular way. They go out to attract students that will maximise the universities' opportunities. We have had to be fairly innovative in trying to get the attention of those institutions on the skills. We have put a lot of effort into that. Later this week, the Premier will make an announcement in

relation to our manufacturing strategy, which includes a number of initiatives in the skills area. I will not go through those now. Certainly, we accept that, if we are to have the expanded mining industry about which we are talking, we will need the skills to do it. The fact that these mines will be in remote areas of the state in many cases means that we have to work doubly hard to attract the skills to get there.

Mr SCALZI: I accept the shortage has been there for a long time but, given the opportunities we have in the sector, unless we meet the challenges by educating our young people and getting graduates, we will have some serious difficulties to materialise those benefits.

The Hon. P. HOLLOWAY: As I said, it is not just manufacturing. When we come to trade and economic development this afternoon, we will talk about a lot of areas in manufacturing. Specifically within mining, I will ask Jim Hallion to indicate some of those initiatives we have taken.

Mr HALLION: We recognise the skills issue is a major rate limiter, as the minister said. We are working at the high school level with regular workshops on the industry with high school students. John Mignone from our office is a regular attendee at workshops to promote the industry. At the graduate level there are a number of initiatives. Through the PACE program, we are in the process of filling the chair for exploration under cover, which will help attract new research and new postgraduate and graduate capacity to the universities.

The Hon. P. HOLLOWAY: Probably students, as well. If we have those programs there and if they have the reputation, which we hope they will, they will, in turn, draw more students into those programs, not just postgraduates but also at the under graduate level.

Mr SCALZI: I agree with you that a lot of the problem is the value we put on these courses at the secondary school level.

Mr HALLION: Certainly, we are using that chair in discussions, even today, about how to maximise the student intake through the chair of exploration under cover. Also, we are looking at mining engineering. That focuses on geologists. There is also a worldwide shortage of mining engineers, and we are working actively with both the University of South Australia and Adelaide University. The University of South Australia is looking at bridging courses to take other engineering professionals through a short course to become mining engineers, which we think has a lot of merit for a relatively rapid-fire result in getting mining engineers out. The University of Adelaide is looking at enhanced undergraduate courses to get more graduates.

Also, we are not ignoring the skill sets at the trade level. We are having active discussions with Spencer TAFE for the mining skill sets; we are doing a work force study analysis of the work force needs in the industry at the trades level; and we are working very closely on the skills needs for the Olympic Dam expansion. They will coincide, of course, with the air warfare destroyer and, whilst that means that there is a double demand on trades, there is also an opportunity for us to work closely between the two areas to upskill employees to the necessary trade skills that will be used. In the main, a lot of those skills will be common to both those industry sectors. We are also active under the PACE program in increasing indigenous employment in the mining industry. I will hand over to Paul Heithersay, if that is acceptable to the minister and the chair, to expand on some of those areas.

Dr HEITHERSAY: I think that the point needs to be made that this issue has to be a collaborative one between

government, industry and the community to get it right. In terms of indigenous employment, we are looking within government, in a cross-agency way with industry, to identify areas and best models that can bring people in remote communities into the mining community, because mines are often in remote areas, so the best people to hire are the ones who live locally. In terms of the chair for exploration, a large part of that is a training exercise and getting back down to first year students and promoting the industry, with industry looking at cadetships and apprenticeships and the like, to put a financial return, which might be attractive, to high school students as well.

The Hon. P. HOLLOWAY: There is a range of other skills that are also necessary in any mining project—construction, project management and the like—in which, in some cases, there are shortages as well. Clearly, they need a broader government response, but within the mining portfolio we are specifically looking at those sectors.

Mrs GERAGHTY: Minister, just following on from my supplementary question to you, could you give us some details and an update on the exploration for geothermal resources around our state?

The Hon. P. HOLLOWAY: I am pleased to do that, because there is no doubt that geothermal exploration is booming in this state now, and it rivals the effort directed at petroleum exploration. In the last year, the number of proponents hoping to generate electricity from emission-free hot rock geothermal energy in South Australia has more than doubled, and the number of licences and licence applications has grown to over 50. The main focus has continued to be in the Moomba region, with the drilling of another well by Geodynamics, and the commencement of a flow test between the two wells as a further step towards demonstrating commercial viability. So, there is one well there to inject water into and another to take the superheated water out once it has passed through the hot rocks via fractures in that rock.

Geodynamics has secured exclusive rights to the Kalina power cycle technology, which is a more efficient technology for converting the geothermal heat to electricity, and it has the potential to lower power generating costs by 25 per cent. The development of the fluid-filled fracture network has exceeded expectations, and the securing of the Kalina cycle technology should allow Geodynamics' proof-of-concept pilot project to progress. I think the only problem that they are facing now is floods in the region, but we are also pleased for the country areas of the state that we have had such widespread rain. Other proponents have begun preliminary exploration in the Roxby Downs area on the eastern side of the Northern Flinders Ranges, and also in the Mount Gambier region, where we had volcanoes—I think the last one was about 3 800 years ago—so, there is the expectation that there might be hot rocks in that region within a reasonable distance to the surface, and also near Renmark.

South Australia's hot rocks are now the main focus of 3 ASX listed companies (Geodynamics, which is exploring at Innamincka; Petrathem; and Green Rock Energy), and further public offerings of investments in our state's geothermal resources are expected. South Australia's policy in legislation strategies for geothermal exploration have been the most successful in Australia, and other states are now attempting to emulate the South Australian success. We have gained a significant first-mover advantage in terms of progress in that respect. I think the news is very good.

In theory, as much energy is stored in those hot rocks as there is in the Saudi Arabian oil fields. That is how signifi-

cant the energy resources could be. Of course, there is still some way to go before we can improve the technology to convert that energy that is 4 000 metres or so below the surface into useable energy. Clearly, that level of interest now (with over 50 in the number of licence and licence applications) shows that we are moving very rapidly indeed.

Mrs GERAGHTY: I understand that drilling at the site near the Flinders Ranges will not have to occur so deep into the surface. That looks like a very viable option.

The Hon. P. HOLLOWAY: The energy is contained within the heat of the rocks but, of course, the further down they are the more difficult and expensive it is to get to it. That is the trade-off. Mr Heithersay might be better able to answer those questions.

Dr HEITHERSAY: The difference is that there are high heat flow granites at the Flinders Ranges site that are closer to the surface, and that is the model which that particular company is targeting. Geodynamics' model relies on a large thickness of sediments acting as an insulator to the granites below that. The model there is that the heat builds up over time, and that is what it is tapping into. They are slightly different models but after the same goal.

Mr WILLIAMS: As a supplementary question, the minister would be well aware that a company—which spun out of studies at the University of New South Wales—called Scope Energy is also working on a project in the South-East. In fact, it is just down the road from my home, so I am vitally interested in that. The work that is being done at Innamincka is a hell of a long way from where most of our base load electricity is consumed, apart from the Moomba gas plant. Does the department have any strategy to try to give even greater encouragement to these people (who are now springing up all over the place) who are interested in geothermal energy to explore closer to the populated centres or where the consumption of electricity is in South Australia?

The Hon. P. HOLLOWAY: That is something that the market should sort out pretty well. The companies know their costs. Obviously, it is a matter of knowing where the hot rocks are. The companies have to make their own decision about whether the distance away is an adequate trade-off for the temperature of the rocks. We provide a significant database.

Dr HEITHERSAY: Geodynamics has a resource. It knows what the heat flows are; it knows exactly how much energy is there. The argument is that, because there is such an amount of energy there, the infrastructure will come to meet it; whereas the other companies are saying, 'We will find an energy close to the grid,' but they do not have a resource yet. They are still in the exploration phase. I would concur with the minister that, ultimately, the market will sort that out. We have provided world-class legislation to allow that to happen. In 2000 there was not a geothermal industry. Now we have a large number of players, and we will continue to assist them where we can. In fact, four companies were successful in PACE drilling subsidies—again, largely drilling to determine heat flow and to determine where the energy is located.

Mr SCALZI: Is the minister aware that, during the term of the current government, the number of secondary students in non-government schools in South Australia studying year 12 geology has fallen by 19 per cent and in state government schools by 48 per cent? So there is a decline in geology in both sectors but the schools controlled by the state government have fallen by about 48 per cent. Given the needs of the industry, that should be of concern.

The Hon. P. HOLLOWAY: Yes, I am aware that there is an issue of falling numbers doing geology. It was something I have discussed with the Chamber of Mines and Energy. The real question is to what extent does high school study of geology flow through into the more professional areas? That is a moot point. Obviously we would prefer an interest to be developed in geology at high schools where that is possible. I think there were only two or three schools that were actually doing it, so those sort of percentage increases reflect very much on just a few schools. I think that Marden, right next to the honourable member's electorate, is one which does geology, and there are a couple of others. We would prefer to see students studying geology in schools rather than not, but it is arguably not a particularly good indicator of the number of students who go on to become geologists or other professionals in the mining area.

Dr HEITHERSAY: I think there is a general problem in science. Typically, many geologists do not do geology in high school, they pick it up in university. The main prerequisite is a good science background. I think we will start to see a shift in numbers as the high salaries that professionals are earning in the mining industry now start to percolate back through, and I suspect you will see an increase in interest in science, at least from that particular market signal.

Mr SCALZI: Following on from that, minister, are you also aware that, under the current government, the UniSA has closed its undergraduate courses in both metallurgy and mining engineering? There is a national and international shortage of professionals within the mining disciplines, and industry is concerned that this may well impede the development of new mines in South Australia. How does the government propose to ensure that mine development will be able to follow successful exploration?

The Hon. P. HOLLOWAY: That is a question that we have already addressed in part. Part of the problem is the way in which universities, under the new federal funding models, attract students, and I think one really needs to go into the reasons for that. We have, in fact, done this. We have talked to the University of South Australia at some length about how they go about attracting students. As I said, the government has taken some initiatives to try to beef up our presence within the universities. One of those will be announced later this week but, clearly, there is also a question I think about the calibre of courses on offer. It is a marketplace out there. Students choose what courses they want to do and I think it is incumbent not just on the government but on the industry as a whole to try to make the industry more attractive. To some extent the market will work; the current shortages will boost salaries. We had the situation 30 years ago, perhaps when Dr Heithersay was doing his geology, with some of the famous nickel companies in Western Australia, when there was a real boom in geologists at university but, of course, a lot of them ended up being unemployed as soon as the nickel boom ended, but we would like a more ongoing, secure pathway.

Apart from the more general issues about students doing science generally, which is mass science subjects, which is of concern to all of us, it is not just for Australia but also other western countries such as the US which have similar problems, I understand. Apart from that, we recognise there is a problem. We have been negotiating with both the University of South Australia and the Adelaide University, and as I said we have announced some initiatives already. We have talked about them today with the new chairs. These are things which will provide new avenues for students. I am not

sure whether Dr Heithersay wishes to add anything in relation to the negotiations with the University of South Australia.

Dr HEITHERSAY: Only to say that there are a number of discussions going on, but it is a bit too early to say exactly what will transpire. We are plugging into national initiatives as well. There was a report that came out last week from the Minerals Council of Australia called 'Prospecting for skills'. This is quite a thick document which analyses skills across the mining industry and leads into some solutions, and we hope to plug into the findings that they have come up with and develop something which addresses South Australia's problems as well.

Mr SCALZI: The University of South Australia started from the institute of technology, which was basically in this area.

The Hon. P. HOLLOWAY: The building on North Terrace was the old school of mines, yes.

Mr SCALZI: As a former council member of the University of South Australia, I am concerned.

The Hon. P. HOLLOWAY: As I say, the funding of tertiary education is of course largely a commonwealth responsibility. Universities are going out of their way with the current funding regimes that we have. I do not think this is the time or the place to debate it, but clearly if we are to get the outcomes we want we will have to be fairly innovative and lateral in our thinking, because the marketplace is working in a particular direction and we might want it to go somewhere else.

Mr WILLIAMS: One of the concerns I have about the future of the mining industry in South Australia is the lack of South Australian trained professionals, because, as we all realise, if you put a graduate into a mining company today, in 20 or 25 years' time there is a chance that they might be making some of the major decisions about where investment dollars go in the future. I think it is important for South Australia to be cognisant of that as we go down this path.

The Hon. P. HOLLOWAY: We have had some pretty prominent miners in this state. I think the CEO of Rio Tinto is one.

Mr WILLIAMS: I think our previous governor, Sir Eric Neal, was a graduate of our school of mines on North Terrace.

The Hon. P. HOLLOWAY: Yes. A number of South Australians have been prominent in the mining industry. You are right, it is important. I just add that it is not only a matter of the professionals but also some of the mining ancillary companies. If we get more mines here, hopefully we will also get an ancillary industry that supports and supplies the mining industry as part of that. That will help to secure our manufacturing industry, which is clearly under threat in terms of its consumer products. If we had a specialist mining industry here, that should help to secure jobs in manufacturing in specialist mining applications. I think this is all part of the economic development aspect of mining as well.

Mr WILLIAMS: That is correct. My understanding is that one of the underground survey and mine planning programs, which is widely used throughout industry in Australia, emanated from Adelaide. I will move on.

The government's August 2003 regulations under the Native Vegetation Act now require mining activities where native vegetation clearance is involved to provide a significant economic and environmental benefit. The draft guidelines issued by your department indicate that the SEB may involve the revegetation of up to 10 times the area of land disturbed or an equivalent payment into the Native Vegeta-

tion Fund. One example in the draft guidelines that have been circulating on the web site of your department indicates that a mining activity on 10 hectares of land in pastoral country could conceivably incur a native vegetation liability of \$41 000. Has the department done any assessment of the impact this policy will have on the ability of South Australia to attract miners, and is there any calculation of the additional cost to the mineral and petroleum explorers and miners of these regulations?

The Hon. P. HOLLOWAY: We are certainly aware of the significance of the native vegetation regulations. We have been—and still are, as far as I am aware—in constant negotiation with the Native Vegetation Council and other bodies in relation to that because, clearly, we will want an income that will allow a viable mining industry to proceed, but at the same time we recognise that there are vegetation clearance issues that need to be addressed.

I think this is all less of a problem for point source mines. The large mines such as Roxby Downs generate a huge amount of money but take up a relatively small footprint. It is certainly more of an issue in relation to sand mining issues. There has been the Iluka announcement of the discovery of a significant sand mining resource in the far west of the state and north west of Ceduna in the Eucla Basin, and also the honourable member would be well aware of the sand mining that is proposed in the Murray Basin. Clearly, with that sort of strip mining where you are rehabilitating the land afterwards, there are different issues, and the government has had lengthy negotiations in order to come up with a policy which allows mining to take place and at the same time allows those native vegetation issues to be addressed.

So PIRSA has worked closely with the Department of Water, Land and Biodiversity Conservation and the Native Vegetation Council to develop draft guidelines to determine significant environmental benefits for mining and petroleum operations. As required under the Native Vegetation Act 1991, a formal two month consultation process on the draft guidelines was conducted from 16 March this year to 16 May this year. So that work is under way.

Another point is that a significant environmental benefit will be performance based, so it will be based on the circumstances that exist, and I gave the example of sand mining where clearly one needs to look at the different issues involved. So that work is coming to a close. Also, I should point out that we have had discussions with the Chamber of Mines and Energy and at least those major companies that are involved with mineral sands deposits, because they are the ones that will be most immediately affected. We have had those discussions and I understand that they can live within the sort of proposals we are making.

Mr WILLIAMS: Unfortunately, it could be 50 years before you can see whether or not the rehabilitation has been completely successful.

The Hon. P. HOLLOWAY: I have had a look at the sand mining operations in south-west and Western Australia, which is a high rainfall area, and, even as recently as 12 months after mining has finished, you would not know it has taken place in those sand mining areas. Clearly, in some of the more remote areas of the state that have low rainfall, that work is important. Again, part of the PACE program is to look at the environmental issues so that some of that work can be done now so we can do the base work to assess it. We are serious about protecting native vegetation, but we also want to achieve our targets for mineral development. As I said, hopefully, we are nearly at the end of reaching agree-

ment on what the appropriate significant environmental benefit will be.

Mr WILLIAMS: I will move on to the question which the minister probably would have expected would be my first question rather than one of my last questions, and it is to do with uranium. The government, through the Premier and the Deputy Premier, has endeavoured to give the impression that the Labor Party's approach to uranium in South Australia has changed. The recent New South Wales Labor Party state congress suggested that nothing has changed, at least in that state.

Statements by the federal Labor shadow minister suggest that the Labor Party is a long way from changing its infamous three mines policy with regard to uranium mining. There are now dedicated uranium exploration companies operating in South Australia. What will be the state Labor government's response to a commercial uranium discovery by one or more of these companies? Will they be forced to put any development plans on hold until a Liberal government is in office in South Australia, as did the discoverers of the Olympic Dam ore body at Roxby Downs?

The Hon. P. HOLLOWAY: In relation to companies that currently are exploring for uranium, even if they found it tomorrow it would be many years before they would be able to prove that up to the extent to which they might proceed to a mine. The Deputy Premier and I have made our position clear as to where uranium policy should go, but it is a matter for the upcoming Labor Party conference. In relation to the existing mining operators that have licences, three mines have approval in the state. We have made it quite clear that Olympic Dam comes within the existing policy on expansion, and the same would apply to Beverley. Although the Honeymoon mine had a mining lease issued just prior to the last election, for financial reasons it has not proceeded.

The very fact that that has not happened at Honeymoon is an illustration of the fact that there is a long way to go between finding a resource and getting a viable mine. I would have thought that the issue of Labor Party policy at a federal level would be addressed long before any of the exploration that is now undertaken would be at the stage where it would lead to a viable mine.

Mr WILLIAMS: I take the minister's point, but I was told last week, although I have not checked the veracity of the statement, that uranium hit \$29 a pound on the spot market last week, which is almost three times its value of about 12 months ago, so I expect that those processes that the minister alluded to as being rather lengthy might find themselves shortening somewhat over the next year or two. I can see no reason on the horizon for that not to continue into the foreseeable future. The world's attitude to uranium and nuclear power is obviously changing. The minister seems to express considerable hope that the Labor Party will indeed abandon its three mines uranium policy. Is that the minister's view rather than just a hope?

The Hon. P. HOLLOWAY: The Deputy Premier and I have said that we believe the policy should change and we will be doing our bit to try to change it. It is really up to delegates. As far as this state is concerned, the policies of this government will not impede the expansion plans of any existing mine, and I am not aware of any other uranium discovery made in this state, other than those three, which has ever been suggested would be commercially viable. I do not think that any issue is going to come up between now and the next Labor Party conference or even the one after, but ultimately it is a decision for all members of the Labor Party to make.

There are diverse views on this. With issues of greenhouse emissions, the environmental community is concerned and believes that greenhouse gas issues are the greatest environmental threat facing the country. Of course, while it is recognised that the uranium industry does have significant issues associated with it, the one thing it does not do is contribute to greenhouse gases to the level that other forms of energy do. We are very fortunate that in this state we have alternative energy resources. We have just talked about hot dry rocks and we also have available gas supplies and other resources. Other parts of the world are not in such a luxurious position and they will need to make their own judgment on that.

The policy of this government is well known, and the miners in this state will make their judgment based on that. We are quite open about our views and what we believe should happen. I do not think that any miner in the state is not aware of what the issues are. Clearly, there will be plenty of debate on this subject in the future.

Mr WILLIAMS: I am not sure whether the minister has undertaken to give answers to a series of omnibus questions in another committee.

The Hon. P. HOLLOWAY: If they apply to the Department of Primary Industry and Resources as a whole, it might be easier to supply them for the whole of PIRSA, if that is relevant. If the honourable member wants a breakdown within this division, he should perhaps indicate. It has been done for each minister, so I can provide the breakdown for those omnibus questions.

Mr WILLIAMS: You are happy for them not to be read into *Hansard*, but you will answer them?

The Hon. P. HOLLOWAY: We will undertake to answer them in the context of the portfolio of the Minister for Mineral Resources and Development.

Mr WILLIAMS: I refer to the announcement in the last year's budget to amend the Mining Act to change the royalty rate: does the government still intend to go ahead with that?

The Hon. P. HOLLOWAY: Yes. The original announcement for the mineral royalty changes was announced in the 2003-04 budget, two years ago. We also undertook to undergo discussions with the Chamber of Mines and Energy, which we have done. We are in the final stage of that, and I expect we will have legislation introduced, probably when the parliament resumes in September. We have tried to come up with a form which will protect the government's financial position. That was the intention of the announcement in 2003-04—that we would restructure it. While it would protect the revenue stream at the levels prevailing at the time, we would apply it in such a way as to encourage new developments, and we have had lengthy discussions with players within the industry over the past six to 12 months and they are reaching a conclusion shortly.

The CHAIRMAN: That concludes the time allocated for mineral resources so I declare the examination completed.

Membership:

Mr Hamilton-Smith substituted for Mr Williams.

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

The CHAIRMAN: I declare the proposed payments reopened for examination and refer members to Appendix C, page 2 in the Budget Statement and Portfolio Statements, Volume 1, part 2, pages 1 to 31.

Additional Departmental Advisers:

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

Ms A. Allison, Director, Corporate Services.

Ms K. McGloin, Director, Office of the Chief Executive.

Mr L. Piro, Director, Business Development Services.

Mr W. Parham, Acting Director, Office of Trade.

Mr G. Christensen, Acting Director, Office of Manufacturing.

Mr M. O'Neill, Director, Economic Analysis and Policy.

Mr M. Ortigosa, Director, Strategic Projects.

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

The Hon. P. HOLLOWAY: No, thank you.

The CHAIRMAN: Does the member for Waite wish to make a statement?

Mr HAMILTON-SMITH: Very briefly. The opposition wishes to thank the minister and all his hard-working staff for the effort they have put into today. Our questions reflect our concern that, during these buoyant economic times nationally, South Australia may not be improving its relative position compared to other states quite as much as one might have hoped. The opposition has a concern that the construction industry boom that we have seen, combined with retail that has flown from low interest rates, may have had a disproportionate effect on employment, economic turnover and state product. When those two things subside, we are concerned that the number of companies that have either left the state or down-scaled their activities might leave us with not as strong an infrastructure for the future as we might have hoped.

I know that the government will point to a number of indicators that will show some confidence for the future—the opposition recognises that—but a large number of indicators have been pointed out by the South Australian Centre for Economic Studies, *vivasa*, the BankSA trends report and other independent sources that show that, relative to other states, in many indicators we continue to track as we have for so long and, in many cases, that is downwards.

My first question relates to an article that appeared in *The Sunday Mail* of 19 June which highlighted the problems of a company called ARRM (Advanced Rapid Robotic Manufacturing), which has gone into liquidation. Its chief executive, George Kraguljac, blamed the state government for inaction and said:

We had sought investment funds from venture capital groups and had been promised assistance from the government but, in the end, that was just rhetoric, not money.

He went on to say:

This government talks about biotech but does nothing about it—without (Liberal Leader) Rob Kerin there wouldn't even be a biotech industry.

It really gets to the nub of the issue, that is, the government's view on innovation and science and building a future industry base as opposed to our present industry base. Did this department have any dealings with Mr Kraguljac and ARRM at all? Is Mr Kraguljac a member of any advisory group or committee advising government on industry policy?

The Hon. P. HOLLOWAY: With regard to his presence in any advisory group, I am not aware of that, but we can check that out. Let me just make some general comments first. First, in this state at present, our economy has been growing very strongly. It grew by 4.3 per cent in 2003-04, which was higher than the national growth rate. Of course, our unemployment level is now at 4.9 per cent, which is the

lowest level we have had for many years, if ever, and as employment is at its highest ever level, I think that they are all indicators of the fact that the state of South Australia's economy is very healthy relative to the national economy as a whole.

Mr SCALZI: Except youth unemployment.

The Hon. P. HOLLOWAY: Well, the thing we have to understand is that our economy is somewhat different to that of other states. We do not have the huge resources that Queensland and Western Australia have. There have been big changes in the economy that have occurred over the past two or three years. One of them is the fact that the massive growth in China is taking about 40 per cent of the world's aluminium, 30 per cent of the world's steel, and big proportions of all the other mineral resources. China has taken a huge amount of coal.

Those states fortunate enough to have those large resources that can supply China have seen huge increases in the prices that they have received. So, without exporting a single extra kilogram of iron ore or coal, those states have received huge increases in the amount of income they have received from those exports, because of the high price rate. Of course, that has had its impact on the exchange rate, which, in turn, is having its impact on traditional manufacturing in this country. Those states that have been the base of traditional manufacturing are South Australia and Victoria.

This government is taking a number of initiatives to try and diversify our economy. We have just had the two hours of estimates for the mining industry. We have had great success in attracting exploration into this state, and in trying to develop the mining industry here so that we can participate in some of those fruits that states like Queensland and Western Australia, in particular, have benefited from.

Clearly, we need innovation in other areas of the economy. One of the most important statistics that we have for this state is that business expenditure on research and development in South Australia is the highest of all the states. South Australia accounts for around 9 per cent of business expenditure on research and development, which is well in excess of our population share. The business expenditure on R&D increased by 44.7 per cent in 2002-03 (which are the latest statistics that we have available), compared with a 3.6 per cent increase nationally. I think there is every indication that, terms of innovation, this state is doing very well, but what we are not doing is subsidising individual companies.

We are putting in a lot of money into areas such as infrastructure, and also contributing to areas such as skills development, which is important for our economic growth. This government has made a conscious decision to move away from hand-outs to individual companies. It is interesting to note that ARRM Biotech was a company that was provided with government assistance in the form of a \$200 000 seven-year interest free loan back in July 1999, as a series of companies were. As I said, the unemployment rate is the lowest it has been certainly in modern times.

Notwithstanding that, a significant and, I would say, disturbing number of the companies that have downsized their work force over recent years have all been recipients of government assistance in the past. If there is a lesson to be learnt, it is that, if a company needs government assistance to establish, the chances are that, on the statistics today, it has a much higher risk of going into liquidation than a company that comes here without government assistance. I think that it is a vindication of the government's policies.

I do not know that, at this time, it will serve any useful purpose to go into detail in relation to this particular company, but I am certainly prepared to defend the government's broad policies, namely, that our assistance to industry should be in terms of infrastructure, skills development and other forms of assistance that are available to the whole state, rather than to individual companies. We do not resile from that but, if the honourable member wants to ask any particular questions in relation to this company, perhaps this is not the time to do so.

Mr HAMILTON-SMITH: I will move on to the next question. I refer to Budget Paper 4, Volume 1, page 2.6, Mitsubishi. What has been the total level of Rann government assistance to Mitsubishi, and what conditions have been placed on the assistance? I am particularly interested in what advice has been given to the government about the total level of job losses at Mitsubishi. We understand that it could be in the order of 1 200, but we would be happy to receive clarification. How many indirect jobs are estimated by your department to have been lost as a result of the direct loss of jobs at Mitsubishi?

The Hon. P. HOLLOWAY: First, let me say that we hope that the future of Mitsubishi is more positive. Internationally, it has gone through difficult times, and the problems faced in this state are probably only minor compared with those it has experienced on a worldwide basis. However, we are certainly pleased that the company is bringing out a new model, and we wish it every success, as a lot of jobs in the state depend on it. The member has asked a number of questions, and I will go through them one at a time.

The honourable member wants details of the loan agreement. The closure of Mitsubishi's Lonsdale engine plant and the reduction in the company's work force has resulted in a reduced capacity to add value to its product and consequent inability to meet the agreed production value in 2007 that was nominated in the existing loan agreement between Mitsubishi and the state government. Mitsubishi recognised that it was in technical breach of the obligations, and it approached the state government with a view to its amending the loan to ensure that conditions are under its control and within its capacity. Cabinet approved the variation to the loan agreement, whereby the value of vehicle production obligations will be replaced with the following alternative obligations on the part of Mitsubishi Motors Australia Ltd:

- to maintain an automotive manufacturing plant at Tonsley Park until 31 December 2010, encompassing capability in the form of pressed metal stamping, body welding, body painting and vehicle assembly processes to enable mass production of motor vehicles;
- to maintain registration under the commonwealth ACIS scheme as an automotive manufacturer until 2010 (and this requires minimum production volumes);
- to release for sale a Magna replacement vehicle by 31 March 2006 and, by that date, expend a minimum of \$450 million on development and production—apparently, the vehicle is driving around the streets of Adelaide at the moment; and
- to provide a parent company guarantee of repayment of the loan in the event of default.

All other terms and conditions attached to the former loan continue to apply. These variations provide a number of specific advantages from the government's perspective, namely, an extension of the time frame from 2007 to 2010 and the securing of a direct guarantee of repayment from the Mitsubishi Motors Corporation and, hence, greater leverage

on Mitsubishi's decision making. A further deed of variation of the loan agreement is in the process of being finalised for execution. Does that answer the honourable member's question in relation to the agreement?

Mr HAMILTON-SMITH: And the number of direct and indirect job losses?

The Hon. P. HOLLOWAY: I was going to come to that in a moment. Under an existing loan agreement, the state government has advanced some \$35 million to Mitsubishi out of a potential total of \$40 million. I am sure the honourable member is aware that cabinet decided to allocate \$5 million to the structural adjustment fund for South Australia, but I think that is pretty much old news. In relation to jobs, the actual redundancies from both Lonsdale and Tonsley Park (the latter being voluntary) to the end of April 2005 have been 1 123 persons, of which 898 have registered with Job Network. The actual job placements at that time were 708, some 79 per cent of total registrations. I think that is really pretty much at the end of what we would expect. I think there are still some workers at the engine plant, and probably only 100 or so would be remaining at that plant. I believe we are moving to the end of that process. As I said, it is heartening that, at least within this state, a large number of those people have been able to find alternative employment. We do have a low unemployment level, which, obviously, has been of assistance in this restructuring.

Mr HAMILTON-SMITH: Just to explore that further, I think the minister has given us the figure for the number of Mitsubishi workers who have gained placement elsewhere, but we are actually after the total number of job losses at Mitsubishi. I think the minister has mentioned there might be another 100 on top of the figure he mentioned which, from memory, would be about 850. Is the minister saying that the total number of direct job losses at Mitsubishi has only been 850, or is it nearer the 1 200 figure that the opposition understands?

The Hon. P. HOLLOWAY: The figure I gave was the actual redundancies from Lonsdale and Tonsley Park—and from Tonsley Park they were voluntary redundancies—that is, 1 123. So, it was 1 123 persons to the end of April. I think the original expectation on 24 May was that a total of 1 260 positions would go from the Lonsdale engine plant and the voluntary reductions from Tonsley Park. That is about 120.

Mr HAMILTON-SMITH: Indirect job losses are flowing from those closures. What factor or figure would be used?

The Hon. P. HOLLOWAY: We do not have those factors. Of the 898 who were registered, the fact that there is actual job placements for 708, clearly then, if those other people have other jobs that are paying the same amount, there would not be a flow-on economic effect, because those people would still be earning and spending an income.

Mr HAMILTON-SMITH: On page 2.9 of Budget Paper 4, Volume 1, under the subject 'Economic strategy and policy', the performance commentary states:

In 2004-05, South Australia experienced strong job growth and high levels of business investment, however there are emerging signs of a downturn, especially in the manufacturing sector.

Could the minister advise the committee what 'emerging signs of a downturn' outlined in the performance commentary are?

The Hon. P. HOLLOWAY: I have already given some information in relation to the economic statistics. Clearly, manufacturing is under considerable threat from production

in low-cost countries, in particular, China and other new emerging countries, such as India and the like. I think that is well understood. The classic case would be the textile, clothing and footwear industry, which has pretty well vanished from this state, apart from a few niche manufacturers. There is still some manufacturing being done in Victoria, but a lot of that industry has gone, with the loss of protection over the last 20 years. There is no doubt that there has been a huge reshaping within some of our consumer goods manufacturing industry in this country.

As I said earlier, one reason this government is keen to promote the mining industry is that not only will it provide wealth in itself through mining but it will also help stabilise the manufacturing industry by demand for specialist manufacturing and engineering services. That is why it is so important that we develop it within the state, so that we can ensure that, as our traditional manufacturing industry (certainly, that part that was producing consumer goods) comes under more and more pressure from low-cost countries such as China, that industry can emerge to take up new opportunities. Clearly, our manufacturing industry has to become more high tech and move rapidly up that technology chain. Later this week, the Premier will be launching our manufacturing blueprint, which will go into much more detail about some of these issues. We will also be writing up our responses in relation to manufacturing. There is certainly a challenge there.

To get back to the honourable member's question, I do not know whether or not that answers it in general terms. If you were to talk to most manufacturers around this state, if they are producing goods for the consumer market, they would all say that their big challenge in the future is likely to be cheap competition from China. Therefore, to maintain their viability, they obviously need to ensure that they are producing products which will enable them to survive into the future.

Mr HAMILTON-SMITH: Moving on to Budget Paper 4, Volume 1, page 2.6, the fourth last bullet point on that page states:

Retained the operations of Griffin Press in the State, securing 200 jobs and a new site for their future operations.

Can the minister explain to the committee what assistance the government has provided in retaining the operations of Griffin Press and what conditions were attached to that assistance? What criteria did the government use to distinguish Griffin Press from other companies which might have suffered financial difficulties and sought support? Further, did anyone from the Economic Development Board, or any member of the EDB, express concern about this decision to the government?

The Hon. P. HOLLOWAY: The EDB was certainly consulted about any assistance we give to companies, and that was certainly the case in relation to Griffin Press. I think the position of the EDB would be like that of the government in that we would not normally give specific assistance to companies. The assistance we provide would normally be assistance that would be of benefit to the state in the long term and not like so much assistance in the past, where, if a company is given assistance, it stays here and closes, the benefit of that cash simply vanishes along with the company.

There were some special circumstances in relation to the operations of Griffin Press (or PMP, the parent company). I am sure the honourable member is aware that Griffin Press has been operating in South Australia for many years.

However, there has been significant residential development around the company's current site on Marion Road, Netley, and there were issues in relation to the continued operation of that company in a residential area, and they were making its operations increasingly less viable.

The government had to choose between securing the future of the Griffin Press operations in South Australia or seeing that company relocate to Sydney. Griffin Press has guaranteed to maintain an average of at least 200 full-time jobs for the first three years and at least 160 jobs for the next three years, and a total of 600 direct and indirect jobs will be saved by the company's decision to remain in South Australia.

PMP is in the process of leasing an existing building in Salisbury South, just near the airport out there, on which the landlord will construct a further 6 000 square metres of manufacturing space as well as an extension to the office space, and it is expected that the move will now occur early in 2006. PMP is to invest \$16 million in new and refurbished equipment for the Griffin Press operation and, as I said, it was considering relocating either to Sydney or to another Adelaide site.

The government is providing \$1 million from the Strategic Initiatives Fund over financial years 2005-06 and 2006-07. The conditions which broadly apply—and, as I said, these are the conditions on which the Economic Development Board was consulted—are that no special support of any description should be given to a company that would not be available for any other company. In other words, if we are giving assistance to one company that assistance should be available to any other company. The government provides the company with access to the Industrial and Commercial Premises Scheme as a minimum form of assistance, and that is generally available to other companies—there is nothing unusual in that. Any assistance over and above the Industrial and Commercial Premises Scheme should be in the state's strategic interest and should be targeted to specific areas: for example, to contribute to establishing operations that are of environmental best practice, support training and upskilling of the work force (and because of all the new equipment that Griffin Press is bringing here that is the case), and provide forms of infrastructure. In addition, any assistance provided should require a reciprocated commitment from the company to increase its investment in South Australia over the longer term. All those conditions applied.

I think it is worth pointing out that Griffin Press, as I understand it, is one of only two producers of books within the country, although the vast majority of its output, of course, is sold on the Sydney and Melbourne markets, so there would have been some attraction for this company to relocate to Sydney because of its significant handling costs. However, one advantage we had going for Adelaide was the skilled work force in this state that operated the plant. As I said, the company was intending to invest significant amounts of money (some \$16 million) in new printing equipment. This equipment is extremely heavy and long-lasting so, once it is located on a particular site, it is unlikely that the company will shift operations. However, it obviously requires new equipment, so the assistance that the government is providing to PMP, the owners of Griffin Press, was in relation to that skilling. There were also to be significant environmental improvements in relation to the operation of the company, so the assistance was specifically in those areas.

The other point worth making is that, as I said, Griffin Press is one of only two large-scale book printing companies

in Australia, but it provides a significant amount of outsourced work. Although there is something like 200 employees, or 200 full-time jobs, with 160 perhaps remaining for the next three years at that particular plant, it provides significant work for other smaller companies in the area. There is a bookbinding firm and other specialist areas relating to the publication—in fact, it is probably a threefold increase—and that is why it was considered that this company was of strategic interest.

In my time as Minister for Industry and Trade, it is one of the companies that has received assistance. However, as I indicated earlier, that assistance was specifically in those areas for upskilling the work force and for dealing with some of the environmental issues related to the transfer. It is one of only two large-scale printing companies in Australia and, because of the outsourced work that it provides, it was considered to be in the state's interest. That is why it has been a special case in terms of assistance.

Mr HAMILTON-SMITH: Budget Paper 4, Volume 1, page 2.6 mentions the securing of the decision of OzJet to establish its head office and back office facilities in Adelaide to employ up to 300 people and generate up to \$31 million in economic benefit to South Australia over five years. Will the minister advise what dollar amount of assistance the government has provided, or plans to provide, to secure the OzJet head office and back office in Adelaide? What conditions are attached to that assistance? What criteria did the government use to distinguish OzJet from other companies which might have sought assistance to either move to South Australia or expand their operations? Did the Economic Development Board, or any member of the EDB, express concern about this decision of government?

The Hon. P. HOLLOWAY: The short answer is none at this stage. OzJet announced on 22 February 2005 that it would be establishing a low-cost business-style domestic airline to be based in Adelaide. The commencement date for services has yet to be finalised, with OzJet originally estimating mid year, but this is now likely to be October 2005. The total employment in South Australia is expected to be 250 to 300. The airline will operate services from Adelaide Airport to Melbourne, Sydney and Canberra. The airline has expressed interest in flying to Port Lincoln from Adelaide, using smaller regional jets. OzJet is progressing with establishing the business, including its application for an air operators certificate. I understand that that has been the main hold-up to date. The government has been in discussion with OzJet for over a year. Although financial incentives have been discussed, nothing has been finalised. I should also indicate that those discussions have involved the commonwealth government because it is looking at assistance under the structural adjustment package.

Mr HAMILTON-SMITH: Has a dollar amount been provisioned for the OzJet assistance, even though none has been spent to date?

The Hon. P. HOLLOWAY: It is coming under the structural assistance fund. Obviously, that is money from the commonwealth, as well as from the state.

Mr HAMILTON-SMITH: No dollar amount has been flagged at this stage?

The Hon. P. HOLLOWAY: Obviously it has been discussed. I do not know whether I want to publicly mention it. While negotiations are continuing, I think it would be inappropriate to discuss that matter. I can give the honourable member a hint: if one looks at the size of the packages

coming out of the structural adjustment fund, it is probably of that sort of order. I will leave it at that.

Mr HAMILTON-SMITH: Moving on to Budget Paper 4, Volume 1, page 2.8, what is the total cost for 2004-05 and 2005-06 for the Economic Development Board, and the Office of the Economic Development Board? How many staff are employed in the Office of the Economic Development Board?

The Hon. P. HOLLOWAY: The Economic Development Board comes under the Premier's portfolio responsibilities as Minister for Economic Development, but I am sure that we can provide the information. What year was that?

Mr HAMILTON-SMITH: 2004-05 and 2005-06.

The Hon. P. HOLLOWAY: I am not sure that we have the 2004-05 figure here. The cost of the Economic Development Board is basically the board fees. The total board fees that have been paid to date for 2004-05, as at 30 April 2005, is \$429 084. I am advised that there are two people in the Department of Trade and Economic Development who service the Economic Development Board, and the rest of the department is on call, where appropriate, in the various divisions, but there are two staff who one could consider assigned to that role.

Mr HAMILTON-SMITH: That dollar amount that you mentioned was for board fees. Is there an all-up cost?

The Hon. P. HOLLOWAY: The all-up costs would be the board fees plus those two staff. The 2005-06 budget for the staff part of the office of the EDB is \$348 616. That would also include consultancies, and so on, that might be involved in that. That will give you some order of the cost, and that is the budget for 2005-06.

Mr HAMILTON-SMITH: For both those years, to your knowledge, minister, or that of your department, did any members of the Economic Development Board disclose a conflict of interest on any issue and, on how many separate issues did each member declare such a conflict of interest?

The Hon. P. HOLLOWAY: I will ask Mr Garrand to answer that.

Mr GARRAND: A standing item of each of the board meetings is that board members declare any conflicts in relation to matters that come before that board meeting. But, on a general basis, all members provide a pecuniary interest statement, and we recently went through a process where they have all been asked to complete new or updated declarations of pecuniary interest statements. Two are outstanding and once all are received, these will be provided to the Premier and the Deputy Premier. It is quite a formal process and members raise issues at the beginning of each meeting and, where necessary, absent themselves from discussions.

Mr HAMILTON-SMITH: Do you have any record or indication of how many occasions on which that might have occurred?

Mr GARRAND: I do not have exact details of that.

Mr HAMILTON-SMITH: Would you come back to us on that?

Mr GARRAND: I can do.

Mr HAMILTON-SMITH: Moving on to Budget Paper 4, Volume 1, page 2.15, Trade Development, what is the total cost of the department's overseas trade offices in each year from 2002-03, 2003-04 and 2004-05, and what is the estimate of the cost for those offices in 2005-06? I do not know if it possible for you to list each office individually in terms of cost and personnel, to provide detail, but if it is, that would be helpful.

The Hon. P. HOLLOWAY: I can provide that information for the honourable member. The annual cost, we believe, for the 2004-05 year, for all of the offices, was a total of \$3.755 million. The specific breakdown is as follows: the Shanghai office, \$670 000; Jinan, \$95 000; and Hong Kong, \$850 000. The honourable member would be aware that the Hong Kong office has now been closed. As I said, the government has reverted to an arrangement with Austrade, with an officer acting as the South Australian business manager within Austrade. I think that I have provided the cost of that new arrangement in answer to a question in parliament, but if the honourable member wants it he can ask me and I will provide that. The breakdown continues: Dubai, \$510 000; Singapore, \$790 000; and Kuala Lumpur, \$190 000.

Again, we believe that that area can be just as effectively serviced from Singapore. There is another in-market representation of \$650 000. Obviously, there are some payments with the Agent General in London, although I think that is financed through the Department of the Premier and Cabinet. We make a contribution because part of the functions relate to trade. The honourable member is talking about the future budget, and I think that is important. The honourable member will see the Office of Trade budget in the Portfolio Statements. The honourable member can see that those budgets for the overseas offices are included as part of it.

The actual budget for 2003-04 was \$7.383 million; the 2004-05 budget was \$8.042 million. We expect the actual result to be \$8.076 million, but this year it will increase to \$9.255 million. In relation to the offices, the honourable member would be aware that, as well as the changed arrangements in Hong Kong, we are also introducing an arrangement in Chennai, India. We are hoping to make an announcement in relation to that appointment fairly soon. There will be a significant increase in the Office of Trade budget this year. We will be announcing a number of new initiatives in relation to trade over the course of the next year.

Mr HAMILTON-SMITH: Running up to March 2006?

The Hon. P. HOLLOWAY: No. I can assure the honourable member that they will be announced well before then.

Mr HAMILTON-SMITH: You will want to get in before the events of 2006—the Festival of Arts.

The Hon. P. HOLLOWAY: The point is that the budget has grown. We are changing those offices to get better value for money. I think that Hong Kong is an important market for this country; but, obviously, in terms of access to China, it has lost its uniqueness. Although we still believe a presence in the market is important, clearly, at \$850 000 it was the most expensive office we had. We did not believe that was warranted. We believe that we will get good value out of the new arrangements. That will enable us to spend significant resources in other areas. We will also be getting new trade initiatives.

Mr HAMILTON-SMITH: Could the minister provide the information on those trade offices for 2002-03 and 2003-04? I think that the information provided was for 2004-05. Could the minister provide the information for the previous two years?

The Hon. P. HOLLOWAY: Yes. Obviously, we will take that on notice.

Mr HAMILTON-SMITH: I refer to page 2.12 within the same budget reference. What is the level of financial assistance planned for 2005-06, and also in the forward estimate years, for the Electronics Industry Association; and

which other industry associations will receive DETED funding in 2005-06 and each of the forward estimate years?

The Hon. P. HOLLOWAY: The Electronics Industry Association is an important one. It offers strong emerging growth opportunities for South Australia, and it has a strong industry structure. By way of introduction, under the Export Council the suggestion has been that we should try to get export growth driven through industry, and that obviously means through effective industry bodies. Some industry sectors have effective industry bodies. Others unfortunately do not. The electronics industry is one that does. The Electronics Industry Association plays a significant leadership role for industry in South Australia and has over 100 members. Funding has previously been provided to the EIA to plan and implement strategies for growth of the electronics industry in South Australia. The funding is subject to matching funding from the industry itself.

In 2003-04 funding of \$200 000 was provided to the EIA subject to matching industry funding and satisfactory delivery of project outcomes. There was also the funding for the ei², their electronic school, of \$160 000 in 2004-05. So, the answer is that the funding in 2004-05 was \$360 000 (which is the \$200 000 plus the \$160 000) and the funding for this year is proposed to be that \$200 000 plus \$160 000. We will check on that and correct it if necessary, but I believe that is the amount. So, in short, we are continuing that funding both for the ei² school, and also, in relation to other industries, there is the ICT sector which I believe is funded through DEFEEST.

Mr HAMILTON-SMITH: Yes, we have that information. Are you talking about the ICT Council of South Australia?

The Hon. P. HOLLOWAY: ICT, yes.

Mr HAMILTON-SMITH: They have changed their name. Minister, are you funding any other industry associations and, if so, how much are you spending on each association?

The Hon. P. HOLLOWAY: Under the Premier, there is the Defence Teaming Centre. I am not sure what the budget for that is. It is under the Premier's responsibilities, but we can get that information. Clearly, Business SA as the peak body is also the recipient of a significant number of funds and programs as well, and, if you like, we can provide the information about those programs as well. They have been receiving money for some years now for industry cluster development. The industry cluster development is \$210 000. There is also the Business Ambassadors Network, and they will receive \$110 000 this year, and there is also the funding for CITSCA, which is another group which we believe is now reorganising itself under the Business SA banner. The amount of I think \$200 000 that has previously been provided for that organisation will also continue, but I believe it will be managed nominally by Business SA. So, in effect, they are the figures.

Mr HAMILTON-SMITH: First, would you be able to get back to us with a list of those associations that are funded? You have given us most of the information.

The Hon. P. HOLLOWAY: Yes, I think that is it. I do not know that there are any others apart from the Defence Teaming Centre. We will get you the dollar value for the Defence Teaming Centre.

Mr HAMILTON-SMITH: Thanks. You are also funding some unions, are you not?

The Hon. P. HOLLOWAY: Yes, I think there is a funding of the order of \$80 000 or \$90 000 through manufac-

turing, which has a current funding of \$82 000 per annum, so presumably the 2005-06 figure might be indexed. We can give you that, but that is provided to the AMWU as the nominee of the TLC to assist in a broad range of problems associated with state economic development policy and program. That would be the only other body of which we are aware. We will check, and if there are any we will provide that information.

Mr HAMILTON-SMITH: Could you just explain to the committee how you have changed the funding arrangements for CITCSA? Our understanding is that there are two parts to it. First, the grants scheme that was formerly available to CITCSA has now been reviewed. Could you explain how that will work?

The Hon. P. HOLLOWAY: In relation to that funding, there was originally a \$200 000 operating grant, if I could call it that, for CITCSA. I think \$275 000 was provided in the financial year 2003-04. That money was essentially used to support trade missions and the like. Following recommendations of the Export Council that money was rolled into a big pool, which became the MAP grants of about \$550 000, which was available to a broader group of people. In other words, the \$275 000 became part of this broader \$550 000, to which of course CITCSA groups were eligible to apply, and they have received some funding from that MAP program. The \$200 000 remained with CITCSA in 2004-05 as their operating grant, and I believe there have been discussions between CITCSA and Business SA. The Director of the Office of Trade is on the board of CITCSA, but I will ask Mr Garrand to give us an update.

Mr GARRAND: Basically, the arrangement is to fund the core funding for CITCSA through Business SA, and CITCSA and Business SA have come to an agreement to consolidate the secretariat under Business SA. So, effectively the funding that was being provided before directly to CITCSA as an independent body is now being provided to Business SA to provide that secretarial service and support to CITCSA through their network. The rationale behind this is that they had some skills in terms of being able to do that in terms of their links with overseas chambers, etc. So, effectively the funding has not been diminished in any way; it is the same level of funding and, hopefully, from CITCSA's point of view, they will get the broader benefits of being involved in Business SA.

Mr HAMILTON-SMITH: Was it an initiative of the government to change that arrangement or was it a suggestion of CITCSA or Business SA? Who has driven the revised arrangement?

The Hon. P. HOLLOWAY: I think this issue had been canvassed prior to my becoming the minister. Some announcements were made about 18 months ago, in the early part of last year, by the then minister. My view since taking over the portfolio was that, whereas I could see there were some benefits, it was really up to CITCSA itself. The government had required CITCSA to undertake a study to have a look at its viability, and I think it was concluded as a result of that study that the only way CITCSA could become viable economically was to enter into activities that would have put it in competition with Business SA, which ultimately would have created problems.

In other words, if they had started marketing services on a cost recovery basis it would have put them in the situation of doing the same things as Business SA, which I did not that was a particularly desirable outcome. So, the outcome of that and other discussions is that the CITCSA board recently met

and I understand approved this move. It will still retain an independent character—I think that is important because it is a very good initiative—it is just that the secretarial support will be provided by Business SA. As I said, I think there are important links with overseas trade where you have a number of chambers of commerce in countries all over the world that have an Australian component to them. It is important that the peak body should be involved, and I think there are benefits to that. As I said, we are keeping the money—we are keeping the base grant—and we have said we will do that for a three year period, so that will hopefully lead to further benefits while protecting the independence of these groups (which do contribute significantly to the economy). We hope that the international links through Business SA as the peak chamber will lead to improvements. This has only recently happened, so we will be looking at developing some of those details with Business SA in the coming months.

Mr HAMILTON-SMITH: Moving on to Budget Paper 4, Volume 1, page 2.27, the cash alignment policy, I notice that under 'cash outflows' it shows a cash alignment policy payment to the SA government in 2004-05 estimated result of \$86.76 million, and in 2004-05 a budget of \$44.66 million. Can the minister explain to the committee why the cash alignment policy payment in 2004-05 was \$42 million higher than the budgeted figure?

The Hon. P. HOLLOWAY: Perhaps I will ask Angela Allison to explain that.

Ms ALLISON: Under the cash alignment policy, Treasury and Finance undertakes a calculation of the cash balances of the agency and retains within the agency a set level of working capital. At the time of doing the budget in the previous financial year which generated the \$44 million figure, we anticipated a certain level of payments under the industries assistance scheme to have been made by 30 June. At the end of the year those payments had yet to be made so, when Treasury did its calculation, that funding was returned to Treasury as part of the cash alignment program. We sought carryovers from 2004-05 into 2005-06 to facilitate the process of payments in future years.

Mr HAMILTON-SMITH: Moving on to page 2.6 of the same budget paper and the export council, I note one of the bullet points on page 2.6 states:

... launch the Export Council's *Beyond Local, Towards Global* publication and commence the implementation of recommendations.

Could the minister advise the committee which of those recommendations are being implemented at this stage, and has any financial commitment been given to assist the implementation of the recommendations? What are we actually doing?

The Hon. P. HOLLOWAY: In relation to the latter question about implementation, as I indicated, there is a significantly increased amount in the budget this year, essentially to deal with these and other recommendations of the Export Council. Some of those recommendations, if you take them one by one, are ongoing. Recommendation one, for example, is to call on industry to take a lead role in developing export growth through the development of export-focused industry associations. We have already talked about some of those associations. Some industries are well developed—we have talked about the electronics industry association and, obviously, we can talk about the wine industry and some of the food groups such as Food Adelaide, for example, that represent not the whole industry but significant producers within that industry. The mining industry is another example

of an industry that has its own well-developed industry structures. But there are other industries, and one might name some of the service industries, where that is not the case and, obviously, that is where we are in the process of implementing those recommendations.

It is difficult in some cases to get industry to take the lead on these, but obviously it is important. If industry is not committed to export growth, then it is going to be very hard for government to achieve that. In the various sectors listed here there are various degrees of readiness for those industry associations to take it up. Clearly, one of the challenges for us is to deal with those sectors that do not have well developed industry structures. As for the other recommendations, recommendation 2 is certainly under way, that the second level export strategy should include the latest information, setting priorities. The previous government—and I have given it credit for this—developed the Food Plan, which is probably one of our largest sectors, with approximately 30 per cent of the export sector.

What we are doing is developing that to all sectors of the economy. Some sectors, like the wine sector, had done their own thing without government involvement, while in others, like the food area, the government had had some significant input. What we have to do with the 19 or so sectors identified is to make sure that each of those groups is doing its thing. Of course, even within sectors such as the food sector, which were mature in that sense, we need to develop all the subprograms so that there will be a continuation from the work done some five or 10 years ago. We have been adding the various subsector plans, like the Beef Plan, the Goat Plan and a few others. Perhaps I could hand over to Wayne Parham and he could give an update on the others.

Mr PARHAM: During the year, we have actually worked with all those industry associations to put in place formal export plans to cover each of those industry groups. Some of those industries are more mature than others in terms of their export readiness, but we do have in place at the moment strategies for each industry sector, on which we are now working with those sectors to create some results.

Mr HAMILTON-SMITH: Do we actually have a dollar amount tied to any particular recommendation in the plan?

The Hon. P. HOLLOWAY: Not really. As I noted earlier, we are talking about an extra \$1.2 million for the Office of Trade Activities as a whole for the current year. There will be a range of initiatives there but, essentially, they will all fit in with the Export Council's recommendations.

Mr HAMILTON-SMITH: Moving to page 2.17, will the minister outline what contact there has been to date from KPMG in respect of the next Competitive Alternatives study, which presumably will be released early next year, maybe before March 2006, depending on what is in it? Has KPMG provided an expected release date or month next year? What assistance, financial or in kind, has the department provided to KPMG to date and in the next financial year (2005-06) in respect of the 2006 Competitive Alternatives study? Has KPMG provided any information as to whether the scope and type of the information sought for the report will be different for next time or will it be the same?

Mr GARRAND: We have commenced discussions with KPMG in terms of involvement in the next study. Basically, KPMG Australia consults with all the states and the commonwealth government through Invest Australia in terms of their participation in the next study. We are having those discussions with them at the moment as to the level of participation not just by South Australia but all the other states and the

commonwealth government. It is hard for South Australia to do it alone, so it is important that all the states are involved so that we have a proper benchmarking across Australia.

In terms of funding, we have not yet started having any discussions with them on the contribution that would be involved. I think we answered a question last year that outlined the funding we provided to the last study. We would be looking at something of the same order of magnitude, depending on how discussions with KPMG Australia and all the other states go. At this stage we have not locked anything in.

Mr HAMILTON-SMITH: Referring to page 2.7 of Budget Paper 4, Volume 1, I foreshadowed when we were meeting with the Premier as Minister for Economic Development that the opposition is trying to track the money in the area of industry, trade and infrastructure development and where it has gone in the past three or four years. The government acknowledged that this area was cut back significantly and there have been three restructures in the department. My calculations indicate that the following was being spent: in 2001-02, it was around \$192 million, which may have been an aberration, given the Alice to Darwin railway; in 2002-03, we spent \$122 million; and in 2005-06 we are budgeting to spend \$69 million. It looks as though about \$122 million in a cumulative way has been taken out of this area of expenditure and within this industry development area. So, in that component of infrastructure development and major project facilitation, it has come down from around \$91 million in 2001-02 to about \$21 million in 2005-06. The categorisation of these things has changed a bit with the restructuring. Have you had a chance to look at what I put in *Hansard* last week, and can you give us a thumbnail on the total amount that has been reduced from this portfolio over the period?

The Hon. P. HOLLOWAY: It is not an easy figure to come up with. Clearly some functions were transferred to other agencies. I can give the 2004-05 figures and provide the table on notice. There was the PIRSA food and wine functions, which was \$1.231 million in 2004-05; the DFEEST telecommunications functions (I presume it involves the Premier's Science and Technology Council), \$2.613 million; DPC, the business and skilled migration and arts funding, \$2.255 million; and, DAIS infrastructure functions, \$1.150 million. The total PIRSA transfer is food and wine and other functions. In 2004-05, the Office of the Venture Capital board cost \$11.323 million (an aberration), having spent a total of \$18.572 million for 2004-05. We could take out the \$10 million for the Venture Capital Board, which is \$8.691 million. That was for the direct functions transferred from the department.

There have been a number of other new economic development initiatives, the most significant being the air warfare destroyer project, which is \$140 million over the life of the project. It will be a significant injection for economic development. We have the centre of excellence in defence industry systems capability of \$4.7 million over four years and, support to small business of \$5.2 million over four years.

These figures are 2005-06 budget contributions. There is the wine innovation cluster, which is \$9.5 million over two years. We have a contribution for advanced manufacturing and Carnegie Mellon, which is \$20 million. The 2004-05 budget strategic initiative support was \$8 million over four years; the Upper Spencer Gulf region, \$3 million over four years; the marketing of economic development initiatives, \$5 million over four years; the South Australian Food Centre,

\$7.5 million over four years; and the Wine Industry Council, \$2 million over four years. The state planning system implementation of EDB recommendations is a nominal figure of \$8 million over four years. The Premier's Science and Research Fund is \$8 million over four years. The bioscience incubator is \$2.4 million over four years, and I am not sure whether that includes the Regional Development Infrastructure Fund. It really depends on what definition one uses of economic development initiatives.

I make the point that the department's numbers have been reduced from something like 300 at the change of government to 120 or 130 and, obviously, there have been commensurate savings. The other big factor that needs to be considered is that the IIAF is winding down, so the amount required in 2005-06 is considerably less than in earlier years. As I previously indicated, although the government has made these contributions to Carnegie Mellon and a number of CRCs and defence projects, and so on, which are quite significant big ticket items, obviously that has taken over, if you like, from the support that was given through the IIAF. So, one really needs to look at all of these and add them up. However, it is not easy to do at the margin, because it depends upon the definition of what is an economic development purpose.

I just want to make the point that, while staff numbers have decreased, and while there have been cuts in the industry assistance fund, in particular, that have involved tens of millions of dollars, there have also been big injections of funding into these other areas.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.7, the project net expenditure summary. An article in *The Financial Review* last Thursday, 16 June, pointed out that the states are spending \$26 billion in infrastructure in the new financial year, and that the poorest spender of the states is South Australia, with only \$1.04 billion, which is about 4 per cent of the amount being spent by all the states. Does the minister feel, in his position as the minister for trade and economic development, that that infrastructure spend level is adequate to sustain our industry, trade and economic development objectives in the short to medium term?

The Hon. P. HOLLOWAY: I am not sure that I would necessarily accept those figures. Obviously, my colleague the Minister for Infrastructure would be in a much better position to say whether that \$1.04 billion accurately reflects it. It comes back to the earlier question: it depends what you define as infrastructure. Would that figure have included the \$140 million, for example, with respect to the air warfare destroyer project? I think that one would really need to examine those figures first of all to make sure that one is comparing apples with apples, so that \$1.04 billion is directly correlating with the \$26 billion in national figures.

Obviously, infrastructure is a big issue here. From a trade point of view, clearly, our port is the most significant item that we can spend money on and we are fortunate that we can upgrade our port. We can dredge it for capex ship capacity and provide the rail loop, and so on, for significantly less than Melbourne can do because of the cost. Victoria will have to spend half a billion dollars to deepen its access to the port of Melbourne. From my perspective (and that is what the member asked in his question), that is the key piece of infrastructure we have. I think that, being a less congested state, we are in a fortunate position where we can probably provide that investment at a lower cost than can Sydney or Melbourne, in particular.

Mr HAMILTON-SMITH: Moving on to page 2.12 of the same Budget Paper, concerning the business and management capability, I am intrigued as to the government's policies in relation to industry and the environment, in particular, the EPA. Are our industry objectives in conflict with our environmental objectives? Does the left hand know what the right hand is doing? Why has the government stepped in to assist OneSteel in Whyalla with its indenture bill but has refused to take any action to assist ION Automotive in its drawn-out legal battles with the EPA that have put jobs and the future of the company at risk? What is the current situation at ION? What has the government done to assist the workers at ION? What is the reason for this inconsistency in policy approach? I would have thought that, from an industry point of view, we would be looking to get this balance right.

The Hon. P. HOLLOWAY: I do not think that there is any inconsistency. The two are scarcely the same. In the case of OneSteel, it is looking at investing \$325 million in a new project, and it was essentially looking for regulatory certainty to make that investment. One of the great pluses of the OneSteel investment is that it will—hopefully forever—tidy up the air dust pollution problems in Whyalla, because it will convert from the current crushing plant, which is inappropriately located right on the edge of the city. It will take that all out to the mine site, some 30 or 40 kilometres away at Iron Duke, and the ore will come in a slurry pipeline, so it will fix up those environmental problems once and for all.

In relation to that issue, you have a company that is investing \$325 million, and we provided regulatory certainty as well as, of course, that indenture bill. As the honourable member will see when it comes before parliament later this year, we will require significantly improved environmental conditions as part of that. In relation to ION, it is somewhat of a different case. There, you have had a company that was already in receipt of government assistance. OneSteel is not asking for government financial assistance. I think ION engineering had received in the order of \$5 million of government assistance. It is clear that requirements had been set by the EPA several years ago, and it is my understanding that the management of ION had not taken any steps to implement those measures.

I have personally spoken to the EPA in relation to these matters, and the honourable member would be aware that the EPA had discussions with the administrator of ION, and deferred legal action pending some further negotiations by the administrator. As I have indicated, in relation to ION, the government has not categorically ruled out the provision of any assistance. We have said that, for ION to be a valuable concern into the future, it needs the company to be taken over. Obviously, in the longer term the administrators are not going to be running this company; it needs a viable company to purchase it. If a company purchases it, then comes to the government and says, 'Look, we'd like to shift this manufacturing somewhere out of the region to deal with environmental problems,' or it has some other solution, then we can talk with the company.

But it is a bit hard to be talking to the administrator when we do not really know the long-term shape of ION. At the moment, ION essentially produces just two commodities: wheels for Harley Davidson and manifolds for Holdens. The viability of those contracts is obviously the real asset of the company, and we are not really certain of the long-term future of those. The point that I try to make in the media discussions is that, really, it is premature to be talking about

providing assistance to a company that is presently in administration, and the administrators are seeking to sell this. Depending on who purchases it and the plans of the companies, the result of that sale might well change the nature of any environmental problems that might occur or any solution for them. It is simply premature to be talking about them at this stage.

As to the final question, which specifically related to Ion and the stage we have reached, the state government is also a creditor against the assets of ION, having provided a \$4 million loan (I think I said earlier that it was \$5 million) to assist in the establishment of the Wingfield plant. At this stage, it is anticipated that returns will be in the range of 27¢ and 37¢ in the dollar. The timing of the final return is expected to range between two and four years. I believe that the facility will close at the end of the month, and we hope that, following its sale, it will be purchased, given that it is a relatively new plant. It will not be sold as a going concern, but we hope that some company will be able to use it, as it is in the Cast Metal Precinct. Hopefully, anyone buying it will be in a position to use the facilities to provide employment and output, as they will obviously get it at a somewhat reduced price.

However, in relation to the discussions with the remainder of ION on the Plympton operation, the state government is a creditor and has representatives who attend the meetings. Obviously, we are doing what we can to get a purchaser who will continue operations to the maximum extent in this state. At this stage, I think that is the extent of our role, namely, to do what we can to ensure that we get a purchaser who will be able to continue operations.

Mr HAMILTON-SMITH: The workers at ION might take the view that the EPA was an important factor in the collapse of the company in the first place and that, if the balance was right between environmental needs, industry needs and jobs, the company may not have tripped into bankruptcy.

The Hon. P. HOLLOWAY: I can assure the honourable member that one need only look at the Wingfield plant, where there were no environmental issues, to see that it was quite clear that the operation had been very badly managed. That plant has closed simply because there was poor cost control. There have been problems at the Plympton site, which I believe have been addressed, and it is now operating with considerable improvements, and the costs have been taken by the administrator. To suggest that environmental issues alone caused the problem might be a convenient scapegoat and, I suggest, is not the truth.

I spoke to the administrators, and they agreed that the environmental controls and standards imposed by the EPA were typical of those all around the country. They were not particularly onerous or unusual. I do not think we necessarily want to have lower standards than those anywhere else in the country, and we do not want to compete on that basis. At the end of the day, we do not want to compete with the Third World. We want environmental standards that are commensurate with those that operate in other developed parts of the world. Certainly, I can say to the honourable member that there is a perception that the EPA had some role in this matter, but I do not believe that that is the case. I am pleased that, in recent times, the EPA has listened to the arguments of the administrators and given them time to work through the issues.

Mr HAMILTON-SMITH: I refer to Budget Paper 3, page 6.4. Is the government in negotiations with the National

Australia Bank to establish a processing and/or call centre in Adelaide? If so, what are the details of the investment? How many locations have been examined by the NAB, and is the government considering a request for financial assistance to attract the relocation?

The Hon. P. HOLLOWAY: Yes, we have had discussion with the bank, along with a number of other companies and banks, but those discussions are not sufficiently advanced to say anything further at this stage.

Mr HAMILTON-SMITH: The minister cannot tell us how many jobs or what size that investment might be?

The Hon. P. HOLLOWAY: No, not at this stage. It is probably premature to make any further comment.

Mr HAMILTON-SMITH: In relation to that same budget reference, what is the status of the government's agreement with Motorola regarding its premises at Technology Park which I understand is due to expire in October 2006; and what are the government's plans for the site when the present agreement expires? Will Motorola be staying on, or are other plans being considered?

The Hon. P. HOLLOWAY: That is really an issue for the Land Management Corporation.

Mr HAMILTON-SMITH: They flicked it over to you, I think, when I asked them. They did not want to answer it; they ran for cover.

The Hon. P. HOLLOWAY: All I can say at this stage is that the government is still in discussion with Motorola regarding its existing contractual commitments (which were entered into by the former government in 1999) and the repayment of assistance paid under this agreement. The government expects to finalise its discussions with Motorola within the next two months.

In relation to the commitments overall for which my department is responsible, yes, we are having discussions which we expect to finalise. Certainly our advice is that that was transferred across to the Land Management Corporation, but obviously what tends to happen with these things is that they manage those rental issues, but, when industry assistance matters arise, this department is involved in that. As I said, we are having broad discussions with them on the commitments they made in 1999, and we hope to finalise them soon. Perhaps the honourable member can ask that question then and we might have an answer.

Mr HAMILTON-SMITH: I now refer to the EDS building and the EDS presence in this state. Given the ICT outsourcing that is happening at present and the probability that much of the work previously done by EDS will be outsourced to other providers, what is the government's ongoing involvement and financial commitment in respect of the EDS building on North Terrace? What key time lines lay ahead in respect of that arrangement? Has there been any discussion between the government and EDS about its future tenancy in that building and, if so, what is likely to transpire in respect of that tenancy? Is the government aware of any plans for EDS to downscale its activities which, in some way, might be linked to the government's revised ICT outsourcing arrangements?

The Hon. P. HOLLOWAY: Given that those outsourcing arrangements are at a delicate stage and the probity issues involved, I think I would be wise to take that on notice.

Mr HAMILTON-SMITH: Even about the building?

The Hon. P. HOLLOWAY: Because it was part of assistance, it may well be tied in with those other issues. Just on the side of caution, I would rather take that on notice.

Mr HAMILTON-SMITH: I refer to Budget Paper 4 Volume 1, page 2.12. What options is the government exploring for the two sites in the southern suburbs that, if you like, are now vacant; that is, the Lonsdale Mitsubishi plant which will soon be under utilised, to say the least, and the Port Stanvac Mobil refinery site which everyone understands has some remediation challenges ahead? Where is the government at the moment regarding determining a future outcome for both those sites?

The Hon. P. HOLLOWAY: In relation to the Lonsdale Mitsubishi site, it is still being utilised. I do not think it becomes vacant until the next month or two. Obviously, the government is very interested in the future of that site, and we will be discussing that with Mitsubishi. My advice is that the current arrangement with Mobil is that it is committed to that site until July 2006. We will be having further discussions with Mobil, but that is obviously much further down the track. However, I assure the honourable member that we are aware of the significance of that real estate.

Mr HAMILTON-SMITH: Can I explore that a bit further? It is a bit like pulling teeth, minister. The minister will be talking to Mitsubishi about the future of Lonsdale, but does the minister have any specific plans in train with Mitsubishi as to how that Lonsdale plant might be used? Obviously, the minister will have discussions in relation to Stanvac. I think the Treasurer was talking about kicking Mobil out and requiring it to remediate the site, and there was going to be quite a bit of money spent. Is that still the government's plan, or is it to lay vacant for some time? What is the government's preferred outcome for both Lonsdale and Stanvac? Can the minister give us any more information?

The Hon. P. HOLLOWAY: In relation to Lonsdale, I understand the land has been on the market. I will ask Mr Garrand to respond.

Mr GARRAND: Mitsubishi has for some months been going through a sale process in regard to the Lonsdale site, and the government has been having discussions with Mitsubishi about the state's interest in securing such a strategic site. At this stage, Mitsubishi is going through a sale process, and we are in fairly close dialogue with the company. Hopefully, that process will be finalised within the next few weeks, and we will have further discussions with them over that time frame. Until the company goes through that process, it is probably a bit premature to say where we are at in relation to that matter. Likewise with Mobil, the government has been talking at various levels with Mobil about the significance of that site and about the government's interest in that as a major piece of industrial land. I think the Treasurer will also be having ongoing discussions with Mobil at various levels in the organisation to try to ensure that that site is protected for future industrial land use if Mobil is not going to recommission that plant. At this stage, nothing has been finalised, and those discussions are ongoing.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.7. In relation to the current staffing and structure of the department, how many people are employed at the moment and how many people do you plan to have? Do we have it about right now? We have had some savage cuts. Are we increasing staffing levels or are we staying static? How are you organised, and what are you spending on administering the department?

The Hon. P. HOLLOWAY: I advise that 117 positions within the department have been filled and 10 are vacant. There are 11 ministerial office positions which are funded by the department, which makes a total of 138. The report that

was undertaken recommended fewer than that, but the cabinet decided that we would increase the number in a couple of areas. The industrial capability network was added to it, which is an extra five positions. I expect that the department would continue at about those levels. As I said, we do need to fill some extra positions, but apart from that I expect the size of the department, excluding the minister's staff, to be about 130.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.6, and the southern suburbs fund. What is the current size and structure of the southern suburbs fund, what investments have so far been made from that fund, what amounts have been assigned from both the commonwealth and the state towards the fund, how much has the state government spent on its share and by when will the remaining amounts of the fund be invested? Will it all be before March 2006 or will some of it flow beyond the next election?

The Hon. P. HOLLOWAY: Is the member talking about the structural adjustment fund?

Mr HAMILTON-SMITH: Yes.

The Hon. P. HOLLOWAY: A lot of that is commonwealth money and, obviously, the timing depends on that, but I will come back to that in a moment. Since May 2004, Invest Australia has received 81 inquiries from local Australian or overseas companies, and this has resulted in about 40 applications. DTED and Invest Australia are responsible for assessing applications and referring them to a high level task force, headed by Malcolm Kinnaird, to make recommendations to minister Macfarlane and the Deputy Premier.

Two applications—Fibre Logic in the southern suburbs (126 jobs) and Cubic Pacific in the northern suburbs (35 jobs)—have received support. These projects will result in over \$24 million of new investment, creating 193 direct and indirect jobs which are expected to generate approximately \$87 million in economic benefit to this state over a 5-year period. The commonwealth and South Australian governments have committed a total of \$6.9 million towards these two successful projects, and the South Australian government portion is \$840 000.

The task force met last week. I understand that two further projects will be recommended for support and, if approved by ministers, will be announced shortly. In total, a further 24 projects have applied for funding and are currently undergoing assessment, 12 of which are in the south of Adelaide and which will, if successful, generate about 400 new jobs. A further 12 projects are in the north or elsewhere in the state and, once gain, if successful they will generate in excess of 500 new jobs. At this stage, applications exceed the available funds and DTED is assessing applications, along with Invest Australia, to ensure that those projects which offer the greatest economic benefit receive support.

Mr HAMILTON-SMITH: Given the time, do I need to read the omnibus questions into *Hansard*?

The Hon. P. HOLLOWAY: We have agreed to answer the seven omnibus questions.

The CHAIRMAN: There is no need if the minister has agreed.

The Hon. P. HOLLOWAY: They were probably read in previously, but we will give a whole DTED reply anyway.

Mr HAMILTON-SMITH: I thank the minister for taking those seven questions on board; that means that I can ask another one or even two more questions. I refer to Budget Paper 4, Volume 3, page 10.17 and the City Central development. How many public servants will be located at the City Central development? I know that may not be the minister's

area of responsibility, but he may be able to tell the committee whether people from his department will be relocating there.

The Hon. P. HOLLOWAY: We certainly have no plans for that.

Mr HAMILTON-SMITH: You like it at Terrace Towers? It is a nice view; I would not move either. Moving on, there were some negotiations between the government and Jetstar regarding its operations in Adelaide. What did the government discuss with Jetstar and were any financial incentives or commitments discussed? Did those negotiations include possible basings here or were they limited to operational activity through Adelaide Airport? What was the extent of negotiations with Jetstar, and how much money was on the table?

The Hon. P. HOLLOWAY: I know that we did have some discussions with Jetstar, but I will ask Mr Garrard to answer that.

Mr GARRARD: Yes; we had extensive discussions with Jetstar when it was looking at establishing its operations. Jetstar talked to us and Victoria. We discussed setting up its head office location here, including back office operations and support. The government considered putting forward a package of support, and we made an offer of support. I am not sure whether that is in the public arena, but it is roughly \$5 million. It consisted of a range of incentives which was fairly consistent with those sort of offers which include payroll tax relief, etc. At the end of the day, their assessment was made in relation to Victoria. I think that the key factor in that decision was the availability of hangar space, and so forth, in Victoria. Broadly speaking, our offer was around the \$5 million mark.

The CHAIRMAN: That concludes the examination.

Mr HAMILTON-SMITH: The opposition thanks the staff from the department for all the hard work that they have put in, and the minister's staff. We appreciate it. It is an important part of the openness and accountability of government. We love you all. Keep up the good work.

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

The Hon. P. HOLLOWAY: I thank the staff for their contribution to the process.

Membership:

Mrs Geraghty substituted for Ms Bedford.

The Hon. I.F. Evans substituted for Mr Hamilton-Smith.

Ms Breuer substituted for Mr Rau.

Mrs GERAGHTY (Torrens): I move:

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

Motion carried.

Planning SA, \$15 689 000

Administered Items for Planning SA, \$870 000

Offices for Sustainable Social, Environmental and Economic Development, \$1 816 000

Additional Departmental Advisers:

Ms B. Halliday, Executive Director, Planning SA.

Mr P. Smith, Director, Development.

Mr P. Polychronopoulos, Finance Manager.

Mr S. Archer, Director, Finance and Shared Business Services, PIRSA.

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 2, part 5, pages 12 and 13.

The Hon. I.F. EVANS: I do not want to make an opening statement, but I want to clarify that, just because the minister is the Patron of the cricket club of which I am President, and which you, Mr Chairman, have played for, that will not affect the probity of the committee. All my questions relate to Budget Paper 4, Volume 2, page 5.13, because that is the only page in the whole budget that relates to planning matters, other than one line on an earlier page. How many PARs were in the department waiting for a minister's signature when you were appointed minister?

The Hon. P. HOLLOWAY: That might be a little difficult to answer. We can provide advice as to the number of PARs which have been dealt with and which are outstanding. In March this year 11 ministerial PARs were outstanding and 100 council PARs (and that was the same position in April 2000); in May 2005, 11 ministerial PARs and 95 council PARs were outstanding. As at today, there are 11 ministerial PARs and 101 council PARs.

The Hon. I.F. EVANS: Why has the government changed the budget format so that there are no performance criteria for this year or future years in the budget?

The Hon. P. HOLLOWAY: The performance criteria for the government are in the South Australian strategic plan, which has 80 substantial criteria. We believe that is a much more beneficial measure of targets. I think the honourable member would agree that some of the targets that have been used in past budgets for budget outcomes have been fairly insubstantial. Certainly, I have been minister for this department for several months, but, in relation to the other departments, I can speak with more authority. Many of the measures in the budget descriptions and the programs bore little resemblance to the administrative structures within the department. I believe it is far more important that the budget figures relate to the actual activities of the department.

In one of the earlier estimates hearings today, I think in the mineral sector, I undertook to provide a breakdown of the budgets for the various subdivisions. We believe that is useful from my point of view, and I am sure it is useful for all members of parliament to know the actual budgets that are spent on individual sections of the department, rather than what is spent on some hypothetical objective within the department which may bear no resemblance at all to the administrative structure. In my view, the new budget, through sticking to the administrative divisions, is more helpful. If the honourable member wants a breakdown of those, then he can ask for it and we can provide it.

The Hon. I.F. EVANS: It is impossible—and I think the budget has been framed deliberately—to compare this year's budget with last year's budget. Last year's budget and previous budgets have set out five and six pages of performance criteria. In this budget we get one page—a summary statement of financial performance—that is it. There is not one breakdown of one sub-program in this agency in the budget, and it makes it absolutely impossible to make a comparison about how the agency is performing against the performance criteria that it set. Why is the government clamping down on local government through this proposed sustainable development bill and its performing to a higher

standard, yet there is not one performance criteria set within the budget?

The Hon. P. HOLLOWAY: I am saying that with the budget data of previous years—and I think this began in the late 1990s—the breakdown of programs did not bear any relationship at all to the administrative units. They were based on some supposed outputs and, certainly from my experience in opposition, and in government for that matter, of dealing with the way in which those budget papers were set out, they were virtually worthless anyway in terms of providing any useful information about what was happening within the department.

Often you would get guidelines, and I can give you an example of one within my own Department of Mineral Resources, of compliance which would cut across a number of different divisions. So, if you were looking at what was being spent there, it was actually far more useful to look at what was spent within the various administrative divisions and then look at the element of that, or the number of people who were involved in compliance, rather than having a budget that was aggregated right across the agency, as something that was concocted to prepare a budget, rather than it bearing any relationship to the day-to-day operations of the department. That is just one example. I can understand why the honourable member might like more information, but I do not believe that the previous form in which the budget was given provided that.

The Hon. I.F. EVANS: How many development applications assessed by Planning SA have been targeted for 2005-06? How does that compare to the estimated result for 2004-05?

The Hon. P. HOLLOWAY: This government has been trying to increase its performance in terms of handling these PARs. We obviously keep our own measures, and we are happy to provide that sort of information. If we look at the PAR summary table, I am pleased to say that there has been a significant improvement over the course of the year. Incidentally, in relation to the first question that the honourable member asked about how many PARs were outstanding—well, outstanding means not yet signed by the minister. Technically, I suppose the answer is only one, that is, the City of Charles Sturt Waste Transfer for PAR. The figures that I have given are really for how many existed in the system, so let us make that clear when we use those figures.

If we can look at the development assessments, the estimated result for 2004-05 of the number of development applications assessed by Planning SA—in other words, the estimated level of activity—is 4 900. That compares with a target of 4 500 in last year's budget. The actual result in 2003-04 was 4 192, so that is an improvement. We would expect a similar number this year.

The Hon. I.F. EVANS: So, a similar number to the estimated result, or is the budget figure the same budget figure as last year?

The Hon. P. HOLLOWAY: As I said, we believe that it will be similar to the estimated result for this year, which is 4 900.

The Hon. I.F. EVANS: What was the actual 2003-04 final result for fees and charges as set out in the 2004-05 budget, and what is the 2004-05 estimated results for fees and charges, and what is the 2005-06 budget for fees and charges?

The Hon. P. HOLLOWAY: Those figures are in the budget paper—the revenue from ordinary activities, fees and commissions. The actuals for 2003-04 was \$9.96 million; the 2004-05 original budget figure was \$7.535 million; the

estimated result for 2004-05 is \$12.87 million; and our budget for 2005-06 is a very conservative \$7.57 million.

The Hon. I.F. EVANS: If your estimated result for 2004-05 is \$12.87 million, why are you budgeting only \$7.57 million, when the actual result for 2003-04 was \$9.96 million? Are you not deliberately underestimating the amount that you will receive from fees and commissions?

The Hon. P. HOLLOWAY: It does depend very much on the economic activity, in particular the revenues from a number of sources. This would include money that goes into the Planning and Development Fund, which depends not only on land prices but also on the extent of land division.

The Hon. I.F. EVANS: You are estimating about a 15 per cent decrease in development compared to 2003-04 and 2004-05?

The Hon. P. HOLLOWAY: As I said earlier, I think that is a conservative position.

The Hon. I.F. EVANS: This is a deliberate underestimate, is it not?

The Hon. P. HOLLOWAY: There is no value in having an underestimate. Why does one deliberately do it?

The Hon. I.F. EVANS: The reason you deliberately underestimate is that it builds in headroom; it builds in surplus.

The Hon. P. HOLLOWAY: Well, no, it does not.

The Hon. I.F. EVANS: It does.

The Hon. P. HOLLOWAY: Not really, because if it is in the Planning and Development Fund obviously it is hypothecated funding, anyway.

The Hon. I.F. EVANS: If you look at the minister's answer last year, you will see that your department had legal advice which gives expenditure of that fund a very broad brief. The minister might want to read that advice.

The Hon. P. HOLLOWAY: I do not necessarily agree that it is that broad. Certainly, there are some functions. Let me say that the Planning and Development Fund and the source of it is one area that we have been looking at since I became the minister. We probably do need a more accurate handle on it. In fact, a lot of this increase became obvious only in the last few months. We will look at feeding into the mid-year budget review, which the government will publish later this year.

The Hon. I.F. EVANS: My prediction to you, minister, is that your department will do the same this year as it did last year. I direct the minister's attention to last year's figures. The estimated result for 2003-04 (in the budget paper), was \$6.65 million, and the estimated result (just two weeks later) was \$9.96 million. That was the actual result: they found \$3 million in two weeks. I ask the minister to look at the whole section in relation to how they are calculating their fees and charges, or how that is brought into account. It seems to me that some fat is being built into the system so that expenditure out of the Planning and Development Fund can be used on various projects.

The Hon. P. HOLLOWAY: As I said, it is one of the issues that I have addressed since I became minister. Of course, the PIRSA people will take over the accounting functions. Geoff Knight is the Deputy Chief Executive, and he has already undertaken some work. Perhaps he can add something further. Accuracy is a legitimate issue, because it does not help governments spend the money wisely, either, if it is all coming in at the end. Geoff Knight will add something. He has had a preliminary look at some of the issues involved here.

Mr KNIGHT: Thank you, minister and madam chair. Yes, we have to be conscious of a number of factors here. One, we clearly do not want to overestimate revenue, either.

The Hon. I.F. EVANS: You have not done that.

Mr KNIGHT: No, we have not.

The Hon. P. HOLLOWAY: No, there has been a rising property market.

Mr KNIGHT: But consistent with the approaches the government takes as a whole to estimating tax revenues—

The Hon. I.F. EVANS: Yes, we have picked the pattern.

Mr KNIGHT: I think it is important to have an acceptably conservative base.

The Hon. P. HOLLOWAY: It is not a new pattern. It has been there since the year dot, and so it ought to be. The government revenue estimates should be conservative.

Mr KNIGHT: There are important grant programs funded from this line, and we certainly do not want to find ourselves in the position of having deficits in the fund, but, having said that, one thing we are looking at is better ways to forecast market trends which will be the drivers for revenue into this fund and, as the minister said, unlike this current year, next year we will be forecasting early on in 2005-06, and the results of those re-forecasts will be reflected in the government's mid-year budget review which will be published before year end. We are also keen to try to understand better the sort of market drivers in terms of development that will drive revenues. The aim of course with a hypothecated fund like this is there is no real advantage in systematically underestimating the fund, because the funds cannot be used for general departmental activities.

The Hon. P. HOLLOWAY: Yes, and I think the other point that needs to be made too is that, given some of this money has come in for open space, as land values go up and therefore increase revenue into the fund, so the cost of purchasing land for open space will also commensurately rise, so in that sense the revenue in, to some extent, will equal revenue out. So if you have a bonanza you are inevitably probably going to have to spend more money in terms of purchasing open space, anyway. You are not necessarily going to be able to get more. It is just that what you buy will be more expensive.

Mr KNIGHT: The final point I would make in relation to the member's comment about revenue forecasts which were changed over a period of two weeks, one of the limitations we have is that all of these budget estimates are prepared probably around February. You will recall in your time as a minister that once those figures are locked into Treasury's forward estimate systems, we do not change them every two or three weeks during the budget decision-making process, so they are estimates at a point in time. We would have been aware for some time that those numbers will change, but it is very difficult to keep changing those every few minutes during the budget process that cabinet is going through. Perhaps it is not quite as severe as a two-week-type process; but it is over a period of time.

The Hon. I.F. EVANS: I understand.

Mr KNIGHT: We will be working very hard to improve that process next time around.

The Hon. I.F. EVANS: Minister, how much of the fees and charges were spent on the improvements to the timeliness of the development assessments?

The Hon. P. HOLLOWAY: In relation to the P&D fund, we have not directly spent it on that. The P&D fund has gone into the various programs, but we do have programs within the department to improve the timeliness and, as I said, I

think we have actually achieved that, if one looks at the results. We did not get around to actually discussing those before. The EDB recommendation is for 13 proposed additional resources to be allocated to urban and regional planning and greater priority given to strategic planning. In relation to recommendation 13, the government has given greater priority to strategic planning and has recently released for public consultation a revised metropolitan volume and an outer metropolitan volume in the planning strategy. We have introduced, of course, the Sustainable Development Bill, which I know the honourable member is aware of. The bill also includes provisions related to the integration of the planning strategy with other strategic plans prepared under other acts of parliament. It also released the State Infrastructure Plan through the Minister for Infrastructure. EDB recommendation 14 proposed that councils allocate higher priority to updating policies and development plans, the streamlining and plan amendment report processes, to save time and to establish council development assessment panels with mixed specialists.

The Hon. I.F. EVANS: Minister, I was only after a figure. I am happy for you to take it on notice.

The Hon. P. HOLLOWAY: If the honourable member is referring to the comments made in the last budget about expenditure on improvements in relation to the EDB, a lot of those were to come out of the Sustainable Development Bill, which of course has only just been introduced.

The Hon. I.F. EVANS: Yes, but we were told in last year's estimates, minister, which you have obviously read, that the increase in fees and charges were to go towards improvements of timeliness. I am asking how much was spent.

The Hon. P. HOLLOWAY: In relation to those fees and charges there has not been any increase. That is the whole point. The fees and charges have come in through the Planning and Development Fund. I think in the last budget there was a proposal to increase fees and charges by \$2 million to pay for those particular developments. As the bill has not yet been introduced, we have therefore not increased the charges, and we will not do so until it is passed.

The Hon. I.F. EVANS: On what will that \$2 million be spent?

The Hon. P. HOLLOWAY: In relation to the recommendations of the EDB, which deals specifically with council development assessment panels.

The Hon. I.F. EVANS: So, will you be funding the panels?

The Hon. P. HOLLOWAY: Obviously, I was not the minister at the time, but that is what was proposed back then, but I decided not to increase that until the bill is passed. Obviously, it is one of my priorities to get it through.

The Hon. I.F. EVANS: Perhaps you can take it on notice as part of my brief for the bill. I want to know where that \$2 million is going to be spent.

The Hon. P. HOLLOWAY: In effect, it has not been raised.

The Hon. I.F. EVANS: But when the bill is passed, you intend to raise \$2 million. You must have a plan to spend it somewhere. So, as part of my brief on the bill can someone please tell me where it is going to be spent.

The Hon. P. HOLLOWAY: I may well look at other alternatives for funding, but I will take that question on notice. We will address it during the Sustainable Development Bill, because clearly this is one of the issues that will be raised.

Mr SCALZI: I refer to Budget Paper 4 Volume 2 (page 5.13). How many officers do you have dedicated to the PAR approval process; what is the total budget for the section that approves PARs; and what is the average total employment costs (including on-costs) for an officer employed under the PAR approval process?

The Hon. P. HOLLOWAY: I will take that question on notice, particularly the on-costs.

Mr SCALZI: Again with reference to page 5.13, what is the budgeted state government appropriation for Planning SA this year; and how does it compare to the estimated result for 2004-05.

The Hon. P. HOLLOWAY: Are you talking about the budgeted appropriation for Planning SA?

The Hon. I.F. EVANS: The appropriation from government.

Mr SCALZI: For Planning SA this year.

The Hon. P. HOLLOWAY: On page 5.13 the net cost is \$15.27 million.

The Hon. I.F. EVANS: Those figures do not even illustrate the level of government appropriation.

The Hon. P. HOLLOWAY: I will ask Mr Knight to comment on that while I seek that information.

Mr KNIGHT: We can provide a breakdown of the appropriation but, as the member would be aware, the Appropriation Bill does not delineate appropriations for subsections of departments. There is a single appropriation for the whole of PIRSA. Under the previous government there would have been a single appropriation for whatever department of which Planning SA was part. The Appropriation Bill itself does not distinguish between sections of departments.

The Hon. I.F. EVANS: With due respect to your adviser, minister, on page 8.107 of last year's budget papers the government appropriation is listed.

The Hon. P. HOLLOWAY: I refer the member to the table on page 5.12—

The Hon. I.F. EVANS: It is a service. It is not the budgeted appropriation.

The Hon. P. HOLLOWAY: Yes, but if the member looks at the table on page 5.12—program 2, planning and development, that gives the net costs.

The Hon. I.F. EVANS: I want the government appropriation. Is the government putting in more or less? Surely you know that.

The Hon. P. HOLLOWAY: There is a bottom line figure for the department which is really the essential one. The net cost of services is, I would have thought, the appropriation.

The Hon. I.F. EVANS: No, it is not. The net cost of services is not the appropriation. Ask your adviser, minister, and I think he will agree with me. The net cost of services is the cost of services after revenue.

The Hon. P. HOLLOWAY: Yes, which is—

The Hon. I.F. EVANS: Is the government putting in more or less out of appropriation?

The Hon. P. HOLLOWAY: But is that not the appropriation?

The ACTING CHAIR (Mrs Geraghty): Can we have one person talking at a time, please?

The Hon. P. HOLLOWAY: I will ask Mr Knight to comment.

Mr KNIGHT: It is effectively the appropriation. The only additional things covered by the appropriation would be the investing amounts, and they would vary from year to year. But, coming back to a point made previously, I repeat that,

in terms of the Appropriation Bill, the government's appropriation to planning is part of a global appropriation to another agency. Even what was published last year within the detailed figures would have been calculated from a set of figures that the department had. It would not have been something from the bill itself. We can certainly calculate that.

The Hon. I.F. EVANS: You are better qualified than me. I was just a humble builder prior to entering politics.

The Hon. P. HOLLOWAY: Can I ask for the figures?

The ACTING CHAIR: Order!

The Hon. I.F. EVANS: Well, I wish to explain something.

The ACTING CHAIR: Member for Davenport, please, can we have only one person talking at a time, because *Hansard* will not be able to record anything and we cannot hear what it is you are asking. So, can we have one person speaking at a time, please?

The Hon. P. HOLLOWAY: I refer the member to table C2 in Budget Paper 3, estimates of payments for Planning SA, and the figure is \$15.689 million. That is the 2005-06 payment from the Appropriation Bill. The 2004-05 estimated result is \$16.396 million. So, the figures are in the Budget Paper. One needs to look at Budget Paper 3 and tables C2 and C3 at the back and the answers are there, one for the estimated result for 2004-05 and the other for the budget this year.

The Hon. I.F. EVANS: What is the budget for policy coordination development and investment strategy for 2005-06, and how does that compare to the 2004-05 estimated result?

The Hon. P. HOLLOWAY: Can we take that question on notice?

The Hon. I.F. EVANS: Certainly. Under section 45A of the act the minister has the power to investigate the performance of a development assessment authority. In 2004-05 did a minister (the current minister or a previous minister) investigate any development assessment authorities? If so, how many and which ones? Can the minister provide answers to those questions for 2002-03 and 2003-04?

The Hon. P. HOLLOWAY: Obviously the latter two we will take on notice. Certainly, there were none for this year, 2004-05. The other years we will take on notice.

The Hon. I.F. EVANS: For the financial year 2004-05, \$725 000 was spent for Parklands 2036, \$700 000 was spent for the Coast Park, \$400 000 for the roses program and \$1.5 million for Places for People. What was the 2004-05 result for each of these programs, and what is the budget for 2005-06 for these programs?

The Hon. P. HOLLOWAY: Obviously, the results for 2004-05 would be estimated. I will ask Bronwyn Halliday to provide that information.

Ms HALLIDAY: Including invoices still to be paid in the remainder of the month, we are expecting to spend \$1.887 million on the Coast Park; on MOSS, \$920 000; on roses, \$3.435 million; and on Places for People, \$1.529 million.

The Hon. I.F. EVANS: The roses program has blown out by a million dollars. What is the breakdown of that?

Ms HALLIDAY: I am happy to table for the member's benefit—

The Hon. I.F. EVANS: You cannot table it: just send me a copy; that is fine.

Ms HALLIDAY: I have a copy here.

The Hon. I.F. EVANS: Does the department set any time frames for dealing with a PAR and, if so, what is the target

time and what is the average time for the department to deal with a PAR?

The Hon. P. HOLLOWAY: We monitor them very closely and we have regular graphs showing targets to ensure that we are on track. We have the total number of PARs assessed by each year, the average number of months it takes, and the median months. Back in 2002-03 there were 38 PARs, the average time was 31.5 months and the median months was 26. In 2003-04, we had 25 PARs, the average months was 29.6 and median months taken was 26. In 2004-05 up until today there are 42 PARs, the average time is 30 months for a much larger number, which is less than it was in 2002-03 and about the same as last year with a much smaller number of PARs. The median months is down to 21.

I congratulate the department on that: it is nothing due to me as I have been the minister for only two months, but the department has made a stringent effort to improve that performance, and they are the sort of internal statistics that we do keep to monitor our own performance.

The Hon. I.F. EVANS: How many inspections of swimming pools were carried out in 2004-05 and by which agency, state government or local government, and what is the budget for the number of inspections to be carried out in 2005-06?

The Hon. P. HOLLOWAY: I think the honourable member is getting ready for the Sustainable Development Bill next week!

The Hon. I.F. EVANS: No, it was actually a performance criterion in last year's budget and it is not in this year's, and I am trying to establish what has happened.

The Hon. P. HOLLOWAY: We will take that on notice and give the honourable member that figure.

The Hon. I.F. EVANS: What is the government doing to have more planners graduate in South Australia?

The Hon. P. HOLLOWAY: The point that the honourable member is making is that there is a shortage of planners at the moment and it certainly impacts on time. That is why the results that we have been able to achieve are pleasing, that we have done that in an environment where there is a shortage of planners. As we have discussed in a previous estimates committee today in relation to all these skills shortages we have around the country at the moment, the state government has only indirect means of influencing those outcomes, because the tertiary institutions themselves are subject to various funding arrangements and there is a large element of market driven behaviour in relation to that. I will ask if Ms Halliday has any information in relation to anything specific that we can do, but essentially the education of planners is something for the education market to address.

Ms HALLIDAY: We are working with the Planning Institute of Australia to help them in their Australian recruitment of additional planners and we are also working closely with the universities. I work with them myself on helping students get into the system so that there are more coming through the system. We also make our staff available, because of the shortage of academics in the area, to assist with tutoring and lecturing, and I also give occasional lectures for the university in encouraging that.

Mr HALLION: The other point is that we are also trying to ensure that we bring back into the work force planners who were previously in the work force but who, perhaps through their working arrangements, cannot work full-time and we are now encouraging part-time work in the department. There is a family friendly policy in Planning SA and across the department and we have seen a return of planners who may

have stayed out of the work force. It is not just a matter of bringing in new skilled planners but also increasing the number by allowing opportunities that might otherwise not be there.

Mr SCALZI: How many urban regeneration and urban design area initiatives were completed last year and how many are budgeted for 2005-06? What is the budget for this year?

The Hon. P. HOLLOWAY: We will take that question on notice.

Mr SCALZI: With regard to my local area, what has been budgeted for Lochiel Park with the housing development? I cannot find planning for Lochiel Park and my constituents keep asking.

The Hon. P. HOLLOWAY: The land at Lochiel Park is owned by the state government through the Land Management Corporation and is surplus to government. The land is still with the LMC and there is no current development application and no PAR affecting the site. There has been no request for planning and development fund money in relation to that. The matter is essentially within minister Conlon's portfolio, so I suggest you ask him at a suitable time.

The Hon. I.F. EVANS: Will the minister update the house on what is happening with the flooding issue at Verdun and the levy bank and the government's promise?

The Hon. P. HOLLOWAY: We have had a number of meetings on that. I had one with residents yesterday. It is a complex issue, as I am sure the honourable member is aware. There have been negotiations with one of the property owners there. Of greatest concern to the government in relation to that location is the petrol station on the flood plain. From an environmental perspective it offers the greatest risk. We have been having negotiations with the proprietor of the petrol station to see whether we can move that operation from the flood plain, but it would be unhelpful to discuss too much about negotiations at this stage. I understand Boral has ceased operations on its property and there may be an opportunity to purchase the property or ensure it is returned to some compatible use. Clearly Verdun is a classic illustration of the folly of allowing developments to be built on flood plain areas, but that has happened and we have to try find a—

The Hon. I.F. EVANS: I do not know how the PAR got through the department.

The Hon. P. HOLLOWAY: I do not know that it did. A lot predates them. I am happy to provide the honourable member a briefing on that.

The Hon. I.F. EVANS: The member for Kavel will want the briefing.

The Hon. P. HOLLOWAY: It is a complicated issue because of the number of properties. As I have indicated to the residents, it will not be possible to keep everybody happy as it is not that sort of situation. We will at least try to improve the environmental outcomes.

The Hon. I.F. EVANS: What is the electronic plan amendment report program that cost just over \$500 000, and what is the total cost of that project and the amount per year in the forward estimates for that project?

The Hon. P. HOLLOWAY: I will ask Jim Hallion to answer that question.

Mr HALLION: It is a strategic systems development project with a goal of delivering an industry-wide computer system to manage the state's development plan. Work commenced in January this year, and final delivery for the program is June next year. The project is to be delivered in two phases. As I said, phase one started in January and will be completed in February 2006. The budget allocated for the project is \$800 000. Some \$90 000 was spent in the initial phase. We are happy to divulge, I think, the fee to the consultant, which was \$530 000 for this phase one process which, as I said, will finish in 2006.

The Hon. I.F. EVANS: Was that \$530 000 out of \$800 000?

Mr HALLION: That is correct; that is for stage one. Of course, that is in fact the development of the substantive system at that stage. There is a small contingency in the budget, and there is a second phase of \$140 000 in the second stage. On a financial year basis, just to give the member an idea of the funds each year, in 2003-04 it was \$90 000; in 2004-05 it was \$199 000; and in 2005-06, when the substantive amount of the funds will be spent, it will be \$470 000. I just add that it was a contract, not a consultancy.

The Hon. P. HOLLOWAY: That figure was a contract for the provider. I think Mr Hallion said it was a consultancy: it is actually a contract to them to provide the system. I guess there is a difference between a contract and a consultancy, if they are providing it.

The CHAIRMAN: I declare the examination completed. I lay before the committee the draft report.

Mrs GERAGHTY: I move:

That the draft report be the report of the committee.

Motion carried.

The Hon. P. HOLLOWAY: I thank everyone for their contribution.

At 6.18 p.m. the committee concluded.