

HOUSE OF ASSEMBLY**Thursday 19 October 2006****ESTIMATES COMMITTEE A****Chair:**

Ms M.G. Thompson

Members:

Mr L.W. Bignell
 Mr T.R. Kenyon
 Mr A.S. Pederick
 Mrs E.M. Penfold
 Hon. L. Stevens
 Mr M.R. Williams

The committee met at 11 a.m.

Department of Primary Industries and Resources,
 \$114 420 000
 Administered Items for the Department of Primary
 Industries and Resources, \$142 801 000

Witness:

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

Departmental Advisers:

Mr S. Archer, Acting Executive Director, Corporate, Primary Industries and Resources SA (PIRSA).

Dr P. Heithersay, Executive Director, Minerals and Energy, PIRSA.

Mr. B. Goldstein, Director, Petroleum and Geothermal, PIRSA.

Dr T. Tyne, Director, Minerals, PIRSA.

Mr M. Williams, Acting Director, Finance and Shared Business Services, PIRSA.

The CHAIR: I will start with a brief statement about estimates procedures. 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 changeover of departmental advisers. I ask the minister and the lead speaker for the opposition to indicate whether they have agreed on a timetable for today's proceedings.

The Hon. P. HOLLOWAY: We will proceed on minerals and energy until 1 o'clock, and I guess there will be changes after lunch.

The CHAIR: I have no separation here between mineral resources and any other area.

The Hon. P. HOLLOWAY: I think it is understood that it is all matters within the minerals and petroleum division.

The CHAIR: 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 17 November. I will 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's *Notice Paper*. There is no formal facility for the tabling of documents before the committee. However, documents can be supplied to the chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house; that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response. I also advise that, for the purposes of the committee, there will be some freedom allowed for television coverage by allowing five minutes at the beginning of proceedings.

I declare the proposed payments open for examination and refer members to the Budget Statement, in particular pages 2.16 and 2.17 and the Portfolio Statement, Volume 2, Part 5. Minister, do you wish to make an opening statement?

The Hon. P. HOLLOWAY: Yes, I do, because I think it is important that we understand where the mining industry is in South Australia at present. We are currently experiencing the largest mineral exploration boom ever seen in this state. Recently released ABS figures show that mineral exploration expenditure in South Australia totalled \$146.5 million for 2005-06. This represents a staggering 119 per cent increase on the \$66.9 million spent in the 2004-05 financial year. South Australia has now captured 11.8 per cent of the national mineral exploration expenditure, increasing on the 6.5 per cent for 2004-05. We have also maintained our overall third position in the ABS national exploration expenditure rankings behind the major mining giants of Western Australia and Queensland.

It is worth pointing out, however, that Queensland's exploration expenditure figures are inflated by the current high level of coal exploration in that state. South Australia did, in fact, surpass Queensland in 2005-06 in metals exploration investment, placing our state second in metals exploration behind Western Australia. These figures are a clear indication of a high level of interest in South Australia as a mineral exploration destination. Our recent mineral discoveries and many promising drilling intersections, often underpinned by the PACE initiative, will further strengthen South Australia's attractiveness to global mineral explorers.

Record levels of drilling activity are also being seen for petroleum in the Cooper Basin. In the term from January 2002 to August 2006, 81 exploration wells were drilled by the new explorers in the Cooper Basin; 43 of these wells discovered new petroleum accumulations. That is a 53 per cent technical success rate; and 38 were cased and suspended as future producers, which is a 47 per cent commercial success rate. In the first eight months of 2006 alone, a stunning 62 per cent of the 13 Cooper Basin exploration wells found new fields.

Geothermal exploration is also booming in this state. South Australia's strategic advantage in the form of naturally occurring hot rock geothermal resources and a government

designed and supportive regulatory and investment framework has attracted 11 companies to apply for 96 geothermal exploration licences (GELs) covering 45 000 square kilometres in this state. Whilst some may not eventuate, the aggregate investment for work programs associated with these 96 geothermal exploration licences is estimated to be worth more than \$514 million for the period 2002 to 2013—this is compared to \$52 million in licence commitments for the remainder of Australia. That means that we have 90 per cent of the estimated work in geothermal exploration in this country.

As I mentioned earlier, South Australia has recorded its highest ever level of exploration expenditure in 2005-06, and there is no doubt that this record growth has been significantly helped by the introduction of the Plan for Accelerated Exploration (PACE), which was introduced in April 2004. The government has committed \$22.5 million between 2004 and 2009 on the eight operational themes of PACE, which are closely linked to targets under South Australia's Strategic Plan. The two major minerals targets are: first, to increase investment in mineral exploration to \$100 million by 2007 (which, as I have just indicated, we have well exceeded already); and, secondly, to boost annual mineral production and processing to \$4 billion by 2020.

The eight PACE themes aim collectively to bring forward and improve mineral resource discovery and development in South Australia by practically: increasing private mineral exploration expenditure; improving land access for exploration; developing new exploration techniques; delivering new lead edge geoscience products and mapping coverages; and facilitating more sustainable regional communities. PACE has been designed to make a significant contribution to long-term wealth creation and regional employment opportunities in South Australia. The last 12 months of PACE have been especially successful, and I am delighted to say that the results have outstripped my expectations due largely to the collaboration and cooperation exhibited right throughout the South Australian resources sector.

South Australian mineral producers have had a very successful year and, according to the latest South Australian minerals industry scorecard, we remain on track to reach mine production processing targets of \$4 billion by 2020. A number of significant mining projects have recently reached important milestones, and I will quickly highlight a few of those. There is the proposed Olympic Dam mine expansion, which will exceed \$7 billion in capital expenditure. The pre-feasibility study and feasibility study are proposed for completion in 2007 and 2008 respectively, with full production expected by 2014. There is Dominion's remote Challenger gold mine in the west of the state, which has extended its gold reserves and which is now expected to have a mine life of a minimum of 10 years.

Of course, OneSteel's \$355 million Project Magnet is expected to bring in revenues in excess of \$1 billion over 10 years. Prominent Hill's \$775 million copper-gold mining project has commenced construction and has forecast an initial mine life of 10 years, with commercial production to commence in September 2008. SXR Uranium One's Honey-moon in situ leach uranium mine has now received environmental licences from the EPA and is finalising the mining and rehabilitation program prior to final government approval. Terramin Australia's Angas Zinc project in the Adelaide Hills is seeking the final MARP and EPA licence approvals prior to starting construction next year. Australian Zircon's Mindarie heavy minerals sands mining project has now

received all government approvals and has commenced the construction phase. Mindarie is the first mineral sands mining project in South Australia and it is forecast to operate for around 14 years.

Finally, Iluka Resources is currently engaged in a pre-feasibility study of the world-class Jacinth and Ambrosia heavy mineral sands deposits in the Eucla Basin in the far west of the state. These deposits are recognised as one of the richest zircon deposits in the world that have been further augmented by new discoveries at the Tripitaka and Gullivers mineral sand deposits.

Just quickly in relation to petroleum projects, over 85 per cent of the state's petroleum prospective acreage is covered by 47 petroleum exploration licences and 31 petroleum exploration licence applications. The total area covered by petroleum exploration licences in the state was doubled from 66 500 square kilometres to 140 225 square kilometres on 3 October, when seven new petroleum exploration licences in the Arckaringa Basin and one new PEL in the Mid North were granted to SAPEX.

The Cooper Basin remains onshore Australia's most popular exploration address and is now essentially fully under licence or application. The first round of mandated partial relinquishment of exploration licences commences in October 2006, and this acreage will be consolidated progressively into bid blocks for a major new acreage release in 2008-09, totalling 19 150 square kilometres. There is significant international petroleum exploration investment forecast in South Australia's frontier basins. International investors from the USA, Canada, the UK and India are now participating in petroleum exploration in the state's producing and frontier basins.

Quickly, in relation to benchmarking, the Minerals Council of Australia recently released its national scorecard of mining approval processes. These results highlighted that South Australia ranks first or second in 15 of the 17 categories defined by the survey. Further evidence of South Australia's ability to encourage development in the resources sector comes from the Fraser Institute's 2005-06 annual survey of mining companies. South Australia received an international ranking of sixth place against 64 other global mineral jurisdictions on the mineral potential index, which was an increase from 18th in 2004-05.

In relation to indigenous land use agreements, South Australia has established a template for indigenous land use agreements that is proving acceptable to native title claimants and mineral explorers alike and, in doing so, leads the nation in successful negotiation agreements for access to native title land for minerals exploration. 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 indigenous communities. Likewise, with petroleum, the groundbreaking right to negotiate agreements in the Cooper Basin continue to form a very practical precedent to negotiations involving indigenous parties, explorers and the state government.

Finally, in relation to royalties, the total mineral and petroleum royalty receipts from the 2005-06 financial year were \$122.6 million. This is a significant increase on the previous financial year (2004-05) mineral and petroleum royalty revenue of \$101 million. Currently, the forecast for mineral and petroleum royalties in 2006-07 is around \$120 million. It is also important to note that emerging resources projects not yet in production are not factored into

revenue estimates. The amended royalty provisions, which provide for a very competitive rate of 1.5 per cent for the first five years of production, will continue to give South Australia a competitive advantage in attracting mineral developers, and it is assisting us to meet the ambitious SA Strategic Plan target set for mineral production processing and exports by 2020. In conclusion, there is a wealth of good news coming from the minerals, petroleum and geothermal sectors within the state. I know that there is much more to come, and the budget aims to provide the most appropriate conditions to allow a government to deliver these competitive results well into the future.

The CHAIR: Does the member for MacKillop wish to make a statement?

Mr WILLIAMS: Briefly, thank you. The opposition agrees with and is just as excited as the minister about the current situation and the future potential for the mining sector in South Australia. In fact, the opposition is incredibly proud of its record underpinning much of what is happening in South Australia today. The irony of what is happening is not lost on the opposition, particularly with regard to Olympic Dam. Most of the exploration activity that the minister alluded to in his opening address is in fact as a result of the Olympic Dam operation and the expansion there. Without that, the mining sector in South Australia would still be an exciting place to be at the present time but it would be much more modest than the minister would have us believe.

Having said that, the opposition intends to ask a series of questions across the budget. I repeat my lament of last year that the budget papers are quite sparse when it comes to describing exactly what is happening within the Department of Primary Industries' Mineral Resources Development Agency. In fact, the minister undertook last year, when I made these comments, to provide me with an additional breakdown of the individual sub-programs within the agency. I can inform the committee that I am still waiting to receive that information. The minister may take that on board and we might do better this time. With regard to citing a particular budget page, virtually all my questions will be represented to Budget Paper 4, Volume 2, principally on pages 5.12 and 5.13, with some questions relating to the targets and highlights expressed on page 5.18. There will also be a couple of questions relating to other budget papers.

My first series of questions relates to the table on page 5.12 of the aforementioned budget paper. The figure from the 2005-06 budget for the grants and subsidies of \$4.068 million was overrun by some \$2.47 million between the budgeted figure and the estimated result. What is the explanation for that overrun?

The Hon. P. HOLLOWAY: Most of that \$2.5 million was for the Australian Mineral Science Research Institute (AMSRI), which was parked in that particular line. I am sure that the honourable member will be well aware that one of the important contributions that the state government has made to the mining industry in the past 12 months was to support that institute. Principally, the work being done out at the Ian Wark Institute is related to minerals processing. The Australian Mineral Science Research Institute was launched on Friday 8 September this year by Nick Minchin, and the inaugural director of AMSRI was laureate Professor John Ralston.

The state's contribution towards this institute was \$2.5 million, and that was essentially the reason why that grant came in. I assume, and I will check with the finance director, that it came out of a separate budget allocation

during the course of the year. I should hand over to Steve Archer, who can explain the accounting transaction that has taken place. Essentially, the \$2.5 million was provided last year for AMSRI through this particular budget.

Mr ARCHER: I refer the honourable member to the Supplies and Services line on the same page as the Grants and Subsidies. He will note that the budget for 2005-06 for Supplies and Services is \$9.2 million, whereas the estimated result is only \$6.8 million. This is as a result of accounting standards that dictate that we should actually have grants (and in this case it is actually grants under the PACE program, providing drilling subsidies) reclassified as Grants and Subsidies, which explains the \$2.5 million additional expenditure under Grants and Subsidies for the estimated result of 2005-06.

Mr WILLIAMS: What Mr Archer is saying is that the change in the figure in the Grants and Subsidies line is a direct reflection of the change in the figure in Supplies and Services?

The Hon. P. HOLLOWAY: Essentially, that is correct.

Mr WILLIAMS: In his earlier explanation, the minister was musing aloud that the AMSRI grant of \$2.5 million may have been a separate allocation to the agency. Is that the case or was that paid from within the agency's existing funds?

The Hon. P. HOLLOWAY: I will let Mr Archer explain that, but I think it was part of the original.

Mr ARCHER: That is correct. I will refer again to the grants and subsidies line. The budget for 2005-06 is \$4.068 million. That includes \$2.5 million for AMSRI. The reclassification was, in fact, in relation to the PACE program and the drilling subsidies.

Mr WILLIAMS: I note the grants and subsidies line has the year 2004-05 and then for the year 2005-06 it is of the order of \$4 million. The actual result, as we have just had explained, increased dramatically from that. There has been a significant reduction in this year's budgeted figure for grants and subsidies. What is the explanation for that?

The Hon. P. HOLLOWAY: That is where the AMSRI comes in. That is where I probably jumped the gun a bit before but, as Mr Archer has just explained, in the 2005-06 budget, that \$4.068 million figure included \$2.5 million for AMSRI which, of course, was a one-off payment made during the year. So if one takes that out, one has roughly the same level that we have in grants and subsidies for 2006-07.

Mr WILLIAMS: What about the year 2004-05? It is of the order of a bit over \$4 million. Did that have one-off payments in it as well?

The Hon. P. HOLLOWAY: I will ask Mr Archer to explain that.

Mr ARCHER: The answer is based in the answer I provided earlier. When the budget for the PACE program was first approved by cabinet—we are dictated by the system known as the Hyperion system within the budget process. That system classified the budget that was approved for PACE as supplies and services. However, in reality, in terms of payments, it was actually a grant payment because of the drilling subsidy. So, when we actually expend the money, we have to reclassify it under accounting standards as grants and subsidies, whereas when it was budgeted, it was originally sitting under supplies and services.

If you look at the 2006-07 budget for supplies and services (\$9.339 million), that includes the budgeted amount for the PACE program this year and ultimately throughout the year again, as we provide grant subsidies for the drilling program, that will be reclassified again as grants.

The Hon. P. HOLLOWAY: I am sure that if one looks at the total expenses, they are broadly comparable with the budget last year. I think that explains that there have been these alterations in categorisation, essentially.

Mr WILLIAMS: I accept the explanation, minister, referring to the period between the year 2005-06 and the current budgeted year. But if you go back to the previous year, 2004-05, the gross amount for those two items (supplies and services and grants and subsidies) is considerably less than was budgeted two years ago, by the order of about \$2.5 million, I think.

The Hon. P. HOLLOWAY: Back in 2004-05, to kick-start the initial PACE program, we had put an additional amount there to boost it, and I think the program has been incredibly successful. We did bring forward, under that PACE program, that initiative to particularly kick-start it in that year and we are now seeing the good results of it. But we believe the level we are providing it now, about half-way through the program, is really bringing the success that we want. In fact, as I said earlier, it has probably exceeded the government's expectations.

The Hon. L. STEVENS: This question also refers to the PACE round 4 funding submissions. Can the minister provide details of the latest round of collaborative drilling funding under the PACE scheme?

The Hon. P. HOLLOWAY: I thank the honourable member for her question. South Australia's mineral exploration boom has continued unabated and we believe that is because it has largely been driven by the PACE initiative. That PACE initiative was introduced in April 2004 and, of course, the five-year package was a total of \$22.5 million. A key element of the PACE scheme is the drilling partnership which provides funding on a dollar-for-dollar basis to companies seeking to explore South Australia for minerals and other resources. This collaborative drilling scheme also helps to increase geological knowledge of high risk frontier areas where little is known of the geological make-up, especially of depth. So, in that sense it does build upon the earlier work that was done.

The member for MacKillop referred earlier to work that had been done in the past, and that is certainly true. I think the origins of the exploration initiative go back 15 years now and they have been continued by all governments. What the PACE program seeks to do is really build upon that and strengthen that in a number of important areas.

Submissions for the most recent round (the fourth round) of funding under the PACE drilling collaboration closed on 29 September with a very encouraging 75 applications received. This collaboration, of course, was really an original idea obviously based on the results of all those exploration initiatives that had taken place over the previous 12 or 13 years, but what was unique about it was that we did have this drilling collaboration scheme. The high calibre of proposals submitted is a clear indication that mining companies throughout Australia, and the rest of the world, are becoming increasingly aware of the untapped potential for mineral exploration across the state.

The submissions cover all parts of the state, with the greatest concentration in the highly prospective Gawler Craton—the location of the world-class Olympic Dam and Prominent Hill discoveries. I understand that the most important or the most common mineralisation being targeted by explorers is iron oxide-copper-gold. In the first three rounds of PACE collaborative drilling funding since the scheme was introduced in 2004, 194 proposals have been

submitted, with 107 granted funding totalling around \$6 million.

From this investment, South Australia has seen at least four significant PACE assisted projects, with estimated in-ground value in the hundreds of millions of dollars, which is an incredibly good return on investment by any standards. The four projects of note include: the Carrapateena IOCG prospect, 100 kilometres south-east of Olympic Dam; Beverley's four-mile prospect near Heathgate's current Beverley operations; Gulliver's heavy mineral sands prospect, 60 kilometres east of Ceduna; and the Oakdale base metals prospect in the central Eyre Peninsula. The encouraging number of submissions was to be expected, given the recent ABS figures showing exploration expenditure has reached that all-time record of \$146.5 million in 2005-06.

For the record, exploration expenditure in South Australia in the 2004 financial year was just \$66.9 million. As the honourable member said in a question, there is little doubt this record growth has been significantly helped by the introduction of the PACE scheme. The PACE round 4 proposals are currently undergoing rigorous review by both independent analysts and by PIRSA's leading geologists, and the successful projects will be announced on 1 December at the industry's annual celebration for the patron saint of mining, St Barbara; St Barbara's Day.

Mr KENYON: What actions are being undertaken by PIRSA to raise awareness with indigenous groups of the benefits of mining?

The Hon. P. HOLLOWAY: The Mineral Resources Group of PIRSA, through its Musgrave Province Team and Land Access Team, have an ongoing program funded through the PACE program which actively works with indigenous communities to develop a good understanding of exploration and resource development. The program also deals with the opportunities that may be presented through successful projects in their traditional lands in the future.

The outcomes of this close working relationship between PIRSA and indigenous communities address some of the key objectives of the state's Strategic Plan, including reduction of regional unemployment, reducing the gap between quality of life for indigenous and non-indigenous people in South Australia and improving mineral investment in the state.

The key activities of this collaboration with indigenous communities include: the support of indigenous and non-indigenous liaison positions within the APY lands, which are a focal point for exploration and mining communication between communities, exploration companies, government departments and traditional owners; conducting ongoing education programs on mineral exploration land access negotiation processes in indigenous communities, targeting all people from junior students to elders; supporting processes of culturally appropriate communication and the integrity of cultural values of sites not accessible for exploration and development; demonstrating through implementation of best practice methodology that mineral exploration and development can be both environmentally and socially acceptable in Aboriginal lands; developing and undertaking cultural awareness training for PIRSA staff and private sector mineral industry personnel in conjunction with indigenous communities; initiating programs to facilitate skills development and community participation in regional mineral industry activity; and identifying other areas of community development where PIRSA can provide a proactive support role.

If I could just give an excellent example of the relationships that have been built up over time: it is the donation of

a significant amount of clothing by PIRSA geologists in association with the charity Mission World Aid to communities in the APY lands. The Geological Survey Branch of PIRSA's Minerals and Energy Resources Group organised the distribution of 42 wool bales of clothing (weighing around 6.5 tonnes) to all communities in the APY lands. I think that this is a marvellous gesture.

Staff from the Geological Survey Branch have been working closely with communities in the APY lands for the past five years in a program of geological mapping for mineral exploration. I understand the clothing donation initiative arose from small donations of clothes from within PIRSA, which generated interest from APY communities and the consequent request for warm clothing and blankets for the winter.

During July and August this year the staff sourced a significant supply of quality secondhand clothing through Mission World Aid, and organised its shipment to the lands by Goodfellows Transport, which agreed to carry the clothes free of charge. Geological Survey Branch staff, the APY mining liaison officer and community representatives from throughout the APY lands distributed the clothing. As my colleague the Minister for Aboriginal Affairs and Reconciliation (Jay Weatherill) has noted, this successful exercise is the result of a strong bond that has been forged between the PIRSA geologists and the APY communities.

Mr BIGNELL: What is the government doing to regulate mineral exploration around townships and to ensure communities are fully informed of exploration activities?

The Hon. P. HOLLOWAY: I thank the honourable member for Mawson for his question. I know he has a deep interest in this matter. Mining, as we have just discussed, is a vital contributor to our state's economic performance and it directly contributes to the South Australian Strategic Plan target of trebling the value of the state's export income. As we said earlier, South Australia is currently experiencing the largest minerals exploration boom ever seen in the state, with more than 500 active mineral exploration licences covering more than 250 000 square kilometres of the state. Global confidence in South Australia's mineral sector is at an all-time high and we want to build further on this position to sustain the minerals industry as a core economic sector of South Australia.

Our mineral exploration boom has also seen a resurgence of exploration activity in the Adelaide Hills and in other regions near our developed townships. The Hills and areas to the north and south of Adelaide are part of a geological region of the state recognised as having a very high endowment of minerals, precious metals and other mineral deposits and extractives resources.

There is an historical perspective to prospecting and mining in the Hills. In fact, the first metal mine in Australia was established shortly after settlement in the late 1830s at the Glen Osmond mines. There are many historical mines in the region considered as an important early contributor to the development of the local economy and jobs in the fledgling colony of South Australia. Indeed, it was, I think, the copper mining boom in the Mid North of the state that actually saved the state from bankruptcy. Some of these historic mining sites may well be re-born as a modern contributor to the state's mineral exports.

Our modern day explorers are just as committed to making discoveries as our first prospectors were. In general, there is a good relationship between explorers and mining and extractives operations and their neighbouring communities,

because this makes good business sense. There is mutual advantage in fostering these relationships. The industry wants the communities within which it operates to benefit from the industry's presence. We recognise that mining is also a strong contributor to regional development and regional job creation.

The government represents the community in setting regulatory requirements and standards for exploration and mining operations across the state. In fact, the government directs the industry to consult and engage with local communities on existing and proposed exploration and mining operations through various provisions of the Mining Act linked to various environmental legislation, together with legislative regulations and government policies.

The government has a strong commitment to ensuring explorers consult fully with their community on their exploration programs, and I notice the member for Hammond is, of course, a member, and I thank him for his contribution to the community consultative groups in his area, with both the mineral sands and the Angas mine. But this issue of community consultation is very important, particularly if there is to be renewed interest in areas that are closer to built-up areas than would have been the case in the past. In the event of a mineral discovery and a proposal for mining, the government seeks full consultation and advice from the community of the environmental, social and economic risks of the project, as well as on the potential rewards for all. We recently had the case—I am sure members have noted—of Marathon Resources at Myponga. In that case the company did not follow the comprehensive guidelines outlined in liaison guidelines for landholders and mineral explorers in South Australia, and I point out they have been voluntary guidelines.

This guide which is used by the state's explorers is designed to assist in establishing and maintaining good relations between exploration and mining companies and the community and landholders. The set of guidelines has been made available to explorers from the Department of Primary Industries and Resources for the past four years through PIRSA's web site, and as a hard-copy brochure at PIRSA's information desk. This guide provides a practical code of conduct for exploration operations, including to establish and maintain close liaison with the owner and occupier of the land affected by exploration activities, avoiding damage to improvements, including water supplies, and carefully managing activities in relation to their effects on vegetation and land, avoiding interference with crops, livestock and other activities on the property, and avoiding disturbance to the owner's house and other amenities from noise, dust and other nuisance. The guide also provides comprehensive guidance on establishing and maintaining good relations, actions upon first arriving on the land, land care, property infrastructure, good housekeeping, management of exploration activities, reinstatement of disturbed areas, and actions to be undertaken upon the program completion.

South Australia has worked closely with the other states and territories and the commonwealth during the past year through the Ministerial Council on Minerals and Petroleum Resources. The ministerial council working groups, which are fully supported by this government, have developed new Australian principles for engagement with communities and stakeholders. These principles, which are now published by the Ministerial Council on Minerals and Petroleum Resources, and made widely available to the minerals sector, strongly promote the elements of good communication, transparency, collaboration, inclusiveness and integrity. Our

South Australian liaison guidelines, mentioned previously, are now being reviewed and further strengthened, in consultation with the Chamber of Mines and Energy, to incorporate the principles and elements in the recent MCMPR publication, *Principles for Engagement with Communities and Stakeholders*.

Returning to the case of Marathon Resources at Myponga, the company has been fully re-advised of the conditions of the exploration licence and of the stringent environmental standards for operating on this licence, and I expect the company to fully comply with the government's guidelines for consultation with landholders during its exploration program. So, in summary, I thank the member for Mawson for his interest in this area, because I know his electorate does cover some historical mining areas, and it is important, if there is renewed interest, that these guidelines be further strengthened and enforced, and I can assure him they will be.

Mr PEDERICK: The next three questions relate to the table on 5.12. We see at the 'Fees, fines and penalties' line the revenue increased by \$700 000, or about 15 per cent, over the budgeted figure. What was the cause, and is the increase in the forecast figure for 2006-07 for the same reason?

The Hon. P. HOLLOWAY: My advice is that, as to the 2005-06 estimated result, the majority of it is an increase from regulated fees and charges due to an increase in the area in which exploration is undertaken, and also some of that increase is due to a reclassification from 'Other' and 'Sale of goods and services'. So I think that should answer at least that part of the question in relation to 2005-06—but if I have not answered all of it I will add to it.

Mr PEDERICK: The increase in the forecast figure for 2006-07, does that just carry on for the same reason?

The Hon. P. HOLLOWAY: That would represent two factors: one is expected increase in activity, and also the indexation of fees.

Mr PEDERICK: Referring to the same table: what goods and services are sold by the program and why has the revenue been in decline?

The Hon. P. HOLLOWAY: My advice is that that reflects the practice of this department, and others, in moving increasingly towards online provision of information, rather than publication. Perhaps Paul Heithersay would like to add to that.

Dr HEITHERSAY: The practice of the department and jurisdictions all around Australia is to move towards providing free geoscientific data, usually online or via CDs. In the past, we have produced many more books and maps that had a cost attached to them, but the trend is to go online and make it as freely available as possible.

Mr PEDERICK: My next question relates to the same table. What items are included under 'Other' in both expense and revenue figures and why did revenue from 'Other' dip so dramatically for the 2005-06 year?

The Hon. P. HOLLOWAY: Again, there are some accounting issues here in relation to reclassification. Perhaps I could ask Mr Archer to provide an answer.

Mr ARCHER: In relation to the items under 'Other', that relates to any miscellaneous income or expenses that we would have that are not classified under the accounting standards under particular lines that are reflected there in terms of whether they are a supply grant or other. We are actually required under the standards to do that. That can be a range of different things. It could be recovery of salaries, or the fact that we have rented something out, or something like that, which does not classify under the other. The actual

details would vary year by year. The reason why the variation is higher—sorry, would you like to repeat the second half of your question?

Mr PEDERICK: We are looking at the estimated result in 2005-06, which is dramatically lower in both revenue and expense.

Mr ARCHER: If you refer to table 5.12, in fact, the revenue under 'Other' is actually higher in 2005-06 than for 2006-07. For expenses, it is slightly lower; you can see that it is about \$100 000 lower. We budgeted \$176 000 for some compliance activity. In the end, we insourced that activity and increased our salary; so, if you look under the year 2005-06, estimated result under employee benefits and costs, you will see that that is slightly higher. That is one of the reasons why it is higher: that \$176 000 was spent under employee expenses. I need to get back to you as to why the income is different in 2006-07 under 'Other'.

Mr PEDERICK: Yes, it has increased on that one.

The CHAIR: Minister, you will provide that information?

The Hon. P. HOLLOWAY: We can provide it now.

Mr ARCHER: The reason why that has increased is that we will now receive revenue from the Extractive Areas Rehabilitation Fund to provide for additional compliance activity in that area, so that reflects a transfer of funding from that fund, which is an administered item under the minister's lines, so that we can undertake that increased activity.

The Hon. P. HOLLOWAY: I am sure that the member for MacKillop, who has had lots of discussions in relation to that bill, would be aware of that. That is where that extra compliance money from the EARF appears; 4 cents per tonne, I think it was.

Mr WILLIAMS: The previous explanation went some way to explaining the increase in cost in employee benefits and costs. It might cover \$150 000 to \$170 000 of it, but the costs actually went up by \$1.2 million from the budget figure in the past 12 months. What is the explanation for that? If it were due to an EB, is that covered out of a Treasury contingency fund?

The Hon. P. HOLLOWAY: There are a number of contributing factors to that. First, as has just been mentioned, it is a transfer from the Extractive Areas Rehabilitation Fund for additional compliance work, and that is about \$350 000. Also, there is additional salary funding for the 2004-05 budget for an approved regulatory compliance initiative. Since I have represented the portfolio, it also represents a full share of my office expenditure, which has been pulled over to this budget whereas, previously, it was under industry and trade.

Mr WILLIAMS: That is funded from within this agency?

The Hon. P. HOLLOWAY: I will let Mr Archer explain that.

Mr ARCHER: There are two series of movements here. First, there is the increase from the budgeted 2005-06 amount from \$12.1 million to \$13.3 million. In effect, that is part of that reclassification that I mentioned before, but also it includes the EB agreement of which \$635 000 was for enterprise bargaining. That, in fact, is provided through funding from a central contingency held by Treasury. It also includes part of the minister's office transfer from DTED to the department. If you look at the movement between the estimated result of 2005-06 to the budgeted amount for 2006-07—which moves from \$13.3 million to approximately \$14 million, as the minister mentioned—is a result of the full effect of the Extractive Areas Rehabilitation Fund amount provided for compliance activity together with the fact that,

in 2004-05, the department received funding for increased regulatory funding. This is a further boost for that, together with a full-year effect of the transfer of the minister's office from one agency to the other.

Mr WILLIAMS: Over the page, regarding the performance commentary from the minerals sector, can you provide the committee with a complete breakdown of the expenditures within the PACE program: how much is expended on each of the elements of the program, and what portion of those expenses comes from each budget line—for example, employee expenses, supplies and services, grants and subsidies?

The Hon. P. HOLLOWAY: We may have to take that on notice. We can probably give you a broad description of the PACE themes. Is this for 2006-07 or for the past year?

Mr WILLIAMS: Yes. While you are at it, minister, you can give us both the past year and the upcoming year. It gets back to the comment I made earlier, that the budget papers are not what you would call fulsome in their detail. It would certainly aid the committee to have a better understanding of the PACE program, if we knew exactly what was being spent on each one of those elements—I think there are six. I ask for that to be broken down into each budget line, because it gives an indication of what parts of that expenditure are occurring in-house and what is occurring outside of the agency.

The Hon. P. HOLLOWAY: In relation to the latter comment, some of the PACE funding will be spent in-house and some outside, I assume. Obviously, there are elements of it, such as the drilling partnership, which do go outside, but there may be other elements which would presumably be spent within. There are eight themes in the PACE program. For the first theme, balancing resource development with conservation, \$400 000 has been funded in 2005-06 and \$300 000 in 2006-07; drilling collaboration, \$2 million in 2005-06 and again in 2006-07; the third theme, the South Australian Centre for Mineral Exploration Under Cover, \$300 000 in both 2005-06 and 2006-07; from craton to basin—new geophysics, \$1.25 million in 2005-06 and we estimate that \$1.3 million will be spent in 2006-07; resource development and sustainable communities, \$700 000 in both 2005-06 and 2006-07; baseline geochemical survey, \$500 000 in 2005-06 and we expect \$250 000 to be spent in the current financial year; next generation data delivery, \$500 000 in both 2005-06 and 2006-07; and SAMPEG, \$100 000 in 2005-06, and we expect about \$250 000 to be spent in 2006-07.

Mr WILLIAMS: I refer to page 5.8. One of the highlights for 2005-06 was that PACE was a key contributor to two significant discoveries at Carrapateena and Gullivers. One of your department's publications gives a significant history of the Carrapateena discovery. In *MESA Journal* 38 of July 2005 it is suggested that there is a long history going back to the days 'soon after the discovery of Olympic Dam', with core samples and gravity anomalies leading to an exploration licence being granted as early as 1996. History confirms that the collection of data continued over a number of years before two holes (partially funded by PACE) were sunk 'to test, first, the aeromagnetic and gravity anomalies and, secondly, the MIMDAS anomaly.' How can the government justify its claim that PACE was a key contributor when the discovery was the result of many years' work and all sorts of geoscientific work?

Mr KENYON: They would not have drilled the hole if they did not have the money.

The Hon. HOLLOWAY: I think the member for Newland has essentially summed it up. Earlier, I paid tribute to the work that was done through the various exploration initiatives that began, I think, under Frank Blevins in 1991 with the South Australian exploration initiative. The incoming Liberal government continued that program through, I think it was called TEISA. For 15 years continual data collection has been built up of the geoscientific database in this state, so it is now the best in the world, and I think that is acknowledged by the Fraser Institute and others. We provide better competitive geoscientific data than any other jurisdiction in the world, and that is as a result of all that work that has been done over a number of years. Obviously, that is a very important platform on which to base exploration. However, it is one thing to have that data; it is another thing to have the money to actually drill, and that is where the drilling subsidy program has been absolutely essential.

I think if you talked particularly to some of the small explorers you would find that they would not have taken the risk to hole down, when it might cost \$200 000 or \$300 000 per drill hole, without that subsidy. One only has to look at the amount of drilling that is undertaken in this state to see that that drilling partnership has had an enormous effect for a total expenditure of about \$6 million. At least four discoveries were directly attributable, we believe, to the holes that received the drilling subsidy. I do not underplay the importance of all the work that has been done, and I am always happy to acknowledge the work that a number of previous governments have undertaken, beginning with (I think) Frank Blevins and the then director of mines Ross Fardon (I think) whose idea it was, and it has been continued for the past 15 years and, as I said, it has built up the database. It is one thing to have the information; it is another to have the cash to pay for the holes to be drilled. This new element came through the Resources Industry Development Board, and I think people such as Ian Gould and Robert Champion de Crespigny were instrumental in putting forward that policy.

The Hon. L. STEVENS: My question concerns the topic of geothermals. Can the minister provide an update on the level of geothermal energy investment in South Australia?

The Hon. P. HOLLOWAY: Yes, I certainly can, and I thank the honourable member for her question. The investment in geothermal exploration in this state really is unrivalled. It is adding to the excitement being generated in the state by the boom in mineral and resources exploration. In South Australia, we have more than \$500 million in guaranteed and non-guaranteed work program investment forecast for the period 2002-12 compared with \$52 million for the remainder of Australia. I point out that this figure does not include the investment for deployment.

This forecast investment to realise the potential of South Australia's hot rock resources is about 90 per cent of the total national investment by Australia's geothermal sector, and it confirms industry perceptions that South Australia is the preferred destination for emission-free and renewable hot rock energy resources. As further good news for the state, there appears to be no sign of waning interest. In the past month alone, a further eight geothermal exploration licence applications have been lodged in South Australia, bringing the total number of licences applied for to 95. This compares with just 11 geothermal licences that had been applied for since 2000 for the whole of the remainder of the country.

On the basis of this continual growth, the government is confident that it can lead the nation on the path to establish

geothermal energy reserves of national significance. I think that all honourable members will agree that this is a fantastic result for the state and reaffirms the comparative advantage we have over other states in the form of naturally occurring hot rock geothermal resources. We also lead the other states when it comes to government-designed supportive investment framework, the provision of pre-competitive data, and effective marketing and attractive incentive programs through the highly successful PACE funding initiative.

It would be remiss of me not to mention also the funding grants for geothermal energy projects that are made available by the federal government. The Premier and I have acknowledged the support of the federal government for these projects, and we are happy to do so again. As I mentioned earlier, the exciting prospects for geothermal energy in South Australia are adding to the continuing positive news about mineral and resources exploration, which is currently at record levels.

Mr KENYON: I refer to exploration investment. Can the minister provide information about any international exploration investment that has benefited South Australia during the year?

The Hon. P. HOLLOWAY: Yes, I can, and I thank the member for Newland for his ongoing interest in the petroleum area.

Mr KENYON: A deep and abiding interest.

The Hon. P. HOLLOWAY: Indeed. Of course, several years ago, the honourable member accompanied me to Canada to the Prospectors and Developers Association of Canada, where we met some of the companies that have subsequently invested in the state, but more of that later. During the past year, the government's efforts at promoting South Australia's mineral petroleum and geothermal investment opportunities have been effective in attracting new entrants from overseas to explore for minerals and energy resources in the state. The South Australian Minerals and Petroleum Expert Group, which is now under the chair of Dr Ian Gould, has greatly assisted the government in promoting this state at key international conferences, such as the PDAC in Toronto, which I referred to earlier, and *The Mining Journal* conference in London.

Global confidence in South Australia's mineral sector is at an all-time high. The government's highly successful PACE program has been a key factor in raising international interest in high mineral prospectivity in this state. South Australia is now moving towards a critical mix of major, mid-size and junior mineral explorers across our state that will work positively towards stimulating new discoveries and sustaining exploration activity in the next few years. South Australia now has 10 of the top 20 global mineral exploration companies (as measured by market capitalisation) actively interested in this state or seeking to develop exploration programs or joint venture arrangements with our state's junior explorers. These companies are:

- BHP Billiton, the world's largest mining company, is now committed to substantial near-mine resource exploration drilling around Olympic Dam and ongoing exploration in the Stuart Shelf region within the Gawler Craton;
- Rio Tinto, a major road global mining company, is committed to various exploration projects for all commodities around the state, but particularly in the Anangu Pitjantjatjara Yankunytjatjara lands in the Far North of the state and the mineral sands in the Eucla Basin;
- Teck Cominco, a major international mining house, has recently increased its exploration investment in drill

testing of the new Carrapateena copper-gold PACE discovery 100 kilometres south-east of Olympic Dam. The company has also broadened its exploration horizons to other regions of the state;

- Barrick Gold, a major international goldmining company, is now actively looking at exploration opportunities in South Australia for world-class copper-gold deposits;
- Inco Exploration (I am sure the member for Newland recalls meeting people from Inco) is one of the world's largest nickel miners and is also focusing its efforts in search of nickel in South Australia;
- Falconbridge, which is also one of the world's largest nickel miners, has been recently purchased by Xstrata, a rapidly growing global multicommodity mining company. Falconbridge-Xstrata will continue to focus on copper-gold exploration in South Australia;
- the Japan Oil, Gas and Metals National Corporation (JOGMEC) has recently established its first joint venture projects in Australia with Minotaur Exploration, which is a key junior South Australian explorer and which has had success with the Prominent Hill project;
- Sino Steel, a major Chinese metals investor, has recently signed joint venture arrangements with Pepinnini for uranium exploration in the Curnamona region, west of Broken Hill;
- Anglo American, a global major mining house, is actively considering exploration opportunities in South Australia; and
- the CRVD, also a major mining house, is viewing South Australia with significant interest.

International explorers searching for petroleum include:

- Canadian-based investors, Win Energy, through a new subsidiary, Officer Basin Exploration, have been attracted to explore for oil in the Officer Basin in the west of our state;
- the principals of Texas-based DMS Petroleum also successfully listed Austin Energy on the Australian Stock Exchange in July 2006. The company now has a registered office in Adelaide. I think yesterday it announced some discoveries in Texas. I just hope that it can repeat that here. Austin also has offices in Delhi, London and Austin, Texas. Austin plans to explore in the frontier Stansbury Basin and the Cooper Basin.
- Three Indian companies have been attracted to invest in petroleum exploration in onshore and offshore South Australia in 2006:

The Assam Company Limited is part of the Austin exploration joint venture. I had the pleasure of meeting principals of that company in London just a few weeks ago.

Videocon Industries Limited and the Gujarat State Petroleum Corporation Limited have been attracted to explore in the offshore Otway Basin by the operator, Great Artesian Oil and Gas.

Separately, SANTOS announced mid year that it has agreed to join with the Indian based Reliance Corporation (which is a huge company) in a joint venture to invest in petroleum resourced projects.

- UK-based explorers have retained their positions in the offshore Otway and Bight Basins and the onshore Arrowie Basin.
- US-based explorers Hughes and Hughes Australia Pty Ltd, Australian Canadian Oil Royalties Limited, Mr Ely Sakhai, the Tri-C Resources Limited and Liberty Petroleum Corporation are participating in Cooper Basin

exploration. Tri-Star Energy Company has licence applications current in the Pedirka Basin.

We are very pleased that we have been able to attract such significant major corporations to invest in the state, particularly in exploration and developing our resources.

Mr BIGNELL: My question without any notice at all relates to Budget Statement, Budget Paper 3, Chapter 2 and Portfolio Statement, Volume 1, pages 2.6 and 2.10. What is the government doing to ensure South Australia is able to provide the skills and work force to respond to the opportunities presented through the minerals expansion projects that are either under way or are planned for the future?

The Hon. P. HOLLOWAY: I thank the honourable member for his question. It has been well publicised that a number of significant mining projects are under way in South Australia. These projects will create new career opportunities for more than 6 000 additional workers directly employed by these companies, with many more indirect jobs created. This will deliver exciting social and economic benefits to South Australia, especially in the Upper Spencer Gulf and outback regions. Of course, this opportunity also brings with it the challenge of ensuring that South Australia's work force can respond to these opportunities. For example, BHP Billiton has identified the lack of a skilled work force as a significant risk to the feasibility and timing of the Olympic Dam expansion. Other new projects at Prominent Hill, with Oxiana and Eucla Basin, have similar concerns.

These and other companies are keen to work in partnership with the government to address this issue. More than \$400 million is currently invested each year in South Australia in skills and employment development programs to meet the state's work force needs. As part of the recently announced skills package, Skills for South Australia: Building on Strong Foundations, \$98 million will be provided over four years to meet new priorities in skills development. The budget—of course, not through the line we are currently discussing—overall provides \$52.1 million of new funding to develop work force skills in the priority area of defence, mineral resources, manufacturing and construction.

This package includes funding for the skills-related commitments made at the last election, including the establishment of the Mineral Resources and Heavy Engineering Skills Centre to meet the work force demands created by a booming mineral resources sector, and that is \$8.6 million; funding for an additional 2 600 apprenticeships and traineeships that also align with the new growth sectors; the establishment of a branch of Carnegie Mellon University Software Engineering Institute to develop South Australia's systems engineering and integration competencies; and the provision of 10 new trade schools for the future to increase young people's skills in areas of industry need.

The Mineral Resources and Heavy Engineering Skills Centre will be a joint initiative of the mineral resources and heavy engineering sector and government, tasked with enhancing the responsiveness of the work force development system and improving the coordination of the diverse range of education and training activities at all levels. The centre will be established as an incorporated body and will be governed by a board comprising senior executives from employers, industry associations and government, including PIRSA and other stakeholders. Processes for appointing a chair, board members and recruiting a CEO are currently under way.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 5.13, 'Program 1, Sub-program: 1.2'. Of the

\$477 million proposed to be spent on geothermal exploration over the 2002 to 2011 period, can the minister provide the committee with figures on how much has already been expended and the expected program for the balance of that expenditure?

The Hon. P. HOLLOWAY: I am sure that we can do that and I might hand over to Barry Goldstein in a moment. At least we can provide some annual figures. As I indicated in my opening remarks, since the budget papers were printed—and if one looks at the term 2002 to 2012—we have updated that \$477 million figure to, I think, \$514 million. That is private sector funding, of course. That is the limit. However, as I indicated in my opening remarks not all of that might be spent, but I will let Mr Goldstein indicate what details we have.

Mr GOLDSTEIN: I guess the salient statistic I can convey to you is that, to end September 2006, Geodynamics on its own has spent about \$76 million on its Habanero project. Clearly it is the one doing the most so far. There are a whole host of other companies—11 in total—that are trying to be fast followers: Petratherm, Green Rock, Eden, Geothermal Resources, Pacific Hydro, Osiris, Torrens Energy, Scopenergy, Proactive Energy and Origin. I do not have a breakdown of how much all the other companies have spent, but it would be a significant addition to the \$76 million that Geodynamics has already spent. We have done some forecasts and we have looked at the guaranteed and non-guaranteed work programs and what would happen in renewal terms hence.

We certainly see a realistic forecast of something of the order of half a billion dollars between now and the end of 2016 if all this keeps going on track and success is still being gained. In this state we certainly see a portfolio of approaches being taken to chase down the enormous geothermal resources in the state, and we are very hopeful that that will happen.

Mr PEDERICK: You do not have a figure you can give us at this stage of what has already been expended in that period?

Mr GOLDSTEIN: I do not have that with me. I would have to go back to see what each of Petratherm and the other companies would have. I only have the statistics for Geodynamics with me.

The Hon. P. HOLLOWAY: Here I think we are talking about private expenditure, not government expenditure, so we would have to obtain that information from the companies. Given that the budget papers note what an estimate is, we are obviously happy to provide what information we can but it needs to be understood that this is based on information from companies and does not have the same accuracy or accountability provisions as the budget papers might have.

Mr PEDERICK: I refer to page 5.8 under Targets 2006-07, dot point 4. How much from the PACE drilling program is being consumed by geothermal activities and is a portion of the program earmarked for this purpose?

The Hon. P. HOLLOWAY: There certainly have been some wells supported through the drilling program. I will ask Mr Goldstein to respond to that.

Mr GOLDSTEIN: So far, \$459 000 from PACE has gone to geothermal projects specifically for geothermal drilling projects.

The Hon. P. HOLLOWAY: Through that particular theme of the drilling program, I assume. Some of the acquisition material might also indirectly contribute.

Mr GOLDSTEIN: Yes. In addition about \$18 million has come from federal government funds, from REDI Grants and things like that.

Mr PEDERICK: So, it is a practice for portion of the program to be earmarked for that purpose?

Mr GOLDSTEIN: It is competitive, so it is not that there is a discrete portion of PACE that comes in, but a high proportion of the applications that have come in from geothermal companies have in fact been successful.

Mr PEDERICK: I refer to page 5.13 under subprogram 1.2. What defines an effective legislative framework and how does South Australia's legislation differ from other Australian jurisdictions in this respect?

The Hon. P. HOLLOWAY: The Petroleum Act, which was passed back in 2000, really puts us at the forefront of other Australian states, because I think it remains one of the best pieces of legislation in the country. A lot of work was put into that. I will ask Mr Goldstein to elaborate.

Mr GOLDSTEIN: The Petroleum Act 2000 enables the title for geothermal exploration to be granted in a conjunctive way, that is, the full cycle. Other states are still writing their legislation on how to provide title to explore for geothermal energy. We, in fact, are providing advice to other states right now because they wish to emulate us and, in terms of the national benefit, we wish them success too. The most salient observation I can convey to you is that geothermal resources in the Cooper Basin do not stop at the Queensland-South Australia border, but the vast number of licences do. That is a testament to the quality of the Petroleum Act 2000, which actually had the foresight and has delivered security of title for significant exploration investment.

Mr WILLIAMS: I note the minister's enthusiasm for hailing the data that is published from time to time on exploration expenditure in South Australia. Does his agency collecting data on exploration expenditure differentiate between greenfield sites and brownfield sites?

The Hon. P. HOLLOWAY: I am advised that the ABS does. Dr Heithersay can explain that in more detail.

Dr HEITHERSAY: The ABS figures break down between green fields and what they call near-mine exploration. We can also tell what commodity is being explored for. What we cannot tell is what the actual near-mine expenditure is coming from, because that is aggregated from confidential company data. So, we rely on the ABS figures and their breakdowns.

Mr WILLIAMS: You do not collect that data inhouse: you just rely on the ABS figures?

Dr HEITHERSAY: We do collect that data, but the data we publish is the ABS's. That is generally accepted as the most accurate comparable data set.

Mr WILLIAMS: I refer to the subprogram 1.1 and the minerals performance commentary, where reference is made to nine major mineral projects currently in various stages of permitting or construction. Can the minister list the nine projects that that refers to in South Australia and can he inform the committee whether any of those were discovered since April 2004?

The Hon. P. HOLLOWAY: Essentially, I have covered that in the earlier comments. The lead time of mines is five to 10 years. We can see, even with the expansion of Olympic Dam, if the mine does not come into production until 2014 (and that work has been under way for some years), there is a long delay time between discovery and the opening of a mine. A decade or so would not be unusual. I think that answers the last part of the question but, as for the nine major

projects, I have already covered a number of those, such as Prominent Hill, and so on. I will let Paul Heithersay provide that information.

Dr HEITHERSAY: We have, in fact, increased the number of projects that we have referred to here. Some of them are now past (they have begun production), including Prominent Hill, which was discovered in 2000. The Angas project is still in the final stages of its MARP. I think it was discovered in the early 1990s but the key exploration was done about four years ago, before it became economic.

The Mindarie zircon mine is beginning construction right now. That was discovered about 10 years ago but, because of its unique nature (having a whole series of strand lines), the actual innovative task that Australian Zircon has brought to bear is: how do you mine multiple strand lines and not just one? The Honeymoon uranium mine was discovered back in the 1970s but has only now become economic, because of uranium prices and a new company coming in with funding.

Cairn Hill is a new one. It is an iron ore project up in the north, near Coober Pedy. Goldstream Mining is jumping straight into a feasibility study. Four discoveries have been made in the Eucla Basin in the last two years. As the minister pointed out before, three of them have the highest zircon grades ever discovered. The fourth most recent discovery was largely ilmenite (the Gullivers deposit), which Iluka publicly acknowledged was done on the back of PACE funding. We fully expect to see many more discoveries out in that particular area. Iluka has done an excellent job in not only defining a series of new potential mines, but a whole new province.

Hillgrove Resources, up in the Kanmantoo, today announced the beginning of its feasibility study, so the board has voted the money to go into the final stage of that particular project.

Mr KENYON: They announced new hits today.

Dr HEITHERSAY: That is right, yes; additional copper and gold hits away from the resources. There is a large number of projects in the pipeline. We fully expect that the Carrapateena discovery, whilst very early days—the company has put in around 35 holes up there now. It is expending about \$10 million this year alone in exploration. As I say, it is very early days but the company is very confident in its expenditure in that area.

Mr WILLIAMS: Minister, on the same theme, about the difference between greenfields and brownfields exploration. Are you aware of the latest ABS bulletin (8412, for the June quarter), which was released on 13 September, which states that the exploration expenditure for new deposits in South Australia in the 12 months to June this year was \$38.4 million, whereas the expenditure on what we refer to as brownfields (or existing deposits) was \$108.1 million, bringing it up to the total figure that you used earlier of \$146.5 million? Are you also aware that the exploration expenditure in South Australia in 1997 and 1998 was respectively \$45 million and \$42 million, well before the \$450 million Olympic Dam feasibility study had any impact on those figures?

The Hon. P. HOLLOWAY: I am certainly well aware of what the exploration figures are. The previous government had set a target through the Resources Industry Development Board (which predates this government)—because I assume the honourable member is trying to make some political point here—and it was certainly, I am sure, well aware of the difference between brownfields and greenfields exploration.

But the fact is that we now in this state have \$146 million compared to a target of \$100 million.

A significant proportion of that exploration is expanding current resources, but that is something that we should be grateful for. The other part of our target for the Strategic Plan—it is not just the \$100 million in exploration—is the \$4 billion for development by 2020. Of course, if you are getting the brownfields exploration, as the honourable member wants to call it, then that means that those earlier discoveries are in the process of being extended into mines, so that we can achieve the second part of that target. We want to see as much greenfields exploration as we can, and we are certainly seeing a lot of that. I am also very happy if the expenditure in brownfields exploration goes up as well, because that means that companies are serious about developing mines.

Mr KENYON: Can the minister provide information on developments in onshore and offshore petroleum exploration in South Australia so far this year? Petroleum exploration is almost my favourite set of statistics.

The Hon. P. HOLLOWAY: I thank the honourable member for his interest not just in the mining sector but the petroleum sector as well. Most of the petroleum prospective parts of this state are currently under licence or application. A mature producing basin such as the Otway and Cooper are almost fully licensed and they are currently the main focus of current onshore exploration effort, although exploration is also set to increase in the state's frontier basins in the next two years.

The Arkaringa Basin in the north of the state is now fully under licence following the granting of seven new petroleum exploration licences in September and this, together with the additional petroleum exploration licence to SAPEX in the Mid North, more than doubles the total prospective area of the state held under licence. So we previously had, up until a month ago, 66 109 square kilometres under petroleum exploration licence; that has now been more than doubled to 140 225 square kilometres.

While the Arkaringa Basin has been referred to by the oil industry as 'the forgotten basin' because it has not been actively explored since 1986, it does have similarities with parts of the prospective Permian section in the Cooper Basin. SAPEX will conduct geoscientific studies. They will acquire seismic and they plan to drill at least 12 exploration holes in the Arkaringa and six in the Mid North exploring for oil and coal seam methane.

Exploration is also ramping up in the Otway Basin in the state's South-East. In July, South Australian-based Adelaide Energy Proprietary Limited was successful in bidding for the OT2006-A block, located over the Jacaranda Ridge 1 oil discovery. Guaranteed elements of the work program total \$7.3 million dollars, and they include 3D seismic acquisition, an aeromagnetic survey, the drilling of two wells, together with geoscientific studies in the first two years of the program. The non-guaranteed program includes two additional exploration wells and geoscientific studies.

In addition to the high levels of local and national exploration interest, there is also significant international petroleum exploration investment current in South Australia and more may be forthcoming, pending farm-in deals in frontier basins. I think I referred in an earlier answer to investors from the USA, Canada, the UK and India which are now participating in petroleum exploration in the state's producing and frontier basins.

The frontier offshore Otway and Bight Basins and the onshore Officer Basin are considered to have potential for giant new petroleum field discoveries. Frontier Cambrian and older basins and the onshore oil plays in the Otway Basin also remain under-explored. However, the number of exploration tenement applications in these areas is at high levels.

In the Officer Basin, ten areas totalling 105 250 square kilometres are currently under application, but subject of land access negotiations with the traditional owners, the Anangu Pitjantjatjara Yankunytjatjara and the Maralinga Tjarutja Peoples. All offshore South Australian basins are only lightly explored by world standards, however a potential exists for giant petroleum accumulations in the Otway and Bight Basins where recognised exploration targets are similar to those in prolific gas/oil provinces elsewhere in the world where gas finds dominate trends close to shore, and oil dominates in deeper water off the Continental Shelf.

In total, offshore exploration activity in 2006 includes geological and geophysical studies and seismic acquisition, representing an exploration investment of approximately \$10.4 million. Results of this work will be applied towards locating exploration targets and drilling up to eight wells by 2009.

Mr BIGNELL: Minister, in light of the depleting coal reserves at Leigh Creek, could you please provide information on future sources of fuel that could feasibly replace the state's energy dependency on the Leigh Creek coal reserves?

The Hon. P. HOLLOWAY: I am grateful for that question. It is a difficult and complex question and I thank the honourable member. I am sure this goes back to his days in the Minister for Energy's office. Currently NRG is pursuing alternative coal supplies for the power station to counter the expected depletion of the Leigh Creek reserves. However, South Australia is also well placed to handle the transition to new sources of fuel for energy supply when the Leigh Creek coal reserves are depleted. A portfolio of energy solutions is available to address this matter. In light of the fact that South Australia's electricity generation is fuelled predominantly by natural gas, existing gas supplies from the Cooper Basin and the Otway Basin will be augmented by emerging gas sources from Queensland coal seam methane (CSM) with the potential for further supplies from PNG gas project and other reserves from northern Australian basins.

Industry continues to invest in energy supply infrastructure, as demonstrated by: BHP Billiton is assessing a proposal to build a gas pipeline from Moomba to provide energy to the Olympic Dam expansion; and Epic Energy's recent announcement to conduct a Front End Engineering Design study to build a pipeline which will bring CSM gas from Queensland directly to Moomba and then to Adelaide. In addition, a number of recent industry investment announcements into CSM developments have reinforced the view that CSM (coal seam methane) will play a significant long-term role in gas supply to eastern Australian markets. Furthermore, commitment to investigate CSM potential in South Australia was demonstrated recently by the government's grant of exploration licences to SAPEX in the Arkaringa Basin to explore for both oil and conventional gas, as well as coal seam methane reserves.

In line with the government's commitment to developing renewable energy resources, in addition to current wind and solar energy investment in this state, we have to date granted 71 geothermal exploration licences, with a further 25 applications under consideration. This represents a staggering 90 per cent of all Australia's geothermal licences. A report

commissioned by the government and prepared by the Centre for International Economic states that, 'A conservative estimate of Australia's recoverable resources equates to Australia's current electricity consumption for 450 years.' South Australia is known to contain the most prospective geothermal areas in Australia.

Mr KENYON: Can the minister provide an update on the progress of the Honeymoon uranium mine?

The Hon. P. HOLLOWAY: I thank the honourable member for his question and for his interest in this subject. The company SXR Uranium One has an approved mining lease which was granted by the previous Liberal Government in early 2002. However, before it can operate the mine the company must satisfy a number of government requirements, and these include: an approved Mining and Rehabilitation Program (MARF) which includes an Environmental Management and Monitoring Plan (EMMP). A final draft has been submitted to PIRSA which has been circulated to the Department for Administrative and Information Services, SafeWork SA, the Environment Protection Authority, the Operations and Radiation Protection Branch, the Department of Water, Land and Biodiversity Conservation, and the Groundwater and Native Vegetation Branch for their comment.

A revised mining and rehabilitation program is currently being prepared by SXR Uranium One and will be submitted to PIRSA for final assessment. SXR Uranium One is also required to obtain a licence to permit production of uranium under the Radiation Protection and Control Act (1982) to obtain authorisation for construction of the mine and plant. Last month the CEO of the EPA announced that a licence to SXR Uranium One will be issued under the Radiation Protection and Control Act. The company also needs approval for their radioactive waste management plan and radiation management plan from the Radiation and Control Committee of the EPA prior to commencing commercial operations. The EPA advises the company is already working on drafts of both. It also needs an EPA licence under the Environment Protection Act to cover the operation and emissions of the process plant and a determination of the rehabilitation security bond to ensure compliance with rehabilitation requirements.

The company will also need to have an approved transport plan which is regulated by the Department of the Premier and Cabinet. The requirement for a transport plan arises under the commonwealth government's code of practice for the safe transport of radioactive material of 2001. SXR Uranium One has submitted a draft transport plan to DPC, and, finally, it also requires permits from the Department for Water, Land and Biodiversity Conservation for drilling water bores. Next year SXR Uranium One will require a new commonwealth export licence as the current one expires on 1 January 2007. I am advised that the commonwealth Department of Industry, Tourism and Resources has received a formal application from the company. PIRSA, the EPA and the commonwealth departments are working closely with SXR Uranium One to complete these final but important steps within an agreed time frame.

Mr PEDERICK: I refer to Budget Paper 3, page 3.21. Can the minister provide the committee with a breakdown of the gross royalty figures, at dot point 1? Of the \$94 million in last year's budget what contribution was made from petroleum and minerals? Dot point 2: from what parts of the industry did the \$28.6 million growth in royalty payments come, and is this attributable to just price increases, or were

there increases in output as well? Dot point 3: on what basis are the figures for the out years 2008-09 and 2009-10 reducing?

The Hon. P. HOLLOWAY: In relation to one of the questions there about whether this increase has come from increased output or increased prices, I will get the exact information in a moment, but roughly half of those royalties come from the petroleum sector. In fact, if we are looking at the results for 2005-06, petroleum was \$60.9 million, and minerals was \$61.1 million, a total of \$122 million. So it is almost a 50/50 split between petroleum and minerals. Obviously, as the Cooper Basin gasfields are in decline, and we have had the huge increases in petroleum prices in the last 12 months which is obviously a significant factor there. And, of course, it also indicates, I guess, the need for us to make new discoveries. The Cooper Basin was first brought on stream in the 1960s, and that is why it is important that we do increase our efforts for new exploration to ensure that at least that part of our royalties increase, because we are facing depletion in that field. Fortunately, also in that area there have been a number of new oil discoveries by the major players in that basin.

In relation to the minerals royalties and the \$61.1 million, as in previous years the most significant contribution, the vast majority, has come from the Olympic Dam (copper-uranium-gold-silver) mine. About \$51.1 million of that \$61.1 million figure has come from Olympic Dam. The Middleback Ranges iron ore mine, \$4.1 million, Leigh Creek, \$1.7 million, the Beverley uranium mine, \$1.5 million, and the Challenger gold mine, \$760 000, are the main contributors there.

Mr PEDERICK: My next question comes from Budget Paper 4, Volume 2, page 5.13. Why was there a petroleum budget underspend by \$716 000?

The Hon. P. HOLLOWAY: I think that goes again to some accounting treatment. I will ask Steve Archer to explain that.

Mr ARCHER: The reduction in actual expenditure from the budget amount relates to some funding that was provided for an increased compliance activity which was incorrectly classified in the budget year as being petroleum when, in fact, it should have been minerals. So it was reclassified under the minerals section for the year 2005-06 estimated result.

The Hon. P. HOLLOWAY: You can see as a consequence of that that the estimated result in minerals has gone up. So, to really get a picture about what has happened in the budget of the Minerals Energy Resources Division of PIRSA, if one looks at the bottom line that gives the best picture. Essentially, that adjustment to petroleum was a result of that incorrect accounting treatment.

Mr PEDERICK: My next question comes from Budget Paper 6, page 11. Will the agency be making any contribution toward the proposed Minerals, Resources and Heavy Engineering Skills Centre; what input has the agency made towards the initiative of the Department of Further Education, Employment, Science and Technology to build a new skills centre; and also what input has SACOME had into this initiative?

The Hon. P. HOLLOWAY: I did make some comments earlier in relation to the question I think from the member for Mawson earlier in relation to the centre. Essentially, the provision of that, of course, comes under the Department of Further Education, Employment, Science and Technology, but obviously the promotion of this centre—it was a cabinet initiative. It was one that I was involved in jointly with my colleagues, and the department is obviously the principal

agency that is involved with the mining industry at large. It is really as a result of the efforts from this agency, and bringing it to the attention of government, that this initiative has come about.

But, as it essentially relates to skills, that is why the funding has come under the DFEEST line. As I indicated earlier, the government is in the process now of appointing members and the chair of that centre, and they will be people who are prominent in academic and industry circles in the mining industry. It would also include officers from PIRSA and other government agencies. That should be announced fairly soon because I think the work is just about completed.

Mr WILLIAMS: I will read some omnibus questions into *Hansard* and then carry on with further questioning of the minister:

1. Could the Minister provide to the committee a detailed breakdown for each of the forward estimate years for the specific administration measures, as listed in Budget Paper 3, Chapter 2 Expenditure, which will lead to a reduction in operating costs in the minister's portfolio?

2. Will the minister provide a detailed breakdown of expenditure on consultants and contractors in 2005-06 for all departments and agencies reporting to the minister, listing the name of the consultant and contractor, cost, 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 2006 and, for each surplus employee, what is the title or classification of the employee and the total employment cost of the employee?

4. In the financial year 2004-05 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2005-06?

5. For all departments and agencies reporting to the minister, what is the estimated or actual level of under-expenditure for 2005-06, and has cabinet already approved any carryover expenditure into 2006-07? 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 subcategory, 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 2006? Between 30 June 2005 and 30 June 2006, will the minister list the job title and total employment cost of each position with a total estimated cost of \$100 000 or more which (a) has been abolished or (b) has been created?

I now refer to the Extractive Areas Rehabilitation Fund. What revenue has been collected by the fund since the legislative changes? What is the current level of the fund? How many rehabilitation projects have been supported? How many applications for funding have been rejected? On how many occasions have the recommendations of the assessment panel been overturned?

The Hon. P. HOLLOWAY: We may have to take some of those questions on notice. In relation to the EARF statistics for the past five years, I will refer to 2005-06 first. The fund received \$1.183 million. Its expenditure was \$565 000, which left a balance in the fund of \$5.298 million. The amendments to the Mining Act, to which we referred to earlier, were passed in 2004 to vary the contribution rates paid by the extractive mine operations from 20 cents to 35 cents. Of the new royalty of 35 cents, 10 cents goes to consolidated revenue, 21 cents goes to fund rehabilitation projects under the EARF, and up to a maximum of 4 cents will be used to

fund any costs associated with ensuring that the land is rehabilitated in accordance with the requirements under the Mining Act—in other words, compliance. The first increased royalty payments commenced from 1 July 2006 from the period 1 January to 30 June 2006. In other words, whereas the royalties apply to the period 1 January to 30 June this year, the first six months of this year, the payments are not actually made until they actually commence on 1 July, so they will appear in the 2006-07 year. I am sure that would be the member's next question about why it had not appeared to come through, but that is the explanation for that. Although they have been accruing from that first six months of this calendar year, they apply from the period 1 July 2006 onwards. We will have a look at that matter and, if there is anything further, we will take it on notice.

Mr WILLIAMS: I now refer to the issue of native vegetation. Is the Minister aware of the disquiet from the industry regarding the requirement under the native vegetation exemption for significant environmental benefit to be obtained by the mining and extractive enterprises? Do you agree with the current interpretation of 'significant environmental benefit' whereby industry is obliged to replace many times the vegetation disturbed? For example, in the Far North or West of South Australia, in an area little affected by grazing, a miner might be obliged to revegetate or rehabilitate up to 10 times the area of disturbed vegetation, and they will still be obliged to revegetate up to half of that area notwithstanding an obligation under the MARP to rehabilitate the site at the end of the mining activities. It is an obligation that will further be underpinned by a security bond.

The Hon. P. HOLLOWAY: Certainly, some concerns have been expressed from the industry in relation to the Native Vegetation Council. I know that my colleague the Minister for Environment and Conservation has considered, and will be considering, those issues in relation to the operation of the Native Vegetation Council and the relevant part of the act.

PIRSA has worked collaboratively with the Department of Water, Land and Biodiversity Conservation and the Native Vegetation Council to develop the guidelines for a native vegetation significant environmental benefit policy for the clearance of native vegetation associated with the minerals and petroleum industry. To some extent, I think it needs to be borne in mind that this is a new area, but it is also appropriate. We are at a time when climate change issues are, most people now agree (including even the Prime Minister), the most serious issues facing the country. Obviously, the preservation of vegetation is a significant part of that concern. I do not think that anyone would, in 2006, undervalue the importance of protecting native vegetation but, clearly, we have to get the balance right.

Through the efforts of PIRSA and the Department of Water, Land and Biodiversity Conservation, we were able to negotiate successfully, with acceptable significant environmental benefits (SEBs) for the mineral sands industry. That was really new for us, because we have not previously had mineral sand mining in this state. Obviously, that is a type of mining which has the potential to impact on more native vegetation than other types of mining, because it is essentially shallow and covers a larger footprint. Those negotiations may well have been frustrating industry at the time, but they had to take place; they were unavoidable. They should not have been avoided, and now we have reached a position where we also have a suitable SEB for that part of the industry.

It should be pointed out that the Minerals and Energy Resources Division of PIRSA has delegated authority from the Native Vegetation Council to determine SEB requirements in the mining industry. We also have a process for establishing an SEB for petroleum and geothermal production activities. That has commenced in consultation with the industry and the Native Vegetation Council. Accordingly, upon completion of this process delegated authority by the Minerals and Energy Resources Division will be sought from the Native Vegetation Council for petroleum and geothermal production activities. It is also worth pointing out that it is intended to detail the final agreed and Native Vegetation Council endorsed SEB requirements into the relevant production statements of environmental objectives (SEOs).

Finally, I note that the Parliamentary Committee on Natural Resources, of which I think the member for Little Para is a member, has been looking at this matter. It is important that an appropriate balance be achieved, because we must protect what little vegetation we have left in this state. At the same time, we need to allow significant economic activities to occur, and that is what the SEB process is all about. As I said, it has taken some time in certain sectors to work it out, but we have persevered, and I think we are now getting the results of that. I would hope that, in the future, the delays and bureaucracy that have been associated with it will significantly be reduced as a result of these negotiated outcomes.

Mr WILLIAMS: My next question is about the Olympic Dam project task force. Can you give the committee an assurance that the Olympic Dam development expansion will continue to be exempt from the 2003 native vegetation regulations? Has the task force that has been announced to aid the expansion of the Olympic Dam mine been partially funded in any way from the minerals program? What specific roles will the task force have, and why has it been necessary to set up a task force outside of PIRSA minerals?

The Hon. P. HOLLOWAY: The honourable member is referring to \$1.5 million that has been provided specifically for a task force: why has it been set up? Simply because of the scale of Olympic Dam. The project is of such a huge scale that it is far greater than any other mining project that this state has seen. As I indicated earlier, \$51 million of the \$61 million in royalties comes from Olympic Dam, so already Olympic Dam dominates—in terms of royalties and production—the mining industry in this state. If it trebles in production, of course, it will become the largest mine in the world. That is why it involves a number of issues, many of which, of course, go beyond just mining issues in relation to the—

An honourable member interjecting:

The Hon. P. HOLLOWAY: Yes; but, as well as the infrastructure that is associated with it, there are also issues such as water. The provision of water is a key issue, and I will not go into it now. I am sure the honourable member is well aware of the options being looked at. Economic development issues will also be a big consideration. As well as just the basic mining issues, there will be those other issues. The honourable member asked about native vegetation in relation to that project. In fact, just last night I signed a couple of letters to BHP Billiton relating to native vegetation which reflect the delegation to PIRSA from the Native Vegetation Council and which, in one case, involves some initial low impact work with BHP. We were able to give an exemption in relation to that one. I understand that there has been a negotiated SEB in relation to other work. We believe

that the native vegetation arrangements will work. I know that there have been some delays. We are determined to make sure that that will not happen in future or delay the project in any way. But, as I said, we have reached some resolution in relation to those issues.

Mr WILLIAMS: Are you saying that the expansion of the Olympic Dam will be subject to the new guidelines as per the 2003 native vegetation regulations?

The Hon. P. HOLLOWAY: I was just saying that, in relation to some of the work that BHP is now doing, just yesterday I exercised my powers under the existing provisions to allow work to proceed, but it was on the basis that there would be an SEB (and BHP, presumably, agreed to this) reflecting the native vegetation clearance. I do not think that any large mining company in the world has any problem at all with meeting environmental obligations in relation to SEB. Of course, the forerunners of BHP, through Western Mining, established the Arid Recovery Centre, which significantly contributed to it. I do not think we have had any trouble at all with mining companies meeting their environmental obligations or with the concept that they should contribute to some sort of environmental benefit to compensate for the impact they have upon the landscape.

I thank the officers of Primary Industries and Resources. The huge expansion in mining, and the mining boom we have in this state, obviously puts additional work pressures on the department, and I thank them on behalf of the people of South Australia for the work they have done in facilitating that.

The CHAIR: Indeed. Thank you, minister.

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

South Australia Police, \$466 918 000
Administered Items for South Australia Police, \$346 000

Departmental Advisers:

Mr J. White, Acting Commissioner of Police, SAPOL.
Mr T. Harrison, Assistant Commissioner, SAPOL.
Mr D. Patriarca, Director, Business Services, SAPOL.

Membership:

Mrs Redmond substituted for Mr Williams.
Mr Venning substituted for Mrs Penfold.

The CHAIR: I declare the proposed payment open for examination and refer members to the Budget Statement, in particular pages 2.12 and 2.13, and the Portfolio Statement, Volume 2, pages 4.14 to 4.45. As we have new witnesses, I will go through some key points for those who have not experienced estimates committees before. There is no need to stand, and members can sit to ask and answer questions. It is important that questions be to the minister, not to the minister's advisers, but the minister may refer questions to the advisers for a response. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 17 November. Minister, do you wish to make an opening statement?

The Hon. P. HOLLOWAY: I will make a very brief statement just to summarise the budget. The safety of our communities has been one of the highest priorities of the Rann Labor government since it came to office in 2002. Sweeping legislative changes and law reforms, along with

major spending initiatives, have been at the centre of the government's law and order agenda. There is much work still to be done. The government's first budget of its second term, delivered by the Treasurer last month, includes a range of initiatives aimed at helping to make our communities even safer. The initiatives, including the delivery of all Labor's 2006 election campaign promises, build on the hard work and achievements of our first term.

The budget included \$152 million in new law and order spending, much of which will be of major benefit to South Australia Police. The highlight is \$109.5 million to deliver on the government's promise to add 400 extra police officers to SAPOL's ranks during the next four years. Already, South Australia has a record number of police officers on the beat; by 2010, we will have 1 000 more police officers in South Australia than we had in 1997. The budget also allocated \$8.5 million to upgrade the Fort Largs Police Academy, with the intention of making it an efficient and modern training facility for our police officers throughout their career. The redevelopment concepts being considered by SAPOL include the retention of the academy's administration blocks, parade ground and weapons training facilities, and the construction of new classrooms and accommodation facilities, as well as a new auditorium, dining hall and gymnasium. Importantly, the academy will retain its traditional Fort Largs location, with historic items such as the fort's former guns to be retained as part of the redevelopment.

Last month's budget also included \$4.6 million over four years for enhanced DNA testing services; \$2.3 million over four years in additional support for the paedophile task force; and \$1.27 million for three additional shopfront police stations at Hallett Cove, Munno Para and Campbelltown. All three new shopfronts will significantly enhance the police presence in those regions.

Along with the SAPOL initiatives, the budget also includes funding for a major reform of South Australia's prison system, with the \$411 million correctional precinct to be built near the Mobilong prison outside of Murray Bridge. As well, a new \$27 million 80-bed pre-release centre housing 60 men and 20 women will be built at Cavan; and there will be a \$79 million redevelopment of the youth detention centre at Cavan in other portfolios, but obviously an essential part of the government's law and order agenda. These new initiatives and the proposed new correction facilities represent a significant investment by the Rann government in public safety. The clear message is that we will continue to be tough on crime.

The CHAIR: Member for Heysen, do you wish to make an opening statement?

Mrs REDMOND: Just a brief one. It relates not so much to police but as a general comment in relation to the budget and the estimates process. This being my fifth estimates, although the first time I have done police certainly—and I do not want the officers present to think that I am making a comment against them or their department—I do have a couple of issues with the way our budget processes and estimates in particular are dealt with. I fully understand that the government is in power and it has the right to decide what its priorities are and how money will be spent. It is good that we, through estimates, have the opportunity in opposition of questioning that and clarifying issues. However, it does seem to me that significant amounts of time, money and resources are wasted in estimates proceedings.

Without wishing to offend my colleagues on the other side of the house, for instance, I would say that dorothy dixer

questions are a considerable waste of time and resources, but, more particularly, the fact that so many estimates committees—and I appreciate the fact that SAPOL has not inundated us with officers today—have numerous public servants sitting in here for hours, having spent hours every day for weeks preparing for budget estimates in the worry that someone might ask a question to which there is not a known answer. For what it is worth, I think that it would be better to have a system where the budget is introduced in the way in which it is already introduced—that is, delivered by the Treasurer with his budget speech—then we could go away and have portfolio by portfolio some sort of briefing from the department, with maybe a senior officer or two.

We could then go away, think about it and identify what we wanted to ask questions on and then have those people talk to us about the specific issues on which we want to ask questions. It just seems to me, for what it is worth, that that would be a more efficient way of running budget estimates. I get frustrated at the amount of resources (which is really taxpayers' money) which are directed towards dealing with this issue of budget estimates. That said—and again I do not want the officers present to take it as a personal criticism—I am appalled that, when a budget is brought in as late as this, all our budget papers refer to estimated results. When the budget is four months late, there is no need for a result to be an estimated result for the year that ended on 30 June this year.

I put those couple of comments on the record. Madam Chair, when would you prefer me to put the omnibus questions on the record? Would you prefer me to do that at the end of the 1½ hour allotted to police? Is that the easiest?

The CHAIR: We have had omnibus questions for the whole portfolio. Minister, did you accept them for all areas of responsibility?

The Hon. P. HOLLOWAY: We can do that. If it is the same six questions, I will undertake that we will accept those six omnibus questions and we will take them as applying to SAPOL. We can do that.

The CHAIR: Are you happy with that, member for Heysen?

Mrs REDMOND: I am, with the minister's assurance. Thank you, Madam Chair. I refer to Budget Paper 4, Volume 1, page 433. On 6 September 2006, before the select committee into stashed cash, the Auditor-General stated:

This is happening this year, actually where a couple of agencies have said to us, 'You've got no right to go here, we're not going to provide this information.' This is current. They are issues which sound, in terms of proprietary, lawfulness and financial consequence for the state of SA.

Further on, the Auditor-General said:

That is the red light, as far as I am concerned. As I said: no audit, no accountability—no accountability, no control. That is exactly where it sits. The bottom line is the parliament has to rely upon me to assess it to what the executive is doing and, if I am frustrated by any agency, we will take whatever steps are necessary to resolve the issue.

Yesterday the Auditor-General identified SAPOL as one of the agencies to which he was referring. Does the minister support SAPOL's position in this dispute with the Auditor-General?

The Hon. P. HOLLOWAY: I am not sure that there is a dispute with the Auditor-General. Basically the comments made by the Auditor-General—and, as I understand it, he enhanced upon them yesterday during estimates—relate to a matter affecting DNA. The honourable member is probably

aware that under section 47 (I think it is) of the Criminal Law (Forensic Procedures) Act, the Police Commissioner is responsible to keep confidential matters in relation to DNA legislation. The honourable member is probably also aware that the Auditor-General, over the past few years, has shown an interest in the handling of DNA material. The Police Commissioner is responsible for it in one sense, but the DNA process is undertaken, as I understand it, through the Department for Administrative and Information Services.

Of course, under section 47 of the Criminal Law (Forensic Procedures) Act, there are significant sanctions on any person who releases information under that particular section of the act. However, the Auditor-General has been inquiring in relation to that matter and, as I understand the situation, the police have been seeking legal advice from the Crown Solicitor as to what prevails, whether it is section 34 of the Public Finance and Audit Act, which outlines the Auditor-General's powers requiring public servants (or anyone else for that matter) to provide information, and the responsibility to the Police Commissioner under section 47 of the Criminal Law (Forensic Procedures) Act.

Essentially, that is what the issue relates to. How the DPP got involved is a more complicated matter that I will not enlarge upon here, but it relates to essentially the same issue. As I understand it, that is at the centre of this issue and the Police Commissioner, obviously wishing to abide by the laws of the state, wants to ensure that he is not in breach of either the Public Finance and Audit Act or the Criminal Law (Forensic Procedures) Act in relation to this matter. That is why he sought advice on it urgently, because he is aware that the Auditor-General wants information in relation to it. I understand that it is essentially because of that issue that the Police Commissioner has sought advice.

It is just about seeing who has responsibility. As far as I am aware, the Police Commissioner is seeking speedy resolution of that responsibility and has spoken to the Auditor-General. The acting Commissioner might have further information

Mr WHITE: As the minister has outlined, they are the facts as I understand them. The Commissioner was concerned that he may have been in breach of the Criminal Law (Forensic Procedures) Act in releasing certain information and was seeking advice from the Crown Solicitor as to whether he could do that. The Commissioner has had a meeting with the Auditor-General to explain the reasons for not being able to respond at this time and we are waiting for Crown advice.

Mrs REDMOND: When did that take place? Did that meeting take place before or after the Auditor-General made these comments yesterday?

The Hon. P. HOLLOWAY: It certainly took place before his comments yesterday, but I think the honourable member referred to some earlier remarks at a parliamentary committee. I am not sure what date that was.

Mrs REDMOND: Given the minister's answer to the question generally, is it his position that the Auditor-General had made an unfair and unreasonable criticism of SAPOL on this issue?

The Hon. P. HOLLOWAY: As I understand it, the Auditor-General was simply being asked a question in a parliamentary committee. I have not read the transcript, but if all the Auditor-General was referring to was that at the current time there is an issue over the provision of information from a particular agency, yes, there is, but it is for those very good reasons that I outlined earlier: that the Police

Commissioner is seeking clarification on his responsibilities under the Criminal Law (Forensic Procedures) Act vis-a-vis the Public Finance and Audit Act and he has communicated the reasons for that to the Auditor-General. I would not elevate it to any higher level than that.

The CHAIR: Before the member for Heysen proceeds on this line of questioning, I did point out yesterday that the question asked by the Leader of the Opposition was not a budget estimates question. The Premier chose to allow the Auditor to answer it in any case, but I am unhappy about the honourable member proceeding on this line of questioning when it is not a direct estimates question. I hope that she will move to something different.

Mrs REDMOND: Thank you, madam chair. I will move on to the issue of the new drug detection dogs. I refer to Budget Paper 4, Volume 1, page 4.20. When was the minister first advised that urgent legislative change was required if the new drug detection dogs were going to be used for people screening and the purpose for which they have been trained?

The Hon. P. HOLLOWAY: I would not describe it as urgent need. The government is aware that legislation is required for the new Passive Alert Detection dogs to achieve their full operational potential, but we also need legislation for a number of other areas in the law and order sector. In relation to the previous answer, we certainly urgently need them in relation to DNA laws, and the government has foreshadowed those. The government has had an enormous legislative program in the Attorney's portfolio in relative to law and order issues, and this is one. In relation to the PAD dogs, we do need legislation. Those dogs are already operational and have been used in a number of operations such as luggage screening and house searches, but my advice is that SAPOL is currently working on legislative requirements for other operational activities, which would include the searching of people in public places without a warrant.

That is where the legislation is required. So dogs can be used for searching out drugs, etc., in luggage and doing house searches, but if they are to be used in public places with people, then there is some legislative requirement. SAPOL is currently working on the details. There are some complex issues there. Once they have completed their work they will report to the Attorney-General, who will draft that legislation as soon as possible. I want to stress that it is a complex matter: it covers the direct interaction of the dogs with people in public places and conducting searches without a warrant. I am sure that the honourable member, being a lawyer herself, would understand the need for care in relation to that legislation. It must be appropriate and effective, but as soon as we can get that in place we will.

Mrs REDMOND: That appears to me to be a pretty unsatisfactory response. As I understand it, the training is specifically directed to this passive situation where dogs might, for instance, walk up and down a queue of people outside a nightclub and sit down beside someone they have sniffed to have drugs on them, and that would give rise to the potential for the police to ask the person to empty pockets and be searched, and so on. First, it does not seem to me to be very complex in terms of the legislative requirement but, secondly, surely when the whole proposal for these sniffer dogs was originated, the people coming up with the scheme would have been aware of the need for that legislative change and that could have been worked on throughout the time of the training.

So, my question at this stage is: what is it costing, on an ongoing basis, to have three officers and three of these dogs

dedicated to these tasks for which they are not being used, and what was the cost of the training of the dogs and the handlers in the first place?

The Hon. P. HOLLOWAY: The point is that the dogs do have other functions. We have had a dog squad, in fact, for many years. Perhaps I could ask Acting Commissioner White to address those operational type issues.

Mr WHITE: The introduction of the passive drug dogs is supplementing what we already have in relation to our general dog operations. They are additional dogs and involve the pairing up of a handler, with other standard dogs, with a passive dog. They are used for a whole range of other activities. The issue has come up in relation to the legality of reasonable cause for suspicion when a dog stops, the court having challenged whether that is sufficient reason for us to search a person. It is that aspect concerning which we are seeking to have some legislative system brought in to enable the police officer to conduct a search.

But there is certainly an ongoing training program and the dogs have been used for a range of various activities. The passive sniffing in public places is one of those activities in which we would like to see the dogs involved. We are in the process of preparing a submission to cover that anomaly, as we see it at the moment.

Mrs REDMOND: In relation to that whole issue, is there similar legislation and similar use of such dogs in other states and has that been looked at? When will the introduction of the legislation occur here to enable the dogs to be usefully used?

The Hon. P. HOLLOWAY: I think I have already answered that. As soon as the submission referred to by the Acting Commissioner is available, it will be supplied to the Attorney-General. Whether other states do it, I will ask the Commissioner to comment on that.

Mr WHITE: Yes; similar dogs are used in New South Wales, and it is New South Wales on which we have been modelling our operations. So it is similar to the operation in that jurisdiction.

Mr BIGNELL: Can the minister provide an update on the status of SAPOL's Paedophile Task Force?

The Hon. P. HOLLOWAY: I thank the member for Mawson for his question. The Paedophile Task Force commenced in June 2003 following allegations of historical child sexual abuse within the Anglican church in South Australia. The task force was also responsible for assessing and managing the impact on SAPOL of the repealing of the pre-1982 sexual assault limitation of time. In November 2004, cabinet approved funding for the Paedophile Task Force for a period of two years. In this year's budget, a further \$2.3 million over four years has been allocated to support the task force. As of August 2006, the task force consisted of 15 sworn officers and 10 non-sworn members.

It continues to exclusively investigate allegations of historical child sexual abuse received from religious organisations, organisations involved in the care of children (including schools, sporting and interest clubs) and, most significantly, referrals from the Children in State Care Commission of Inquiry. Since July 2004, the task force has arrested 19 persons, with a further 58 reported for historical sexual offences. Of the 58 reports, there are 42 files currently with the DPP pending either an opinion or the commencement of criminal trials. A further 13 files are currently with the SAPOL criminal justice section for consideration. Six persons have been convicted and imprisoned, and one has

received a suspended sentence. One case resulted in a conviction for an offence which occurred 49 years ago.

Nine persons suspected of offences have died prior to court proceedings and one victim has died, causing charges to be withdrawn. Six matters have not proceeded following a recommendation by the Office of the Director of Public Prosecutions not to lay charges. The task force is currently examining some 79 organisations, 19 of which relate to Children in State Care Commission of Inquiry investigations. Since November 2004, 103 referrals have been received from the Commission of Inquiry, some relating to matters that were reported to police prior to the implementation of the commission. One person has already been previously convicted. Three matters are with the DPP for opinion, and one matter has been returned from the DPP recommending no charges. One person has been arrested for historical sexual offences, while five people suspected of sexual offences have died prior to police involvement. Police filed six matters after investigation. In two matters the complainants decided they no longer wished police action.

Commissioner Mullighan has indicated that approximately 1000 people have approached the commission, with about 850 of those making preliminary allegations of historical sexual abuse. Approximately 200 persons have given evidence to the commission. The referrals received to date involve 19 different organisations and about 120 persons of interest. It is not uncommon for one victim to have been offended against by multiple perpetrators. Indications are that there will be some 150 further referrals to the PTF from the commission in the next 15 months.

The Paedophile Task Force continues to investigate matters outside of referrals from the commission. These include historical child sexual abuse allegations received from religious organisations and organisations involved in the care of children. There are 59 independent investigations involving approximately 121 victims and 103 identified persons of interest or suspects. A continued liaison is maintained with the office of the DPP as many of these investigations are complex and protracted and continue to evolve after a prosecution is commenced, as more victims come forward. This information relates only to matters directly handled by the Paedophile Task Force.

Historical sexual abuse may include allegations of intra-familial sexual assault, which are investigated by the Local Service Area Criminal Investigation Branch and Child and Family Investigation Units.

Mr BIGNELL: Madam Chair, this is a question that no doubt will interest you as well, as it involves the reduction of crime in the southern suburbs, and as the member for Reynell, a neighbouring electorate of Mawson, I am sure you have been following this closely. We have a new police station opening in Aldinga next month and a police shopfront opening at Hallett Cove soon, as well as some new building works taking place at Christies Beach. Having visited the police at Christies Beach, I know that they are very much looking forward to that. There are an extra five police officers at Aldinga whose activities encompass Mawson and surrounding areas.

Mr Venning interjecting:

Mr BIGNELL: Well, we probably won't hear your team on this. We have not heard the member for Heysen express any thanks for the new police building at Mount Barker and the great service that they provide there, or any appreciation from the member for Flinders for the new police station over in Port Lincoln. But I won't be distracted by those opposite,

minister. I would just like to know whether the minister can indicate what sort of crime reduction have we seen in the southern suburbs during the past five years.

The Hon. P. HOLLOWAY: I thank the honourable member for his interest, and I am pleased he has acknowledged the significant resources that the government has placed into the southern suburbs. I certainly look forward to the completion of the new Aldinga police station. There has also been some good news in relation to victim-reported crime in that area, and I will ask the Acting Commissioner to provide that information.

Mr WHITE: Thank you, minister. There have been some significant reductions in crime in the South Coast local service area, and particularly in the last two years there has been in excess of an 18 per cent reduction of victim-reported crime. Those categories relate to crimes against the person and also crimes against property. At 30 June, the end of last financial year, the South Coast had a reduction of 6.2 per cent of offences against the person and a reduction of just on 1 per cent for offences against the property, making a total of 1.8 per cent. That, built on a significant reduction of over 16 per cent the previous year, adds up to in excess of an 18 per cent reduction in the last two years of victim-reported crime.

Equally important as victim-reported crime are those crimes which we call proactive, concerning which the crime rate depends upon the activity of the police, involving such areas as disorderly conduct, offences against public order, drug offences and traffic offences; they relate to the amount of energy and commitment that the police have to a particular area. The rate of proactivity in both those areas in the last financial year was 9.9 per cent.

Overall, across the board at South Coast and in other local service areas, I have been particularly pleased with the crime reductions that have been achieved—especially in the last five years generally, not just relating to South Coast. But since 2001 we have had a reduction of victim-reported crime by just over 43 000 offences in this state.

Mr KENYON: Can the minister provide details of measures implemented by the government and SAPOL to increase safety for communities in the APY lands?

The Hon. P. HOLLOWAY: I thank the honourable member for his question. As a matter of fact, I was up in the APY lands with the Commissioner during the winter recess and it was pleasing to see the impact that the police presence within the APY lands has had. I think it is generally accepted by a number of other agencies that since the police have reintroduced policing into that area—because it had been effectively withdrawn—

Mr Venning interjecting:

The Hon. P. HOLLOWAY: Yes, since it has been, it has significantly improved the quality of life for people in that region. In July I accepted that invitation to visit those lands and I had the opportunity to speak with a number of police officers and community constables patrolling communities, including Pipalytjara, Amata, Fregon, Mimilli, Mintabie and Umuwa, and we also visited the Kintore community in the Northern Territory.

I am pleased to say that the increased police resources on the lands is having that positive impact. While no-one denies that there is still more to be done, the SAPOL officers and community constables are working closely with the communities to reduce crime and improve the safety and well-being of the people. It is clear from speaking to the officers that in many of those communities law and order is returning.

Under the Rann government, police numbers on the APY lands have been significantly increased, with SAPOL now working on options for even more police to patrol the lands. The announcement on Tuesday that the government has finalised contracts for a new police aircraft will be of specific benefit for APY policing.

Housing for government workers on the lands is a major issue, and we hope that if the federal government's promise of help is delivered it will provide SAPOL with significantly greater capability to further increase its numbers in the region. Some of the SAPOL programs and initiatives on the lands include community safety committees which have been initiated by SAPOL in each major community, and they are designed to encourage Anangu people to work with SAPOL to find solutions to crime and disorder issues.

A weekly SAPOL radio program is conducted on the local PY Media radio, providing police with an opportunity to communicate police-related issues to individuals and communities across the lands. They are fortunate that it doesn't have a lot of competition, so I am sure that it rates very well; there is not a lot of radio reception in the area.

There are Blue Light Discos; a Blue Light Disco trailer, complete with sound equipment, has been provided for this purpose and regular, well attended discos continue to be held throughout the communities. There is Operation Kungka Pungkunyitja, which means 'Don't hit women', involving an ongoing domestic violence operation on the AP lands. There is also Operation Midrealm which is a federally-funded initiative aimed at combating the smuggling and distribution of alcohol, petrol, cannabis and other illicit drugs amongst the APY communities.

Finally, in relation to petrol sniffing, SAPOL has provided a representative to the crossborder reference group on volatile substance abuse which sits quarterly in Alice Springs. In a further boost to police operations on the APY lands, the state parliament recently passed legislation toughening penalties for trafficking petrol in the lands. Those caught trafficking petrol and other regulated substances in the lands will face penalties of up to \$50 000 or 10 years' imprisonment and, as my colleague the Minister for Aboriginal Affairs and Reconciliation said at the time, the new laws send a clear message that this government believes that trafficking in petrol and other substances on the APY lands is no less serious than the trafficking of illicit drugs. So we are certainly pleased that the increased resources that have gone into the APY lands appear to be having an effect.

Mrs REDMOND: Referring to Budget Paper 4, Volume 1, and in particular to the savings initiatives and departmental efficiencies, I refer to the proposed shared service reforms across government. Can the minister outline what the baseline costs are for the provision of corporate services in SAPOL, the baseline costs including the current total cost of the provision of payroll, finance, human resources, procurement records, management and information technology services, and also include the FTE staffing numbers involved?

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

Mrs REDMOND: Yes, I don't have much choice about that, minister. I don't know whether you will need to take this one on notice—

The Hon. P. HOLLOWAY: I am advised we do not have the information.

Mrs REDMOND: After all that preparation for budget estimates? The supplementary that I have to that which may be able to be answered without being taken on notice is: what

particular issues from SAPOL's viewpoint need to be resolved with the proposed centralised shared services unit?

The Hon. P. HOLLOWAY: I guess that is putting the cart before the horse to some extent, because I am not sure that it has actually been finalised yet since the government has only just announced that we know exactly what services are to be shared. I do know if Mr Patriarca has any comments, or the Assistant Commissioner, but I think it would really be difficult for us to answer those sort of questions until the full details are worked out, and I think the Treasurer has indicated that this whole process of shared services is going to be a very lengthy one. I think the Treasurer has publicly made the comment that it is going to take a significant period of time and absorb a lot of resources before that is all resolved, so I think it would be fairly premature to be answering that question at this stage.

Mrs REDMOND: Referring to Budget Paper 4 at page 4.33, the Treasurer has indicated that the new information and communication technology tendering arrangements will result in budget savings of \$30 million per annum. What are the estimated savings from the SAPOL budget from the new ICT tendering arrangements?

The Hon. P. HOLLOWAY: My advice is that all of the contracts are not in place yet. Again, it is obviously premature to provide that sort of information. It is probably also important to point out that SAPOL is one of the largest users of ICT services and is probably also at the forefront of the use of those services. So it is an agency that is probably under pressure in that regard, if I can use that term. Again, I think it is a bit premature to be talking about those matters, at least until the final contracts are signed. Mr Patriarca, do you have anything to add?

Mr PATRIARCA: As the minister said, all the future ICT contracts are not in place yet; they are being progressively rolled out. But if you look at our broader ICT budget, that is an area where we are under constant pressure. IT is one of our key resources, as you can appreciate, in terms of deploying police and accessing information. So, IT is generally an area of a cost pressure for us as an organisation, because we are a big user and we continue to expand the use of it. In terms of the actual savings, we do not have details yet of all the contracts. Not all the contracts have been implemented, so we could not really give you any information on that.

Mrs REDMOND: Further to that, I accept that you must be a major user by nature of the work that SAPOL does and it is a key resource for you, but therefore I am puzzled as to how the Treasurer is able to say there will be \$30 million in savings without getting information from you as to how much you are going to save out of your very major concern in that area.

The Hon. P. HOLLOWAY: I think that is really a question that you should address to the Treasurer. But, clearly, the Treasurer is talking about a whole of government approach, and obviously there has been work done across government, and it is either to the Treasurer or the Minister for Infrastructure who have done all this work that those questions should be addressed. But, remember, the police are just the end users of some of this technology in relation to this network and the like. Obviously, other agencies are principally concerned with that, and I assume that is where the savings would be made. But that is really better addressed to the appropriate ministers.

Mrs REDMOND: I refer to Budget Paper 3, page 2.13, and in particular to the savings initiatives listed: 'Efficiency dividend', 'Overhead costs—reduction' and 'Records

Response Unit—improved software'. Will the minister detail the specific measures and their costs that will lead to total savings of \$14.457 million outlined there? Basically, I want to know what is involved in those efficiency dividends: the overhead cost reductions and the improved software. How do those things, specifically, come up with the total savings outlined?

The Hon. P. HOLLOWAY: As I understand it, the Treasurer addressed that question of efficiency dividends yesterday. As to the efficiency dividend across government, I think the requirement for agencies to meet is one-quarter of 1 per cent. If one looks at the operating surplus that SAPOL has had in its budget in the past couple of years of something in the order of 1 per cent, I think it was the view of the government that, across all government departments, agencies should be able to find one-quarter of 1 per cent as a saving.

It is my understanding that other government jurisdictions—the commonwealth government and other government departments—regularly apply these sorts of requirements to their departments. It is a commonplace measure with the commonwealth and other state governments. The required amount to be met is provided there and, as it says, it is to be met through efficiency and productivity improvements in government. Given the size of the budget, only one-quarter of 1 per cent is required for 2006-07. In relation to the other matters, including overhead costs of production, perhaps I could ask Mr Patriarca whether he could provide more information and whether he could indicate what is involved in the records response unit amount.

Mr PATRIARCA: In terms of the savings identified in relation to overhead costs for targeted areas such as IT asset replacement (computers and communications equipment) we are looking at rationalising and reviewing those areas, as we do periodically, and general administration. By way of an example, we are also looking at areas such as fleet. In the past two years, we have transferred 10 per cent of our fleet to LPG, which has produced energy savings and reduced greenhouse gas emissions, and also reduced our fuel bill which is quite substantial. So, we have targeted a number of areas in terms of looking at where we can reduce our overheads by streamlining the business.

In relation to records response, the government has funded a program of \$2.3 million to participate in a national scheme called CrimTrac, which is an exchange of person information—in fact, it is called a minimum nationwide person profile (MNPP)—which will allow access to information about people from all other jurisdictions. Records response would currently provide that by a remote service by accessing assistance directly from a central point. With the development of the MNPP system, we will be able to provide that information to vehicles through mobile data terminals. By providing a richer set of information, we can directly deliver inquiries about interstate vehicles and persons of interest who are being stopped through technology to the vehicles. It is allowing us to improve the efficiency of the service by directly delivering it to the field.

The Hon. L. STEVENS: Will the minister provide details of the new aircraft purchased for South Australia Police?

The Hon. P. HOLLOWAY: I am pleased that we were able to complete that contract recently. Police services in regional and remote areas of the state are about to receive a significant boost with the finalising of the purchase of the new aircraft for our police. The \$4.5 million Pilatus PC-12/47 aircraft will improve SAPOL's coverage of the state, especially to the Anangu Pitjantjatjara Yankunytjatjara lands

in the Far North. The new aircraft is capable of carrying a fully equipped STAR Group response team (consisting of eight people as well as the pilot) and up to 200kg of equipment at one time. With this load of people and equipment on board, the PC-12 can travel more than 1 100 kilometres without refuelling. It is also pressurised, enabling it to fly above weather at altitudes of up to 30 000 feet.

The Pilatus PC-12 has a proven track record with police and emergency services throughout Australia, with police forces in Western Australia and the Northern Territory both operating the aircraft. It is also the aircraft of choice for the Royal Flying Doctor Service, which operates 10 PC-12s throughout South Australia and the Northern Territory. Following an open tender process in October last year, the South Australian-based Pilatus Australia Pty Ltd was nominated as the preferred supplier of the new SAPOL aircraft. The company is an international leader in the manufacture of single-engine turboprop aircraft, and it has been building single-engine aircraft since 1939. Given that Pilatus Australia is based here in South Australia, the company also provides SAPOL with a local presence for the support of the new PC-12 aircraft.

The new plane replaces one of the two Cessna 402 aircraft currently used by Police Air Services. These aircraft have provided excellent service for more than 20 years, including direct support for SAPOL's operations in the APY lands. However, the age of the Cessna, and its ongoing maintenance, has meant the time has come to replace it. The new plane will provide significant operational flexibility for our police. This includes assisting with emergencies such as floods or fire, search and rescue missions (including low-level flying), surveillance, transporting prisoners, or transporting police officers to remote areas. The new aircraft is due to be delivered by the end of the year. It will then be specially fitted to meet SAPOL's needs, and it is expected to be available for operational use by April 2007.

The Hon. L. STEVENS: Minister, I was interested to hear the answer given to the member for Mawson about crime statistics in the southern areas. Can you do the same for the northern areas? Also, the member for Newland would be interested in the north-eastern areas, as would I because I have a few north-eastern suburbs in my electorate.

The Hon. P. HOLLOWAY: I will ask the Acting Commissioner whether he can provide that information.

Mr WHITE: Unfortunately, for the Elizabeth local service area the news is not quite as good. We have seen a significant reduction in crime in Elizabeth over the past several years but, at the end of last year, there had been an overall increase of 2.2 per cent in victim reported crime and crimes against property. However, I am aware that, currently, the crime rate is being reduced. The local service area commander in conjunction with the Assistant Commissioner of northern operations has been working very hard to develop strategies and tactics to ensure that the crime that is occurring is being tackled in a very targeted and effective way to bring down crime targets. Across a series of crimes in the Elizabeth local service areas, this year, we have set a reduction of some 5 per cent—it varies between 4 and 6 per cent for various crimes. In relation to, for example, serious crime trespassing—that is, break-ins against residences—last year there was reduction of 8 per cent; against non-residential premises there was a reduction of 3.2 per cent; and for theft and illegal use of motor vehicles there was a reduction of 2.2 per cent. In some other areas, though, in relation to some general theft and assault matters, we have not had the successes that we

have had in other local service areas, and we are very working hard to reduce them.

Mrs REDMOND: I want to go back to the question that I asked about savings initiatives, because I am afraid that the answers that the minister and the officers provided puzzle me, and I want to clarify what was said. In terms of the efficiency dividend, as I understand what the minister said, he was basically saying that SAPOL has 1 per cent of its budget left over at any time and, therefore, getting a quarter of it back into general revenue is not a problem. I would like the minister to clarify whether what he is saying happens in terms of the efficiency dividend.

In relation to the other two areas—overhead costs and the records response unit—I am still puzzled as to how those things that have been enunciated will lead to actual budget savings and efficiencies, especially in the year 2006-07. My experience of IT asset replacement, for example, is that computer boffins invariably want more money for the rubbish that they sell us. Whilst I appreciate that the police are going to greener fuels and achieving energy savings, is there any information showing that there is a cost efficiency in the changeover, because my experience of most changeovers to more energy efficient means is that, generally, they take quite a long time. It seems that what was given in answer to the question did not at all indicate where those savings initiatives, totalling many millions of dollars, will come from.

The Hon. P. HOLLOWAY: The budget line we are discussing is about \$460 million. The actual expenditure for police is about \$520 million, or something of that order. So it is a reasonably large budget: about 5 per cent of the state's budget goes to SAPOL. The honourable member is suggesting that a one-quarter of 1 per cent efficiency dividend will be difficult for all agencies to provide. I can only repeat that the commonwealth government and a number of other governments around the country require a dividend such as this. Otherwise, of course, if one was just to simply index the budget of every government department indefinitely, eventually there would be no incentive for any agency to look to improve its performance and achieve savings. Those resources, of course, then go into a pool and come back to agencies. There has been a significant increase in the police budget for this year. It is over 6 per cent, which is much greater than the rate of inflation.

There has been a significant real increase in the police budget, so that any one-quarter of 1 per cent efficiency dividend needs to be seen against a very significant overall increase in the budget for the police. The government has defended it, and, as I said, the Treasurer may or may not have answered a question about this. The view of the government is that there should be at least some incentive applied in the state as is the case in other states of the commonwealth to ensure that all agencies are looking at means of reviewing their operations to see whether savings can be made. Other agencies in other states of the commonwealth have been able to do it, and I believe that agencies here can do it. Presently, the police, as are other agencies, are working through those initiatives.

The example I gave about the surplus last year was to put budgetary requirements into some sort of context. As I said, if the police budget has been brought in in the last year or two with 1 per cent over, then the requirement of the efficiency dividend of one-quarter of 1 per cent should be seen in that sort of perspective. That was the only point that I was making earlier. I am not sure whether Mr Patriarca wishes to

comment on any issues in relation to records in response to the specific question that the honourable member asked.

Mr PATRIARCA: In relation to the comment on IT, the CrimTrac project, in which all states are participating, commenced some three or four years ago. The federal government committed \$50 million to the development of a national system for exchange of police data. The application to which I referred has been commissioned and rolled out in a pilot fashion in New South Wales and Victoria and, in fact, was used for the Olympics, so, the application is now a live system. We are at the stage where the funding we have been given is to actually commit to implementing our part of that program where we will provide direct feeds to the national system and also have the ability to consume the data obviously right down into our vehicles. So, we are talking about actually implementing the system now. The system is deployed, it is used by a reasonable number of police now in New South Wales and Victoria, and we seem to be part of the national rollout. The technology is there and will be made available over the next 24 months.

Mrs REDMOND: Thank you for that response, and I appreciate that that is the case. All that makes sense (and maybe I am just thick), but I do not understand how you save money out of that. That seems to be what the headings suggest—that there will be all these savings. I still cannot get my head around where the savings come from. I understand the rollout of the system, and I understand getting the equipment, but I do not understand where there is a saving.

Mr PATRIARCA: Today we have a records response unit, which provides a human interface to deliver that information by inquiring on systems where we directly access the application in New South Wales or in Queensland, rather than having the capacity to deliver it to the vehicles. If a patrol stops a vehicle from Victoria and needs to go back to records response, we employ labour and a 24-hour service, seven days a week. Obviously, when the application is available broadly, we will not need to provide a 24 hours a day, seven days a week response service. Currently, about 22 people are in that group, and we expect to be able to redirect those resources to other functions within the police as the technology delivers the information directly to the patrols.

Mrs REDMOND: I refer to Budget Paper 4, Volume 1, page 4.17. In recent years, SAPOL has spent a considerable amount of funding on mobile data terminals. Do police officers in any other state have access to better technology than South Australia? What would be the cost of upgrading existing technology? What are the limitations on the current terminals, if there are any?

The Hon. P. HOLLOWAY: I will ask the Assistant Commissioner to comment on that in a moment. I have just visited Europe and North America with the Police Commissioner, and one of the things that stands out is the high level of IT use and technical expertise of our police compared with many of the police forces elsewhere in the world. I think that one of the reasons we have that is that South Australia Police is one of the larger police forces in the world. In the US, there are something like 19 000 police forces, some of which are as small as 50 people. I am sure that there are a few large ones, like New York and Los Angeles, but there are many smaller police forces. Even in the UK, there are 43 police forces.

In this country, we have only eight forces, with 4 000 sworn police officers. We have a relatively large police force on a world scale, and that is one of the reasons we have the

benefit of the use of technology—because we have the scale to do that.

Mr Bignell interjecting:

The Hon. P. HOLLOWAY: I can tell you that some of their cars are pretty old and have plenty of dents, but that is another story. I invite the Acting Commissioner to provide more information.

Mr WHITE: We now have installed, across the metropolitan area, the outer metropolitan area, and in some country areas, some 375 mobile data computers in those vehicles. I am pleased to say that, in fact, they equal anything else that I am aware of in Australia. The equipment we have provided, and will be providing into the future, will enable us to do further enhancements on the mobile data system. We will be looking at other initiatives, such as automated vehicle location and also the ability to use the mobile data terminals for the recording of patrol logs and information, in addition to what it currently does.

In my view, the information that is provided through our mobile data computers in the cars is one of the best in Australia. We have certainly led the way for many years in this state in regard to the use of computers in patrol vehicles. Until recently, we have what we call KDTs, which is a portable unit. The units we have now fitted into the cars are obviously much more superior and user-friendly for our officers in the field.

Mrs REDMOND: I refer to Budget Paper 4, Volume 1, pages 4.43 and page 4.44 and the references to the traffic infringement notice scheme, expiated fees. It shows a 2006-07 budgeted amount of \$76.311 million. Can the minister advise what are the budgeted amounts for the traffic infringement notice scheme, expiated fees, over the forward estimates period? Can he explain why it appears from that table that there is a shortfall in revenue of about \$13.3 million less than budget for the year just finished but, in Budget Paper 3, page 3.21, it states the actual shortfall of revenue was, instead, \$21 million? I am curious as to which figure is correct.

The Hon. P. HOLLOWAY: Will the honourable member repeat the page reference?

Mrs REDMOND: Budget Paper 4, Volume 1, page 4.44, half a dozen lines from the top, under 'Fees, fines and penalties—infringement notice scheme'.

The Hon. P. HOLLOWAY: You said page 4.44 before.

Mrs REDMOND: It is referred to on pages 4.43 and 4.44, but the actual figure appears on page 4.44, about six lines from the top: infringement notice scheme—expiated fee, \$76.311 million. I refer to Budget Paper 3, page 3.21. The final paragraph states, 'In 2005-06, revenue from traffic infringement fines is expected to fall short of budget by \$21 million', which I took to be a reference to the year gone. I am curious about why there is a discrepancy between the \$13.3 million difference shown in those figures in the fourth volume and the \$21 million shown in Volume 3.

The Hon. P. HOLLOWAY: My advice is that the items on page 4.44, the infringement notice schemes, expiated fees, would include fees and fines for other offences such as cannabis expiation notices and the like, not just from traffic. That appears to be the explanation. We can perhaps look at those figures and, if there is any further information on closer examination, we will respond when the answers in writing are given. It would appear that page 3.21 refers to traffic infringement notices, whereas the figures on page 4.44 cover all infringements, which would not only be road traffic but other offences as well. As I said, we will look at it and, if

there is any other reason for that, we will let the honourable member know.

Mr HANNA: I am concerned about the practice of farming out SAPOL officers to Australian Federal Police and other organisations. I am referring to the practice of SAPOL officers being seconded or in some way working for the other organisations.

The CHAIR: What is the budget line? I want to see that this is an estimates question, not a general question.

Mr HANNA: The odd thing is that it cannot be found in the budget, apart from salaries.

Mr Kenyon interjecting:

Mr HANNA: Salaries, I think, does come in the police budget somewhere. If I may, because it does refer to payments to SAPOL.

The CHAIR: The honourable member can continue, but I am not confident that it is appropriate as an estimates question. It sounds like an operational matter.

The Hon. P. HOLLOWAY: We are used to answering these questions, anyway, so it does not matter.

Mr HANNA: I appreciate that the minister is happy to answer the question. If I may, Madam Chair, complete the question.

The CHAIR: That is what I am waiting for.

Mr HANNA: How many SAPOL officers are seconded in this way? How much is SAPOL paid per officer when this occurs? What is the net financial gain to SAPOL as a result of this practice?

The Hon. P. HOLLOWAY: I am not sure that there is any gain, but certainly the commonwealth tends to meet the cost. I will ask the Assistant Commissioner to answer that point specifically. At present, I think we have 10 officers who, on request from the commonwealth, we agreed to second to East Timor, because it was the government's view that it was in the best interests of this country to ensure that stability was restored. I know the Police Association and other groups have made comments about the capacity of the AFP to respond, but I notice that, in recent days, the AFP has indicated that it will recruit an additional 500 police officers so that it can be in a better position to meet these sort of contingencies. From the point of view of the South Australian police, yes, it does mean that we have to recruit further police to cover these deployments but, at the same time, obviously it increases the experience of the officers concerned and it does meet national needs—we are one country.

I am pleased to note that the commonwealth has announced its intention to recruit an extra 500 officers. Mind you, that will make our recruitment difficult because they will come from the same pool. It will not make our recruitment any easier but, nonetheless, it is good that at least the commonwealth has recognised that it needs to have a larger pool of resources to meet these contingencies, rather than just relying on the states. I also think that 24 officers have been seconded to the airport, but I will ask the Assistant Commissioner to provide details of those particular deployments and financial arrangements.

Mr HARRISON: For a number of years now SAPOL (as have other state and territory police jurisdictions) has been assisting the commonwealth in providing police services in various countries. Years ago it was to countries such as Cyprus and Papua New Guinea, but in more recent times officers have been seconded to the international deployment group in the Solomon Islands and currently East Timor. We generally have a maximum of 10 police officers per year seconded to the international deployment group. As the

minister has said, there are a number of benefits to our people in that they gain a broader experience in an environment which ordinarily is not available to them in this state but which experiences they can bring back and apply to communities in South Australia.

In recent times, because of the conditions that happened in East Timor, state and territory police forces were asked to assist the commonwealth in providing some immediate police experience and resources to East Timor. We provided 10 officers on the basis of their being placed there for a period of 100 days.

Five of those officers are in the process of returning to SAPOL now and we have agreed to extend the other five for a shorter period of time, to allow the United Nations policing numbers to be built up to be able to take on that policing role. It is at no cost to SAPOL from a salary perspective because our officers are given leave without pay and they are totally funded by the commonwealth government. We do receive some funding for administration costs in recruiting and we do recruit against those numbers, so we are provided with some small administrative reimbursement for the costs involved in having to replace those officers in our jurisdiction.

As the minister also said, we have an agreement (through COAG) at commonwealth and state level that state police jurisdictions would help in a review of the report in relation to our preparedness to prevent terrorism within our own jurisdiction, but each state and territory jurisdiction would provide police officers to be seconded to the commonwealth to provide a policing service at the main airports. In South Australia, of course, we have the one main airport and we have 24 officers from SAPOL working at the airport at this time. Again, they are paid for by the commonwealth government.

Mrs REDMOND: I have a couple of questions on Budget Paper 4, Volume 1, subprogram 4.1, which appears at page 4.28. This is about emergency response. What is the explanation for the budget being overspent by more than double?

The Hon. P. HOLLOWAY: I will ask Mr Patriarca to provide the response.

Mr PATRIARCA: In order to formulate the breakdown of our costs into the program categories, we obviously do not collect this information in terms of patrols out in the street. They perform a full range of duties. The way this information is prepared on an annual basis is by survey. At the same time each year, a survey is done of a representative group of LSAs to determine workload, and then the costs are allocated based on those surveys, using a consistent methodology that has been supported with advice from the Australian Bureau of Statistics. In part, it reflects the change in mix of work between the previous year and the current year that our people would be employed in. Operationally, that can change from time to time.

Mrs REDMOND: I am not sure that I completely understand that, but I have a few other questions I want to get through on this issue. I note that in both the previous year and the current year the target for the percentage of 000 calls, emergency calls, presented to the police communications centre answered within 10 seconds is greater than or equal to 90 per cent, which sounds an admirable target but it seems to me to be not worth much if people do not get the assistance. I refer in particular to a local issue for me where a 19-year old, a couple of weeks ago in Bridgewater, called 000 at approximately 12.30 a.m. and the police did not come at all, although she received assurance that they would. She was

under physical attack, very threatened and very anxious. She was told that they would come and the police say that they did come within half an hour.

She says that she was there for 40 minutes and she did not see them. Even if we accept the police statement that they did come, when they did not find her they did not do anything about that. That seems to me to be an appalling failure of the police response. What is the point of having a ten-second answering of a phone call if the help does not come?

The Hon. P. HOLLOWAY: I do not necessarily accept the honourable member's interpretation. This particular case has been given a lot of publicity, as I am sure the honourable member is aware.

Mrs REDMOND: And if it was my daughter I would be giving it more publicity!

The Hon. P. HOLLOWAY: But that does not make the allegation correct. I will ask the acting Commissioner to provide some information of what the police understand to be the situation.

Mr WHITE: I am familiar with the circumstances of which the honourable member speaks. I am somewhat constrained in what I can say because it has been registered as a claim against police. The honourable member makes a very valid point—and this is the query that we also have—as to why was there no follow-up. Our normal practice in those circumstances would be to follow up with the victim and on this occasion it appears that that did not occur, so we have an investigation into that and it has been registered as a complaint against the police, which will be dealt with through the Police Complaints Authority.

Mrs REDMOND: I am pleased to hear that it is being investigated because, as I said, even if the police version is accepted and the police attended there remains a major problem. In looking at the line above that, which is that the taskings be responded to within 15 minutes in the metropolitan area and that the target is equal to or greater than 65 per cent, that seems to me to be a little low. My recollection from when I was on the ambulance board is that with priority 1, that is, lights and sirens, the KPI indicator was to achieve over 90 per cent response within 12 minutes. I am curious as to how that figure of 65 per cent is arrived at, when that seems to be a very low figure compared to the ambulance response times.

The Hon. P. HOLLOWAY: Perhaps I could ask Assistant Commissioner White to respond to that question.

Mr WHITE: The police service response to category A calls is somewhat different to ambulance and fire service responses, where they are purely emergency response calls. In our circumstances, a percentage of those calls are life-threatening calls in which our response time is, in a vast majority of cases, within a matter of minutes. Our priority A calls relate to a whole range of things. It works on the basis that it is desirable for police to attend as soon as possible. So, you may have a range of responses which are not emergency responses, as such, and therefore do not require what you would usually consider necessary in the way of lights and sirens. It is also in the service delivery, providing a presence and attending to other tasks that are not of an urgent nature.

Therefore, it is difficult to apply a benchmark as the other emergency services do, because the services we provide are not all, as I have said, of an emergency nature. I think the benchmark, on my understanding, is based on looking across the board at various types of taskings that are within category A and working out an average best response time for that. I think it works out at about, as you mentioned, 65 per cent.

Mrs REDMOND: Thank you. Can I move on to sub-program 3.1, which relates to road use regulation, at page 425. When looking at the mobile RBTs compared to the detection rates at static RBTs, it appears that the detection rate when using mobile RBTs is more than six times higher. That suggests to me that modern technology, in particular mobile phones, is probably defeating static RBTs. If you are getting one-sixth of the capture or detection rate at a static RBT, am I right in my thinking that it is not that they coincidentally are set up where people are drinking less, it is that people are notifying other people and therefore they are not coming through the static RBT, and that is the reason you have a six times greater detection at mobile RBTs? To what extent, therefore, does SAPOL need to address that by moving more to mobile RBTs and less to static RBTs?

The Hon. P. HOLLOWAY: I will ask the Assistant Commissioner to comment on that. I will also point out that my colleague the Minister for Road Safety, who probably has responsibility for this matter, also has a session where the Assistant Commissioner and probably officers from the Department of Transport will be available to cover this specifically. But since the Assistant Commissioner is here now, I will invite him to answer the question.

Mr WHITE: It is a very interesting issue, because I talked to our officers about two types of RBT programs. One is obviously the static RBT, which is a visible presence. You are quite correct in saying there is a much lower detection rate in relation to static RBTs. But it is about deterrence and having in the motorist's eye the fact that police are out and about and they could be stopped any time they see an RBT station. Also, you are correct in saying that people can use mobile phones and advise friends, and we know that particularly happens in the country areas, where the bush telegraph is very strong.

But also, with static RBTs, people can be alert and see the flashing lights ahead. We have a number of occupational safety procedures to follow and so they can see the lights ahead and can quite often turn off before they actually go through the RBT station itself. However, having said that, I still believe that a static RBT has its place and we have, in the last year or so, been reviewing the number of static RBT requirements as opposed to mobile RBTs. We are now placing a greater emphasis on mobile RBTs because the results are much higher, unfortunately. But from the same point of view, we would prefer not to have people drinking and driving. Mobile RBTs allow us to target particular areas where we know that people will be driving. We can pull them over and therefore have a much greater strike rate.

Traditionally, people used to think that police would not be running RBT operations after 11 or 11.30 at night. We have changed our strategies over the last couple of years. In the past we have—but nowhere near the extent that we are now conducting—run a series of static RBTs around the city and on certain arterial roads, particularly starting at 1 o'clock in the morning through to 6 o'clock in the morning when we know that people have been out drinking and then driving home. We find that the strike rate at those static RBT stations is much higher than with our traditional one. I believe there is a role for both, and we are placing a much greater emphasis on mobile RBT operations.

Mrs REDMOND: One short question—and it is back on the issue of the dogs and the dog handlers. Is it correct that the minister was first advised soon after he became minister in March or April of the need for legislative change in order to deal with the issues of the dogs and the dog handlers?

The Hon. P. HOLLOWAY: I cannot remember when I was specifically advised about that. When I first became minister I used to get briefings about a whole lot of things, and I am well aware that we needed a whole lot of legislation in many areas. One of the classic areas is DNA, and that has really been my particular priority in relation to legislation. It is not that we have neglected other areas, but I think that—and I am sure police would agree with me—is the most urgent legislative change, and we have put a lot of effort into that, including police support in the Attorney's office to try to get those changes.

While it is necessary to change the law in relation to the sniffer dogs, there is significant other legislation the government needs to amend as well. But as I indicated earlier, once the police provide the necessary advice and once they forward that submission on to the Attorney-General, I am sure he will provide that advice.

The other legislation that has priority—which we promised in the election campaign—relates to high-speed chases, that legislation having been subsequently passed. There are a number of other measures we have also foreshadowed, including matters involving the drug area, where work is still being done. We have had a large legislative agenda, and we do not make any apologies for that. I am sure that when I was briefed earlier this year the issues that I have mentioned were part of that, and I assume the information regarding dogs might well be part of it. But as I said, my priorities have particularly been with DNA because that, I think, will have far and away the greatest impact on law and order in the state.

I would like to thank the police advisers for the work they have done and, in particular, Assistant Commissioner White, who will be retiring in March next year, before the next hearings. Commissioner White has been a member of the police force since 1964.

The CHAIR: Too young to retire.

The Hon. P. HOLLOWAY: He has made an enormous contribution. Again, I thank Assistant Commissioner White and all the police officers who have provided information, and also Mr Patriarca and his office.

The CHAIR: Thank you advisers. The time agreed for this examination having expired, I adjourn for further consideration the proposed payments to 24 October.

Planning SA, \$12 722 000

Administered Items for Planning SA, \$898 000
Offices for Sustainable Social, Environmental and
Economic Development, \$1 369 000

Departmental Advisers:

Ms B. Halliday, Executive Director, Planning SA.
Mr P. Smith, Director, Development Assessment,
Planning SA.
Mr P. Polychronopoulos, Finance Manager, Planning SA.
Mr S. Archer, Acting Executive Director, Corporate,
PIRSA.
Mr M. Williams, Director, Finance and Shared Business
Services, PIRSA.

Membership:

Mr Griffiths substituted for Mrs Redmond.

The CHAIR: I declare the proposed payments open for examination and refer members to the Budget Statement, in

particular Appendix C and the Portfolio Statement, Volume 2, Part 5.

Minister, I note that there is no separated time for those two lines in my timeline. Has something been agreed with the opposition in terms of advisers present? Is it open for questions on both areas all the way through?

The Hon. P. HOLLOWAY: Yes, Madam Chair, as far as I am concerned the hour is available for any questions in relation to both those areas, as the members wish.

The CHAIR: I think most of you are familiar with estimates procedures, so I will just remind you that questions are asked of the minister and the minister may refer questions to advisers. I remind all members that they are not to direct questions directly to advisers, or get into debate with advisers. I know that those present are orderly members and this will not occur. Minister, do you wish to make an opening statement?

The Hon. P. HOLLOWAY: I will forgo it, Madam Chair, in view of the fact that we have already taken up a few minutes.

The CHAIR: Member for Goyder, do you want to make an opening statement?

Mr GRIFFITHS: Madam Chair, given that I am representing the shadow minister for another place, no, I don't need to.

The CHAIR: Would you like to proceed with questions then?

Mr GRIFFITHS: I will take the opportunity to read into the record the omnibus questions that we have prepared.

The CHAIR: I think the minister has already agreed that he will take them for all portfolios. Is that correct, minister?

The Hon. P. HOLLOWAY: Provided it is the same six.

The CHAIR: Is it the same six questions?

Mr GRIFFITHS: It is the same six I am asking, yes. My first question then relates to Budget Paper 4, Volume 2, specifically page 5.14. The net costing of providing services for urban development and planning has fallen from an actual (in 2004-05) of \$18.022 million to \$13 969 000 in the 2006-07 budget. What programs and services have been cut to achieve this \$4 million saving?

The Hon. P. HOLLOWAY: I think that there have not been cuts in services but that there are actually other accounting reasons, and I will ask Mr Archer if he can explain those.

Mr ARCHER: The main reason for the variation in the net cost of services of \$4 million really relates to the increase in revenue associated with the Planning and Development Fund. If you actually look at the line 'Fees, fines and penalties', you can see that that has actually grown by \$2 million. That is essentially the majority of it. In addition, if you look under 'Grants and subsidies' in the expenditure line for the year 2004-05, you will see that that was sitting at \$11.9 million. That really included some one-off payments relating to the North Terrace Redevelopment Project. That does not appear again in the year 2006-07.

The Hon. P. HOLLOWAY: If one looks at the 2005-06 budget, we see total expenses for the department \$24.367 million in 2005-06, and the budgeted amount for this year \$28.093 million. Of course, the estimated actual expenditure for 2005-06 was up again. That is essentially because of revenue through the Planning and Development Fund, although the revenue we get for that reflects factors outside of the government's control; obviously things like the level of building activity, because that is the source of those funds.

Mr GRIFFITHS: My next question is along the same theme, and relates also to Budget Paper 4, Volume 2, page 5.14. Budget figures for expenses incurred for grants and subsidies by the Department of Urban Development and Planning increased from a budgeted \$7.414 million in 2005-06 to an actual figure of \$11.431 million, as just mentioned, in 2005-06. The 2006-07 budget has decreased the amounts for grants and subsidies to \$10.479 million. Can the minister please provide a breakdown of the grants and subsidies for each of the budget years, and a reason as to what grants and subsidies caused the increase of over \$4 million from the 2005-06 budget to the 2005-06 actual?

The Hon. P. HOLLOWAY: That is money that was unanticipated, if you like, or unexpected that has come into the Planning and Development Fund. The Planning and Development Fund, of course, is sourced by developers who subdivide land. They are required to provide 12½ per cent open space. That, of course, is not feasible if you are subdividing a suburban block or a large block into two blocks or something like that. So the sources of funds are such that we make a prediction at the start of the year, but obviously the amount of money that actually flows into that fund will be dependent on building activity, and also apartments in the Central Business District also go directly to the P&D Fund. In effect, we have picked a figure this year. We expect \$10.479 million in grants and subsidies, which is almost entirely the P&D Fund. So, grants and subsidies in that statement is almost entirely the Planning and Development Fund. We predict what will be in there based on the past, but obviously you need something of a crystal ball.

There are those who say the housing starts and therefore, by extrapolation, subdivisions and things may decrease, but we have not seen any sign of that yet, so the fund is fairly strong. I guess if you look at the fund now and the performance, it is, I believe, performing stronger than expectations, but, of course, if there is a downturn in the level of subdivision, that might fall. We can make estimates but essentially the actual figure we get at the end of the year will be dependent on building activity, or, at least, subdivision activity perhaps will be a better description.

Mr GRIFFITHS: It is possible that a similar answer might exist for this question, too, but I put it into the record, and I refer to Budget Paper 4, Volume 2, page 5.14. The budget for 2005-06 is \$7.57 million in income from fees, fines and penalties. The estimated result for 2005-06 is \$12.275, similarly for income from fees, fines and penalties. Why has the department's income for fees, fines and penalties increased by 100 per cent in the first year? The budgeted amount of income for fees, fines and penalties in 2006-07 is \$13.414 million. Will the government provide a breakdown of what fees and fines this revenue is expected to be received from? Is the budgeted increase from the 2005-06 budget of \$7.57 million to the 2006-07 budget of \$13.414 million due to increase in individual fees, and which fees have been increased?

The Hon. P. HOLLOWAY: If we go back to expenses on grants and subsidies, the \$7.4 million was largely spent on the P&D Fund. The estimated result is \$11.4 million and, of course, the balance of that—whatever was above the budgeted amount—has gone into the balance of the Planning and Development Fund which will appear below as income. It will be in the fees, fines and penalties. The fees, fines and penalties line is significantly greater than the budgeted figure in 2005-06 because at least \$4 million of that reflects what was received in the Planning and Development Fund beyond

what was actually spent. I think that will partly explain that. In relation to fees, fines and penalties, there is some indexation of those and the government announced that we increased some fees earlier this year in relation to the passage of the changes to the development act. We indicated to local government that a number of those fees had not been increased for many years and this was partly because those fees reflected some decisions that were made in previous budgets—two or three budgets ago, as I understand it—to give effect to recommendations of the Economic Development Board in relation to better planning processes. About \$2 million, I believe, of that additional revenue that is expected this year will come from those increases in fees, and they will pay for that program that was outlined two or three years ago.

The Hon. L. STEVENS: Minister, can you advise the house if the government has made a decision on whether to approve the proposal for an ecotourism development near Hanson Bay on Kangaroo Island?

The Hon. P. HOLLOWAY: I thank the honourable member for her question. I advise the committee that, this morning, the Acting Governor signed a professional development authorisation for the Southern Ocean Lodge proposal. It is important to note that this provisional go-ahead for the development carries with it a number of conditions that must be met by the proponent. The proposed Southern Ocean Lodge development, which is on 102 hectares of private land within a region commonly known as the Hanson Bay Sanctuary, includes 25 accommodation suites and associated facilities, including a main lodge, spa retreat and staff village. The Flinders Chase National Park is to the west of the proposed development and the Kelly Hill Caves Conservation Park and Cape Bouguer Wilderness Protection Area are to the east. It was declared a major development by the government in June last year, triggering a rigorous environmental assessment process before any decision could be made on whether the development would be allowed to proceed. This included requiring the proponent to produce a public environmental report (PER), which was released for six weeks of public comment in April and May of this year, describing the proposed development and its potential environmental, social and economic effects.

The government acknowledges that the proposed development will have an environmental impact; however, on balance, this impact is acceptable because of the significant tourism and employment benefits likely to be generated by the resort. The federal department of environment and heritage has also determined that the proposal is a 'controlled action' under section 75 of the Environment Protection and Biodiversity Conservation Act 1999. The controlling provisions relate to the listed threatened species and communities (sections 18 and 18A) and listed migratory species (sections 20 and 20A). A separate approval is now required from the commonwealth government under that act. Under the provisional development authorisation, no building work can commence until reserved matters are satisfied, including:

- a resolution with the Native Vegetation Council that a Significant Environmental Benefit can be achieved to offset the clearance of native vegetation, in line with the requirements of the Native Vegetation Act. This will likely include production of an approved Vegetation Management Plan.
- production of an approved Construction Environmental Management and Monitoring Plan to cover the pre-construction and construction phases; and

· assessment against the Building Rules.

A number of conditions must be met in order to minimise environmental impacts, and full details of these conditions are available through the Planning SA web site.

All water required for the development would be harvested on-site and treated before use. The waste water collection and treatment system for the development must be designed to ensure that the obligations of the Environment Protection (Water Quality) Policy 2004 are met and to ensure that effluent does not overflow or escape into any watercourse or into storm water drains which do not drain into the effluent collection, treatment and disposal system. Waste water would be treated using Biolytix waste water treatment packages. This system does not use chemicals—it is organic—as it uses micro and macro organisms. The average daily waste water volume generated is estimated to be 8 500 litres. This would be treated to Class B standards as per the South Australian Reclaimed Water Guidelines. All storm water run-off from car parking areas, driveways and other hard surfaced areas has to be collected, contained, treated as necessary, and disposed of in a storm water management system so that there is no contamination of water resources—surface or underground.

Clearance of vegetation is limited to that indicated in the PER. Revegetation of impacted areas must be undertaken as soon as possible following construction, and biomatting or mulching on cleared areas shall occur until such time that revegetation is established. Before the resort can begin operations, the developer must also:

- produce an approved Operational Environmental Management and Monitoring Plan to cover the operational phase of the development, and
- produce a Bushfire Management Plan, prepared in consultation with the Country Fire Service.

Full documents relating to the Southern Ocean Lodge proposal are available through the Planning SA web site. I understand that the proponents of this development have brokered a number of these ecotourism resorts around the world in such locations as New Zealand and Lord Howe Island. I trust that this development will be as successful as those.

Mr KENYON: Can the minister outline the role of system indicators in the government's program of improving the state's planning and development system, and has this had a major budget impact on Planning SA or other agencies?

The Hon. P. HOLLOWAY: I thank the member for his question. The government has commenced a wide range of initiatives to improve the state's planning and development systems. One of these initiatives is to introduce system indicators in order that the government can identify future policy, administrative and legislative improvements needed. The system indicator data will also enable councils and agencies—and that includes Planning SA, the EPA, the transport department, and also government agencies—to benchmark their procedures and results with that of their contemporaries in order to improve their own administration.

The system indicators relate to the strategic planning, development plan amendment, development assessment, appeals and compliance components of the system. The indicator data is provided by agencies, councils, development assessment panels, DAC, private building certifiers and the ERD Court. These indicators were established in association with the joint state/local government working party. Workshops on the indicators were held for council staff, private building certifiers, planning consultants and relevant

agencies. Planning SA has developed an internet-based data recording system with a help link to assist council, agency and private certifier people to record the data.

The system indicators were brought into operation in two stages in order to enable all councils and agencies sufficient time to adopt the necessary recording and reporting procedures. The stage 1 indicators commenced on 1 January this year, and relate the number of actions and decisions. Data for the first two quarters has been received. The stage 2 indicators commenced on 1 July this year, and relate to the number and the timeliness of actions and decisions compared with the statutory or agreed times. The first stage 2 reporting period closed on 30 September with the data to be submitted in two days time on 21 October.

While some councils and agencies had to upgrade their procedures, it is considered that the information will be invaluable in managing their responsibilities under the Development Act. The data is transferred via email and hence there are no major ongoing budget costs associated with the transfer or storage of the data. It is proposed that the main findings from these indicators will be incorporated into the annual report to parliament on the administration of the Development Act. Most importantly, the data will be an important component in assisting state and local government to identify priority policy and procedural areas for review and improvement. Along with major legislative changes that the government made earlier this year to the Development Act, I believe these system indicators play a very important complementary role in improving the planning system in the state.

Mr BIGNELL: I refer to Budget Paper 4, Volume 2, pages 5.15: Portfolio Statements, program 2. Yesterday, the Premier announced that the government is prepared to give approval to the SA Jockey Club to sell the Cheltenham Park Racecourse on the proviso that the developers allow for 20 hectares of open space. It is a move that has been widely welcomed by the people of the western suburbs. Can the minister outline what role he will have if the SA Jockey Club decides to proceed with the development?

The Hon. P. HOLLOWAY: I thank the honourable member for his question. I am sure that, as I am, he is delighted, as a western suburbs boy, as someone who was brought up in the that area. It is a great win for the people in the western suburbs that 20 hectares will be provided as open space. It is an extremely significant area for a region that does not have a large amount of open space. I am sure that people appreciate that. Currently, the Cheltenham Park Racecourse is zoned 'special use'. It is important that the community and the applicants have certainty as to how this area will be developed and the open space be protected. In order to achieve this, the land needs to be rezoned.

Under the provisions of the Development Act 1993, the council, or, in certain circumstances, the minister, can rezone land through the planning amendment report (PAR) process. At this juncture, I have not as yet had discussions with the Charles Sturt council on this matter. The Development Act requires that any such PAR be released for eight weeks public consultation, and the views of the public be taken into consideration. If this matter becomes a ministerial PAR, in deciding whether to approve any such PAR, I naturally would have regard to community, agency and Charles Sturt council advice.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 5.15. Regarding the planning strategy for metropolitan Adelaide and outer metropolitan Adelaide regions and

planning for land use in the Adelaide area, has the government included a directive for a minimum open space requirement for all urban greenfield sites as with the sale of Cheltenham racecourse? Will the minister please explain how the figure of 40 per cent open space minimum was arrived at for the sale of Cheltenham racecourse?

The Hon. P. HOLLOWAY: In relation to Cheltenham racecourse, the figure of 20 hectares was decided as an appropriate amount. We have, to some extent, covered in the previous question that there is a shortage of open space in the western suburbs. Given the special provisions that apply to the Cheltenham racecourse, because it does have an encumbrance on it, the government believed that it was proper to deliver a dividend to the people of that area in terms of the land, and that is why the 20 hectares was chosen. But, I am sure that the honourable member is aware that, under section 50 of the Development Act, there is a minimum open space amount of 12.5 per cent, and that has been the guideline for many years. The government has no intention of changing that figure. As we have already discussed today, it sets the contributions to the planning and development fund. We have no intention to change that.

The amount of open space set in relation to Cheltenham is very much a special case, and I would have thought that all members would understand that. After all, there is no other piece of land that I am aware of that was formerly a racecourse, and therefore with at least some community access to it, where there was this special provision in relation to open space, given the history of the site. That is why it is a special case.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 5.14. Regarding the department's objective as stated on page 5.14 of developing strategic special policies to accommodate population growth and demographic change, and meeting demand for housing growth and diversity, has Planning SA undertaken an assessment for aquifer storage and recovery for the open space that the government requires to be left at Cheltenham following the sale of Cheltenham racecourse? What percentage of the 40 per cent open space requirement will be used for aquifer storage and recovery? What percentage of the 40 per cent open space requirement will be publicly accessible open space? Does the 40 per cent of mandatory open space include roadways and footpaths?

The Hon. P. HOLLOWAY: The sale of Cheltenham racecourse really has been handled by my colleague the Minister for Infrastructure, and he is the minister who has direct responsibility for it. My role is in relation to the planning matters and the PAR, and I have just outlined what my particular role would be in relation to that function. Obviously, more negotiation will have to take place. All that has happened at this stage is that the government has said that the SAJC can sell the land, provided that it provides 20 hectares of open space, and 'open space', as I understand it, means just that. Some of that area may include wetlands, as it does with other open space areas. However, in relation to other details, I suggest that the honourable member asks the Minister for Infrastructure, who has direct ministerial responsibility for negotiating those issues.

Mr GRIFFITHS: I understand your position that the Minister for Infrastructure can provide details, but we specifically ask the question because the topic was raised by the member for Mawson directly to you; therefore, you brought the topic into the chamber.

The Hon. P. HOLLOWAY: I did. As I said, I indicated in that answer what my role, as the Minister for Urban

Development and Planning, would be in relation to any rezoning, because that is what comes under my responsibility. However, in relation to those specific issues about what is required, the PAR process will obviously consider that. I do not think that the PAR can really prejudge those issues, and it is something that needs to be discussed. I guess that the SAJC will now go back to the drawing board. It knows what the conditions of sale will be. It has been indicated by my colleagues that the government would make some provision towards the additional cost of that open space, and it would expect the Charles Sturt council to make some provision as well.

Those are the parameters. It is up to the SAJC, in conjunction with whoever it is involved with in terms of any proposed development for the site, to come back and put proposals, and that will all form part of the PAR process. At this stage, it is premature to do that. As I said, my understanding is that the 20 hectares of open space is just that—open space. It would include some wetlands, but it would not include the other parts of the subdivision.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 5.15. The Planning SA performance commentary states that the government has completed consultation on the draft planning strategy for metropolitan Adelaide and the outer metropolitan Adelaide region. How long did it take for completion of the consultation process on the draft plan? How many Planning SA staff were involved in the consultation process? Does the planning strategy for metropolitan Adelaide and the outer metropolitan Adelaide region consider the targeted population growth to two million by 2050, as set out in the State Strategic Plan? Does the planning strategy for metropolitan Adelaide and the outer metropolitan Adelaide region specify, in the opinion of Planning SA, where an extra half a million people should live?

What infrastructure requirements are set out in the planning strategy for metropolitan Adelaide and the outer metropolitan Adelaide region to support an extra half a million people? Does the strategy provide for water and electricity supply, transport infrastructure and employment opportunities for a population of two million by 2050? What are the likely age and cultural demographics for 2050, as set out in the planning strategy for metropolitan Adelaide and the outer metropolitan Adelaide region?

The Hon. P. HOLLOWAY: The honourable member asked an important question when he referred to the growth of Adelaide. Those future growth options are occupying a lot of the government's time. The planning strategy for metropolitan Adelaide—and the outer metropolitan region, to a limited extent—take into account the target, although those reports—the consultation, and so on—began well before that target was developed. So, no sooner does one finish one planning strategy than one immediately starts work on another. That is what is happening at the moment. Obviously, the planning strategy that is now being worked on will contain a lot more work in relation to the future growth of metropolitan Adelaide, and the department is doing a lot of work at the present time in relation to the issue of where Adelaide grows. Does the member have a specific question? I might have missed some of his questions—there were quite a few.

Mr PEDERICK: How long did the completion of the consultation process on the draft plan take, and how many Planning SA staff were involved in the consultation process?

The Hon. P. HOLLOWAY: The release of the report was delayed over the election period. The report was finalised

at about the end of the lead-up to the election period, and it was released earlier this year. That was partly responsible for the delay. I will ask Ms Halliday if she can add any information in relation to the resources that were required for that report.

Ms HALLIDAY: In terms of the specific number of staff involved from the beginning to the end in the mapping, consultation and refinement, something like two-thirds to three-quarters of all the staff in Planning SA were actively involved in it. It is a major undertaking.

Mr PEDERICK: I have another supplementary question. Infrastructure will be the most important factor, I believe, with respect to the increase in population to two million by 2050, especially in relation to transport, water and power and employment opportunities.

The Hon. P. HOLLOWAY: Obviously, infrastructure is a huge issue, but the specific questions in relation to infrastructure ought to be addressed to the Minister for Infrastructure. However, in terms of the broad planning, obviously, the planning strategy has to take into account the needs. We do have the metropolitan development program, which sets out the release of the land within Adelaide. Of course, that specifically takes into account infrastructure provision. I will ask Bronwyn Halliday whether she has any further comments.

Ms HALLIDAY: In relation to the issue with infrastructure, we are working very closely with our colleagues in the Department for Transport, Energy and Infrastructure, from the point of view of both pure infrastructure and gas utilities in order to determine where the population will go. It is always a bit tricky. Does the population come first or does the infrastructure come first? We are monitoring very closely areas of land that are attractive to people at the moment. We are watching closely where everyone is going and we do have some long-term plans under way.

Mr GRIFFITHS: My question is an extension of that just asked by my colleague. Again it relates to Budget Paper 4, Volume 2, page 5.15. I refer to the performance commentary in the 2006-07 budget (Budget Paper 4, Volume 2) regarding the planning strategy for metropolitan Adelaide and the outer metropolitan Adelaide region. At the Premier's annual address to the property council on 25 August, the Premier ordered an urgent review of land supplies in Adelaide. Will the minister explain why this review is not included in the planning strategy for metropolitan Adelaide and the outer metropolitan Adelaide region? Has the review of land supply started and what are the government's current undertakings on the review? Who has been assigned to conduct this review? What public consultation has been or will be undertaken in relation to the land supply review; when will the review be completed; and what additional costs will be incurred by Planning SA in order to conduct the review?

The Hon. P. HOLLOWAY: Yes, the review is under way. Planning SA will obviously do much of the work, but it will be an across government study which will report to the various heads of departments which are affected. The honourable member asks why that is not reflected in the planning strategy. This is really a question about the urban growth boundary. The urban growth boundary in the planning strategy has not been changed, but that provides sufficient growth for this city for some 10 to 15 years within that boundary. Of course, that is based on future projections of growth. However, the issue that we face in relation to growth is that, whereas there is sufficient land within the urban

growth boundary for expansion, it does not necessarily follow that that land will necessarily be made available.

Certainly the government, through its holdings with the Land Management Corporation, can release land to the market, and that has been happening. However, a significant amount of the land within the urban growth boundary, in many cases, is held by small parcels and by land-holders, and it does not necessarily follow that that land will be made available. I think that is what the Premier was referring to when he said that we need a review of growth options for Adelaide, and that is currently under way. The planning strategy (as it is) applies with the current urban growth boundary. What we need to do and what we have begun doing is to look for future growth options for Adelaide, as the Premier said in that address, both greenfield and brownfield sites. I will ask Ms Halliday whether she wishes to add any further information.

Ms HALLIDAY: The only additional information that the minister has not covered relates to consultation with local government, and I am in discussions at the moment with the LGA about how we might progress that in a timely manner.

Mr GRIFFITHS: It was somewhat surprising to the opposition that the Premier's address was made within 11 days of the strategy being released.

The Hon. P. HOLLOWAY: Yes, but—

Mr Kenyon interjecting:

Mr GRIFFITHS: To answer the honourable member's comment, if I might continue, it seems somewhat surprising to us that a major review is being undertaken presumably at the same time as preparation of the Premier's speech is occurring. There would have been some alignment to the fact that the Premier is suggesting a further review be undertaken when you have just released a regional report.

The Hon. P. HOLLOWAY: There is a lot more to the planning strategy than just the urban growth boundary. The current planning strategy did not make changes to the urban growth boundary, although some changes were made in relation to some outstanding issues around the Gawler boundary that have been in negotiation for some years now. Those negotiations are not totally finite, but they are certainly at the stage of being finalised now. As I have said, in theory, the urban growth boundary contains enough land for the city to grow for another 10 to 15 years. There is a lot more to the metropolitan and outer metropolitan planning strategy than just those boundaries, but that is a matter the government has indicated on a number of occasions that it will be looking at.

I am sure the honourable member is aware that there are a number of issues in the northern suburbs of Adelaide, one of them being the developments around the defence precinct. Obviously, Planning SA is getting information in relation to that. We also know that there are proposals for a northern expressway which will have an impact there. We know that the construction to water the flood control dams that are being built in that area will also have an impact. So, a number of issues in relation to that part of Adelaide will be settled one way or another in the reasonably near future. I am sure that the next volume of the Planning Strategy, when it comes out, will have much more detail, particularly in relation to that area.

Mr GRIFFITHS: I refer to page 5.16. Will the minister provide details of the number of staff within the regional ministerial offices, their particular office and their remuneration packages? Also, have any staff from regional ministerial offices been subject to any targeted voluntary separation packages? What is the current time frame for the closure (as

stated in Budget Paper 3, page 2.16) of the ministerial offices; in what order will they be closed; what liabilities in terms of employee costs, office and car expenses are likely to be met by the department; what was the total cost of establishing the regional ministerial offices; and what was the individual cost per office?

The Hon. P. HOLLOWAY: The honourable member has asked a number of questions there. If I could perhaps put it into some perspective first. The offices of the north, the north-west, Murray Mallee and Upper Spencer Gulf were an innovation of the first term of the Rann government, and those offices have successfully worked to improve economic development and social and environmental outcomes within their regions. It was never envisaged that these offices would become a permanent feature of government; rather, they have been part of the process of enabling a better whole of government focus on particular issues and communities. The government has reconsidered the future role of its regional offices in the light of the achievement of economic and social development objectives and initiatives and other key initiatives which have moved to phases which are more self-sustaining and less reliant on close government steering and input. Certain residual activities needing to be retained are being realigned and integrated into mainstream government activities and continuing strong government intervention visibility through the south by the Office for the Southern Suburbs.

The offices, with the exception of the Office for the Southern Suburbs, will close early in the new year, or sooner if all issues can be expedited and resolved. This period provides for a transition phase, including the necessary consultation with several key stakeholders. All affected staff will be placed in other positions within government relevant to their skills and expertise. I think that covers most of the issues the honourable member raised. Perhaps the honourable member might repeat any specific questions.

Mr GRIFFITHS: There are some issues regarding liabilities in terms of any employees concerning whom office or car expenses will not be continued. However, I am quite happy to put a question on notice and for the minister to provide that information at a later date.

The Hon. P. HOLLOWAY: We do not believe at this stage that there will be any. My advice is that the only likely liabilities were to be lease arrangements. As most of those were on a monthly basis, we do not expect that that should be an issue.

Mr GRIFFITHS: There was also my last point: what was the individual cost per office for the time that they were open?

The Hon. P. HOLLOWAY: The actual cost of the offices is in the budget papers at pages 5.15 and 5.16. The honourable member can see the actual figures for the Office of the North and the Office of the North-West, and I guess the regional offices are grouped together under item 2.4 on 5.16. At least for the Office of the North and the Office of the North-West their costs are separately listed there. I am not sure what other information the honourable member wants.

Mr GRIFFITHS: I am not too sure of the specifics, but I think we will accept that.

The Hon. P. HOLLOWAY: We can break down the subprogram 2.4, but essentially they are the regional offices. Of course, the closures will result in budget savings of \$427 000 for 2006-07, \$684 000 for 2007-08 and \$1.266 million for 2008-09.

Mr PEDERICK: My question comes from Budget Paper 4, Volume 2, page 5.16. Will the minister please provide details of the number of staff within the Office of the North-West and their remuneration packages? Has or will the Office of the North-West be subject to any targeted voluntary separation packages? What is the current time frame for the closure of this office as stated in Budget Paper 3, page 2.16? What liabilities, in terms of employee costs, office and car expenses, are likely to be met by the department? What was the cost of the establishment fitout of the Office of the North West?

The Hon. P. HOLLOWAY: My advice is that there are two staff in the Office of the North-West. No retrenchments or TVSPs will be offered. In relation to the fitout costs, obviously we do not have that, so I would have to take at least that part of the question on notice.

Mr PEDERICK: Does the minister have a time frame for closure of that office?

The Hon. P. HOLLOWAY: As I indicated in answer to the earlier question, I think it is the end of this year, early next year.

Mr PEDERICK: The minister does not have a figure for the cost of the fitout of that Office of the North-West?

The Hon. P. HOLLOWAY: That is the one we will need to take on notice. That would have been some three years ago, anyway, but I would not have thought it would be particularly high.

Mr GRIFFITHS: I refer to Budget Paper 4, Volume 2, page 5.15. Will the minister please provide details of the number of staff within the Office of the North and their remuneration packages? Has or will the Office of the North be subject to any targeted voluntary separation packages? What is the current time frame for the closure of this office as stated in Budget Paper 3, page 5.16? What liabilities, in terms of employee costs, office and car expenses, are likely to be met by the department? What was the cost of the establishment fitout of the Office of the North?

The Hon. P. HOLLOWAY: My advice is that there are five or six staff in that office, and the answers to the other parts are as before. The timing is the same and the answer in relation to TVSPs and retrenchments is the same.

Mr GRIFFITHS: I recognise the minister's comments in regard to the savings that will be achieved in future years, but in Budget Paper 3, page 2.17 under Savings Initiatives, it is interesting that the savings increased from \$427 000 in 2006-07 to \$684 000 in 2007-08, \$1.266 million in 2008-09 and \$1.293 million in 2009-10. One would have presumed that, if they are closing in a similar time frame, the savings would have been a consistent figure through that period. Why the gradual increase?

The Hon. P. HOLLOWAY: I should have made clear earlier, when I said there were no retrenchments that the staff, whom we value so highly, will be placed in other positions. Indeed, my advice is that the success of placing those staff in positions has been such that we believe that we can close those offices sooner and, in fact, the savings may be greater. I will let Mr Archer add to that, if there is anything I have not covered.

Mr ARCHER: That is correct, in fact, thank you, minister. At this point in time we are actually having difficulty keeping the offices open because the people are being snapped up by other parts of government. The issue for us is to remain operational while we manage the transition. It is likely that the savings will be realised earlier than we

first anticipated. Some of those savings will be used for some of the staff in other positions in the meantime.

Mr GRIFFITHS: My next question relates to Budget Paper 3, page 2.17, revenue offsets. Can the minister provide details of the revenue offsets, being minus \$113 000 in 2008-09, and minus \$115 000 in 2009-10 arising from the closures of the offices of the north and north-west and regional ministerial offices?

The Hon. P. HOLLOWAY: I will ask Mr Archer to provide that information.

Mr ARCHER: The reason for an offset there is that the forward estimates had a projection in relation to revenue for those offices of those amounts. With the closing of those offices, we will no longer get that revenue.

Mr GRIFFITHS: That is quite reasonable. I refer to Budget Paper 4, Volume 2, page 5.17. Will the minister please provide details of the \$38 000 worth of increase in supplies and services for the Office of the Southern Suburbs? Given the reduction in grants and subsidies of \$56 000 from 2005-06 to 2006-07, will the minister give details as to what grants and subsidies are, in fact, being cut?

The Hon. P. HOLLOWAY: It is actually a different minister. The Office of the Southern Suburbs reports to my colleague John Hill, Minister for Health. I am told the examination was at 11 o'clock this morning. Perhaps we can see what information is available and if he can provide an answer, we will take that on notice. We can be very generous at this time of the day. This is probably the last question anyway, so we will be very generous.

The CHAIR: There being no further questions, I declare the examination concluded. We can also close the Minister for Mineral Resources and Development examination and adjourn that for further consideration of the proposed payments to 23 October. Thank you, advisers. Thank you, minister.

South Australian Tourism Commission, \$44 826 000
Minister for Tourism, \$5 164 000

Witness:

The Hon. J.D. Lomax-Smith, Minister for Education and Children's Services, Minister for Tourism, Minister for the City of Adelaide.

Membership:

Dr McFetridge substituted for Mr Pederick.

Departmental Advisers:

Mr A. Kirchner, Chief Executive, Adelaide Entertainment Centre.

Mr T. Pavich, Director of Finance, Adelaide Entertainment Centre.

Mr A. Gilbert, Chief Executive, Adelaide Convention Centre.

Mr C. Stubbs, Director of Finance, Adelaide Convention Centre.

Mr B. Spurr, Chief Executive, South Australian Tourism Commission.

The CHAIR: I declare the proposed payments open for examination and refer members to the Budget Statement, in particular pages 2.27 and 2.28, and the Portfolio Statements,

Volume 3, part 10. I would like to make a departure from normal procedure to note that we expect this to be Mr Spurr's last attendance here. I was thinking about that, and realised that he has probably seen more estimates committees than anyone other than the member for Stuart and the Premier. Does the minister have an opening statement?

The Hon. J.D. LOMAX-SMITH: I would like to begin with the Entertainment Centre. The Entertainment Centre has developed a reputation for being one of Australia's leading live entertainment venues. Since opening it has hosted over 700 concerts, and in 2006 the centre will welcome the 4-millionth patron through its doors. It has been a venue for many of the world's leading contemporary live entertainment acts—indeed, were it not for the Entertainment Centre many of these acts would not play for a South Australian audience. In 2006 big-name acts such as Delta Goodrem, the Black Eyed Peas, Billy Connolly, Rob Thomas, the Wiggles, the Dixie Chicks, and the *Boy from Oz* have played at the centre. In total \$11.47 million was generated through ticket sales in 2005-06.

The AEC has an exceptional reputation for corporate hospitality, which forms an extremely important part of the centre's core business. With all corporate suites and corporate club leases fully subscribed, the AEC will pursue the development of a second corporate club facility in 2006-07. The function business at the centre continues to thrive, with \$1.8 million in revenue being generated from 270 functions in the 2005-06 year. In July 2005 the Entertainment Centre was again awarded Caterer of the Year and Best Function Centre at the South Australian Restaurant and Catering Awards for Excellence. Many South Australians do not realise the high calibre of food and hospitality that can be gained at the Entertainment Centre, and I encourage anyone from this place to attend or use the centre for functions.

In total food and beverage provided \$3.48 million in revenue, contributing over \$437 000 in operating profit to the centre. The growth in food and beverage revenue stems from the implementation of a concerted strategy to protect the centre's financial viability against downturns in the international touring industry. The \$750 000 kitchen upgrade was completed in September 2005, providing the Adelaide Entertainment Centre with the capacity to further increase function business in the future.

The Adelaide Entertainment Centre returned a profit from trading activities of \$1.2 million in 2005-06. The AEC has now produced an operating profit for the last three years before depreciation. It is pleasing to note that the strategies developed to ensure that operational funding can be derived from the centre's own activities are proving successful. The Adelaide Entertainment Centre has again made no call to the state government for operational funding support in 2006-07. As part of a long-term strategy to develop the site in a vibrant and user-friendly precinct, \$480 000 has been invested to renovate and refurbish the historic shops on Port Road.

The Entertainment Centre is also working to secure the sale of ground leases on the corner of Port Road and Adam Street to provide for the construction of Channel 7 Adelaide studios. Other capital works undertaken in 2005-06 include the installation of an FM band radio system for the hearing impaired, painting, signage, upgrades, modification of food and beverage outlets, and additional security cameras. They operate in an innovative environment and are in many ways a cutting-edge organisation. The 2006-07 year will see another great line-up of top international acts due to play at the AEC. These include Red Hot Chili Peppers, Kylie

Minogue, Elton John and Eric Clapton. I congratulate the board and management for their achievement in 2005-06 and look forward to another successful year in 2006-07.

The CHAIR: Minister, I note you confined your remarks to the Entertainment Centre. Do you have an agreement with the opposition about the order in which these matters will be covered or are all matters open?

The Hon. J.D. LOMAX-SMITH: Sorry, I sought leave at the beginning to speak about the Entertainment Centre first.

The CHAIR: Yes, I understood that that was the case. It is just that the schedule I have here does not separate them out.

The Hon. J.D. LOMAX-SMITH: Would you like me to give a statement also for the Convention Centre?

The CHAIR: I think that is probably the best way. If you do all your opening statements, then all the questions can flow on all areas. You have the appropriate advisers, minister?

The Hon. J.D. LOMAX-SMITH: Yes.

The CHAIR: Yes, continue with the opening statements.

The Hon. J.D. LOMAX-SMITH: The Convention Centre plays a vital role within the South Australian tourism industry in the state's economy. It is a catalyst for economic growth in the tourism and hospitality sector, as well as businesses throughout South Australia. The Adelaide Convention Centre, therefore, provides a valuable contribution to the achievement of the strategic objectives of the South Australian Tourism Commission's tourism plan 2003-08. It has generated \$570 million in economic benefit for the South Australian economy since opening in 1987. By any measure the Convention Centre's contribution to South Australian tourism is significant.

As a business centre the Adelaide Convention Centre broke a number of records during the 2005-06 financial year. There were 690 events; the most ever in a financial year at the centre. Turnover for the year was \$24.34 million, the highest in the centre's 19-year history. Under sound management, a profit from trading activities of \$3.5 million was achieved, another record high. Contributing to this profit figure was a 7 per cent reduction in energy consumption compared to 2004-05. The sales team also had a fruitful year, securing 102 international clients; up from 36 in 2004-05. There are confirmed bookings for the Convention Centre as far ahead as 2014 and these bookings represent a potential \$170 million of economic benefit to the state's economy.

More than just a successful business, the Convention Centre is part of the fabric of the South Australian community, featuring in most of the major events that come to Adelaide. In 2005-06 the Convention Centre hosted the Australian Tourism Exchange—the ATE—a landmark event and the first for the South Australian tourism industry. The ATE brought to Adelaide 1 700 Australian delegates from 650 companies who met 600 overseas buyers from 40 countries. It provided South Australia a fantastic opportunity to showcase our regions and unique tourism products. The ATE also demonstrated to the who's who of international travel that our convention centre is up there with the world's best. Both buyers and sellers were universal in their praise of the centre's facilities and hardworking staff.

A new event hosted by the Adelaide Convention Centre and the Adelaide Festival of Arts in 2005-06 was the Persian Gardens. This was located on the Riverbank in front of the Convention Centre. The gardens provided after-show hospitality and entertainment for up to 900 people. The Persian Gardens was an outstanding success which revealed

the potential of the Riverbank area as a unique space for events.

The Convention Centre invested around \$300 000 in providing infrastructure for this event space, and this infrastructure remains and will be used when the Riverbank Precinct is transformed into the World Police and Fire Games village in March 2007. The Convention Centre will not only be hosting a number of events but also doing much of the catering.

Accessibility from the Convention Centre promenade level to the Riverbank has been a long-standing design problem that we have long wanted to resolve, and in 2005-06 the state government provided a grant of \$1 million to fund the construction of a connecting staircase between the promenade and the Riverbank. Construction is expected to be complete in time for the World Police and Fire Games.

The Adelaide Convention Centre continues to be recognised in the industry as an employer of choice. People want to work at the Convention Centre due to its reputation for providing quality training and a culture of service quality. Over 900 applications for employment were received in 2005-06. This reputation does not come without effort. As a registered training organisation the centre had eight trainees graduate with a Certificate 2 in Hospitality Operations. The Adelaide Convention Centre works with more than 64 schools and agencies to provide work experience for around 200 school students and 160 tertiary students. A total of \$690 000, or 6 per cent of payroll expenditure, was spent on training. This provides a total of 35 000 hours training for convention staff.

I take this opportunity to once again acknowledge the work of the former CEO Pieter van der Hoeven during his 20 years of outstanding service to the Convention Centre in South Australia. He led the way in welcoming international Australian business delegates, convention exhibition participants, wedding guests, banquets and others to Adelaide and helped generate jobs, hotel bed nights and awareness of our state's brilliant blend.

I am also pleased, of course, to welcome our new CEO Alex Gilbert to the ACC team and I have confidence that under his stewardship the Adelaide Convention Centre will continue to set new records, as I am sure that under the Entertainment Centre's relatively new stewardship also we will see these organisations go from strength to strength.

The CHAIR: Minister, do you have strength to proceed with your next opening statement or would you like some room for questions first?

The Hon. J.D. LOMAX-SMITH: Madam Chair, for the convenience of the two CEOs on either side of me, I wonder if we could complete these two items first in the first segment of timing and then go on to the rest of the SATC.

The CHAIR: Is that compatible for the opposition?

Dr McFETRIDGE: Yes, with respect to the two gentlemen concerned, I am more than happy to change things around. I will make my introductory statement for the whole of the portfolio now though, if I can, Madam Chair, to save time.

The CHAIR: Certainly.

Dr McFETRIDGE: Can I start by saying that my own electorate of Morphett has over 2.5 million tourists a year, and I certainly have a very personal interest in the future of tourism in South Australia, and my Liberal colleagues recognise the vital place for tourism in this state. I do wear my heart on my sleeve when it comes to tourism in South Australia. South Australia has more hours of sunshine than

the Gold Coast has, more navigable islands than the Whit-sundays and a wider range of marine flora and fauna than the Great Barrier Reef. Whether it is from Kangaroo Island to the Flinders Ranges, from the Blue Lake to the Outback, South Australia is an absolutely outstanding place to live, and to host tourists here is something that we should never take for granted.

The world is getting smaller with international tourism, and obviously tourists are going out of Australia as well. South Australia needs to be very aware of its need to keep marketing, keep promoting and keep providing every possible opportunity for tourism in this state. One of the highlights of my own personal experience with tourism was when I was with Tony and Julie Smith at Rawnsley Park EcoVillas; and I know the minister has been up there and stayed there. It is a fabulous example of what can be done for an area of tourism that is perhaps outside the square.

Tourism in South Australia is a huge industry. Yesterday in the Arts portfolio the Premier talked about the creative industry (the arts and culture) employing 16 000 people. At the last estimate, tourism employs about 30 000 people; it is worth about \$4 billion a year to South Australia. When you put tourism with the creative industries, the arts and culture, and with sports and recreation, you get what is called 'the experience industry'. This is the growth industry for South Australia. It is way ahead of mining and automotive put together. South Australia cannot afford to let tourism slip, not in any way at all.

Marketing and funding must be a top priority. The cost of not supporting the industry will be far greater than the cost of supporting it. I pay due respects and congratulate Bill Spurr on the job he has done. I look forward to seeing a prima donna performance in the last few months, Bill. It will be a sad loss to South Australia. However, we have people of the calibre of Alex Gilbert coming to South Australia to replace Pieter van der Hoeven. Alex and I have had a number of chats. He is a very experienced man, and I formally welcome him to South Australia. I know that, once again, the Convention Centre is in good hands with his stewardship.

The appointment of Bob Foord, the new head of the South Australian Tourism Commission, is a terrific decision. I know that Bob will put his heart and soul into tourism and the Tourism Commission. He has put his money where his mouth is. He employs more than 300 people in the tourism industry in South Australia. I met Lyn Tuit in Paris last July and talked tourism with her. Lyn is coming back to South Australia, and she will be another boost to South Australian tourism.

The sad part is that tourism in South Australia has been suffering some declines. If one looks at some figures given to me by the federal minister's office, one can see that it is not a pretty picture, and it emphasises the fact that we do need to continue promoting tourism in South Australia. In 2005 in South Australia total visitor expenditure decreased by 6.5 per cent to \$3.7 billion, the second worst performing state after Tasmania. By comparison, total visitor expenditure in Australia increased by 1.1 per cent last year. The percentage change in South Australia was lower or worse compared to Australia in several categories, including day and overnight travel, international visitors and for most expenditure categories except day trip expenditure.

When one looks at the actual dollar figures that have been spent in South Australia in the regional and rural areas compared with Adelaide, one can see there is a marked decrease between the 2004 and 2005 figures. We hope that this slide will not continue. We look forward to a reinvigorat-

ed attitude to tourism; and, unfortunately, we are not seeing that in the figures in the budget. I think there needs to be some re-thinking and a re-assessment of some priorities. I know that Mr Greg Smith was asked to look at South Australia's budget, and he recommended \$1.4 billion in cuts. The government has come up with about \$690 million in cuts. If one looks at what Mr Greg Smith recommended with respect to tourism in the ACT, one can see that it is a disaster, and I hope that will not be the future for South Australian tourism.

The CHAIR: Does the member for Mawson wish to commence questions?

Dr McFETRIDGE: I will organise my questions a little. I have plenty of questions. Where do you start with tourism? It is just fantastic. I refer to Budget Paper 4, Volume 3, page 10.10, 'Tourism Industry Development'.

The Hon. J.D. LOMAX-SMITH: This is not to do with the Entertainment Centre or the Convention Centre?

Dr McFETRIDGE: Yes; the question is all about tourism investment and development.

The CHAIR: Does the member for Morphett have questions about the Convention Centre and the Entertainment Centre?

Dr McFETRIDGE: Yes, that is right. This question is about that.

The Hon. J.D. LOMAX-SMITH: I am sorry, but this is not the portfolio statement related to this line.

Dr McFETRIDGE: What is the reference you have there, minister?

The Hon. J.D. LOMAX-SMITH: If I can help the member, at Budget Paper 3, page 6.6 he will find the item.

Dr McFETRIDGE: At Budget Paper 3, page 6.6, the line is the Adelaide Convention Centre and the line underneath is the Adelaide Entertainment Centre. I will ask questions about the Adelaide Convention Centre first. How many conferences have been held in the convention centre since June 2005, and has the figure risen or fallen?

Mr GILBERT: We have had 690 events in the convention centre over the past year, as opposed to 619 the year before, so it is basically 70 extra events. When I say 'events', I include all types of events. Basically, our split is 50-50 in terms of banqueting and meetings and conferences.

Dr McFETRIDGE: That is about an 11 per cent increase. Is that on par with other convention centres around Australia?

The Hon. J.D. LOMAX-SMITH: The convention industry is highly competitive and there has been significant building activity around the country, but I would have thought increases of that nature are to be commended. Particularly, the convention centre has had a stellar year, with the highest rates and turnover on record, so I think we should commend it.

Dr McFETRIDGE: In no way am I denigrating the job that has been done by Peter van der Hoeven or, in fact, Alex Gilbert. What I am asking is how we can compare it with interstate, because there are, as the minister has said, a number of new convention centres and we are going to have to compete at a fairly intense level and, while 11 per cent is significant, is it comparable with what is happening interstate and even overseas in the convention industry?

The Hon. J.D. LOMAX-SMITH: We have always been a very competitive industry, and my sector has always been vibrant and innovative, and I think that we compare well at many levels and in many criteria with the rest of the world and the rest of the country.

Dr McFETRIDGE: I do not think Mr Gilbert answered this particular question. How many conferences are booked in the convention centre for 2006-07?

The Hon. J.D. LOMAX-SMITH: We can take that on notice.

Mr GILBERT: If I could just respond to that in part, at this stage we find that we will have something in the order of 30 per cent of our events booked; we will have another 30 per cent that are what we call pencil bookings (or unconfirmed bookings); then, the smaller events will come in as the year progresses. It is difficult to forecast the final number of events that could come in at this stage.

Dr McFETRIDGE: Dealing with the same budget reference, of all the major performing artists touring Australia, how many have missed Adelaide as part of their tour, and what was done to try to tempt them to this state?

The Hon. J.D. LOMAX-SMITH: Are we still talking about the Convention Centre?

Dr McFETRIDGE: Either; I suppose that the Entertainment Centre is probably more to the point, but the Convention Centre applies.

The Hon. J.D. LOMAX-SMITH: The Convention Centre does have some performances, but that is not its core business.

Dr McFETRIDGE: What about the Entertainment Centre?

The Hon. J.D. LOMAX-SMITH: The Entertainment Centre's core business is events. Some tours do not stop in Adelaide and others only come to Adelaide.

Mr KIRCHNER: Certainly, the Adelaide Entertainment Centre is not the only venue that can stage concert events within South Australia. Adelaide attracts a remarkably high percentage of touring artists to Australia. It would be a guess to say how many we have missed out on; we do keep those figures, but it is in the order of four to eight events that we miss out on each year. Given the relative size of the Adelaide and South Australian population and even our isolation compared to the rest of the world, Adelaide captures an extraordinarily high number of artists. For example, a city of the same size in the United States could not hope to get the same number of international acts visiting their city that we get here in Adelaide, so we are very fortunate.

Dr McFETRIDGE: Is there any indication of how many major artists we would have missed out on who have toured Australia? What is the percentage: half of them, quarter of them?

The Hon. J.D. LOMAX-SMITH: I think that it is speculative because not all events go to the Entertainment Centre, so just because they are not at the Entertainment Centre does not mean that they have been lost to South Australia, and some events come to South Australia that do not tour elsewhere.

Dr McFETRIDGE: Perhaps between the Convention Centre and the Entertainment Centre we might give them a bit of a funding boost and help them capture some more events in that case.

The Hon. J.D. LOMAX-SMITH: We did have one entertainment event at the Convention Centre even though it is not its core business.

Dr McFETRIDGE: It would have been a good event, yes.

The CHAIR: Can the member for Morphett check if he has any more questions on this area?

Dr McFETRIDGE: I have, but I would rather put them on notice.

The CHAIR: There is no provision for them to go on notice other than through the House of Assembly *Notice Paper*.

Dr McFETRIDGE: I understand that, so I am happy to continue on with the other folio of questions I have on general tourist areas.

Additional Departmental Adviser:

Mr C. D'Ortenzio, General Manager, Corporate and Commercial Services, South Australian Tourism Commission.

The Hon. J.D. LOMAX-SMITH: The state budget for 2006-07 provides for a range of investments to support our important tourism industry and in doing so also supports employment and economic growth across South Australia. Beyond giving visitors a great time in the state, economic and social developments are underlying benefits of our tourism industry. The Rann government's budget allocations recognise this across a number of portfolio areas, including arts, environment, education and infrastructure development. One of the strengths of the South Australian tourism industry is our capacity to be creative in a very tough and competitive environment. We have a demonstrated track record of people working together across government and business to build a sustainable industry that delivers real economic and social benefits. Our creativity is partly borne out of necessity. Geographic reality means that we are constantly challenged by the tyranny of distance from some of our most important markets. We have to work harder and smarter to promote our strengths and the blend of experiences that make South Australia a special attraction for discerning visitors. Our capacity to work together and be creative has continued across successive governments, reflected by a number of strategic tourism plans developed over the years by government and the industry.

The Rann government has successfully built upon that partnership approach, with a tourism round table comprising government and industry organisations, the state strategic plan and a stronger emphasis on integrating tourism with other areas of government, including the arts, education, agriculture and food and wine. For example, the South Australian Tourism Export Strategy seeks to integrate tourism and other areas of state economic growth, including our aquaculture and food and wine export industries. We have a Wine Tourism Strategy for 2004-08 to build on our strengths in food and wine, while the Cycle Tourism Strategy looks towards 2009 to build on the success of our cycling events and to develop cycle tourism product and infrastructure in our regional areas.

Similarly, our new brand, South Australia—A Brilliant Blend, is increasingly going beyond traditional tourism promotion outlets to generate awareness of our state in areas such as international education, the arts and migration programs. With that whole-of-government perspective in mind, the Rann government has looked to invest in a wide range of areas that will benefit the tourism industry, including education, the arts, infrastructure development, the environment, transport, and so on. Therefore, investment in infrastructure events and festivals marketing our support for South Australia's strengths in food, wine, the arts, education and the natural environment are all elements of the state budget for 2006-07.

These investments will help the tourism industry to build on our many achievements over the past financial year. Those

achievements include the success of our first Australian tourism exchange, the ATE, and increased airline flights to the new Adelaide Airport. I am particularly delighted that 24 international flights a week now arrive in Adelaide, which is up from 13 at the beginning of 2002-03. It has been said that it is the best airport in Australia. Extra flights introduced in 2005-06 provide an additional 90 000 international seats into Adelaide each year and we are working hard to build on this success because access in overcoming that tyranny of distance is a critical factor in supporting our industry. Similarly, the ATE was successful in making connections, with around 600 travel buyers from over 40 countries. In the short-term the ATE generated an estimated 13 000 visitor nights in Adelaide and \$10 million into our economy. While the long-term strategic and economic benefits will reverberate for years to come, the increased flights and the success of the tourism trade fair happened by design because we worked strategically with the industry.

Our investment in the strategic tourism projects, with \$2 million invested to bring the ATE to South Australia and \$1.5 million to attract international direct air services, helps us establish a stronger foundation for future industry development. Our many achievements involving government and industry partnerships are set against the backdrop of increased business confidence and investment in South Australia. As a government we work hard to promote confidence and investment in our state.

The results are demonstrated by our achieving a AAA credit rating within the first term of the Rann government, and increased employment across the state. Since we came to office in March 2002, a total of 64 300 jobs have been created in South Australia. Indeed, the latest employment figures for September show that we have achieved a new record high in total employment, with 756 400 South Australians now in work.

The 2006-07 budget is designed to build on these achievements and maintain our partnership approach to attracting visitors and increasing yield. In particular, the 2006-07 budget reinforces the value of major events to the South Australian economy, with additional support provided to attract major events as part of a year-round calendar of activity. Ongoing additional funding of \$200 000 will also be used to promote South Australia's events in the summer period between January and April, as we did so successfully with industry partners during our Eventful Adelaide Campaign earlier this year. For example, we are investing to increase the number of teams participating in the Tour Down Under, because this event fits strategically with our objectives and attracts visitors. The 2006 tour attracted more than 15 330 interstate and overseas visitors, up from 11 670, and injected more than \$16 million into the state's economy.

We will invest \$500 000 a year over the next five years for the Rugby Sevens World Series, with Adelaide's first two-day Rugby Festival to be held in April 2007. Adelaide will be one of only eight cities in the world where the annual international 16-team series is played. There will be funding over four years towards a food symposium and a food and wine summit to strengthen South Australia's position as Australia's premier food and wine state. The investment in events should also be seen in the context of the overall state budget; for example, extra investment over four years will include an annual two-week Adelaide International Guitar Festival at the Adelaide Festival Centre from next year, which is designed to attract a worldwide audience.

Funds of \$8 million over the next three years will upgrade the Dunstan Playhouse, while \$2 million will go towards making the Fringe Festival an annual event. Similarly, funds will support free public events at the Adelaide Festival of Arts to help deliver more free performances like the Dancing Sky, which attracted 150 000 people to Elder Park this year. We will also invest in the Adelaide Festival of Ideas, and provide a one-off injection of \$200 000 towards the Adelaide Festival Centre Trust winter program. All of this will help attract people who will enjoy our restaurants and shops, pubs and accommodation and, in doing so, spend and support business and jobs.

However, we are also looking beyond the high-profile events, and working on the distribution channels and front-line outlets that welcome potential visitors. For example, we will redevelop one of the state's most important marketing tools—our customer web site www.southaustralia.com—to inspire potential visitors to the state, provide holiday ideas, and allow tourists to plan and book their entire holiday online. We will continue support for ConnectSA, South Australia's innovative online booking and business management system, and invest more than \$350 000 on a new intrastate marketing strategy.

Our regional tourism partners are critical to the success of a number of our niche marketing strategies, and we will invest more than \$2 million to support the great work of the state's 11 regional tourism marketing committees, while also providing more than \$640 000 for events and festivals across the state. We will target our existing and emerging key international markets to attract visitors. New Zealand is an increasingly significant market, and we will invest around \$550 000 in a range of marketing initiatives to capitalise on the direct flights between Auckland and Adelaide by Qantas and Air New Zealand. The government will continue to seek extra international and domestic flights into Adelaide. Cooperative marketing initiatives will also be undertaken with selected international airlines and key international tourism markets to bring more visitors to the state and help ensure the viability of these new routes.

Meanwhile, the budget delivers approximately \$2 million for tourism infrastructure projects through the major and minor tourism development funds. This will be a continued focus on the development of sustainable and well designed tourism infrastructure. Niche tourism products, such as trails, cycling, national parks, dive, fossil and geological heritage, will continue to be promoted in addition to our mainstream strengths in wine and food, nature best tourism and cultural heritage. While this blend of product, infrastructure planning and marketing investment is not comprehensive, it points to our wide-ranging, across government and business approach to building a sustainable industry.

Recent industry indicators provide evidence that the government strategies for tourism are paying dividends. Tourism Research Australia National Visitor Survey results (NVS) show that, in the 12 months ending June 2006, interstate visitors to South Australia increased by 7 per cent—well above the national increase of 3 per cent. The latest International Visitor Survey (IVS) reveals that South Australia welcomed 345 700 international visitors in the 12 months ending June 2006. This is an increase of 6 per cent over the previous 12-month period, compared with a 1 per cent increase nationally. Indeed, our market share of international visitors to Australia increased from 6.6 to 6.9 per cent. The Australian Hotels Association accommodation market report has shown that Adelaide hotel occupancy

rates continue to show strong growth. The month of September occupancy reached 82.8 per cent, up from 74.3 per cent in September 2005. The ABS survey of hotels, motels and serviced apartments in the Adelaide central business district reported occupancy rates for the month of March at 90.1 per cent. This is an all-time record, being the highest monthly occupancy rate for the CBD since 1997.

The fact that South Australia consistently punches above its weight in national tourism awards reflects the high standard of our industry and the passionate commitment and hard work of those who work behind the scenes: the tireless staff in the Tourism Commission, the Convention Centre, the Entertainment Centre, as well as in such organisations within the industry—regional and community volunteers—and, of course, the team bringing us the 2007 World Police and Fire Games. All these groups and individuals do so much to make tourism a success in South Australia. I take this opportunity to thank them for their commitment and, in particular, to acknowledge the work of Bill Spurr, our Chief Executive of the SA Tourism Commission, the man who is chairing the committee that will help shape the World Police and Fire Games event coming to Adelaide early in the new year. We look forward to this spectacular event and many others in the coming year, which will be underpinned by support and commitment to the tourism industry shown by the Rann government.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 3, page 10.14: tourism and marketing, the domestic market. Why has the budget for domestic marketing decreased from \$23.139 million in 2005-06 to \$19.637 million in 2006-07—a cut of \$3.502 million?

The Hon. J.D. LOMAX-SMITH: I think you are referring to the budget line on page 10.14, the net cost of planning services.

Dr McFETRIDGE: I apologise; it is page 10.15.

The Hon. J.D. LOMAX-SMITH: On page 15, the decrease of \$3.502 million is due to several structural changes to the accounting. The sum of \$701 000 was transferred into the events program from regional events and festivals. In addition, there was an investment of \$800 000 last year in Eventful Adelaide, which was a one-off contribution, as was a \$2 million one-off contribution for domestic marketing in 2005-06. They were one-off events.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 3, page 10.16, 'International Marketing'. Why has the spend for international marketing decreased from \$7.807 million in 2005-06 to \$6.638 million in 2006-07—a decrease of \$1.169 million?

The Hon. J.D. LOMAX-SMITH: This is page 10.16?

Dr McFETRIDGE: Yes.

The Hon. J.D. LOMAX-SMITH: That is a change in the amount by \$1.169 million, and it was due to several events that were funded for only one year. Some \$250 000 was spent in establishing the visitor and travel centre at the Adelaide Airport. We could only establish that in one year; we cannot establish it in recurrent years. We spent \$500 000 funding the Australian Tourism Exchange, and we could only fund that in the year it occurred; we cannot fund it in a subsequent year. The sum of \$420 000 was for changes in the allocation of overhead costs and government mandated savings.

Dr McFETRIDGE: For the information of the committee, the spend in 2004-05 was \$8.298 million, and that probably was not a one-off event. So, it has increased by a significant amount. I refer to Budget Paper 4, Volume 3, page 10.6: strategic advice, grants and subsidies. Why has the

amount for grants and subsidies reduced from an estimated result of \$335 000 in 2005-06 to \$197 000 in 2006-07, which is a cut of \$138 000?

The Hon. J.D. LOMAX-SMITH: I am informed that this is a decrease of \$138 000, and it reflects a reduction in the number of strategic grants being issued.

The Hon. L. STEVENS: I refer to Budget Paper 4, Volume 3, page 10.15, program 4, 'Tourism Marketing', subprogram 4.1, 'Domestic Marketing'. What has been the response so far to the recent launch of the new state consumer brand 'South Australia. A brilliant blend', and how will the brand be used to promote South Australia as a holiday destination in the domestic market?

The Hon. J.D. LOMAX-SMITH: South Australia's new state consumer marketing brand 'South Australia. A brilliant blend' was launched in 2006. 'South Australia. A brilliant blend' was developed to be more than just a tourism brand. It offers a consistent consumer marketing brand for the entire state and serves to promote all that South Australia has to offer in all areas. The South Australian Tourism Commission launched 'South Australia. A brilliant blend' on Australia Day, ensuring that South Australians were introduced to the brand when pride in the state was high. The timing of the launch also allowed the SATC to work with the Adelaide City Council and the Australia Day Council to highlight the brand at all Australia Day celebrations. The SATC also worked closely with event organisers to promote the new consumer brand during the events scheduled for the first three months of 2006. This guaranteed maximum exposure to a wide audience through signage, advertising, newspaper inserts and other promotional material.

Following its launch, 'South Australia. A brilliant blend' was incorporated into the campaign activity in a broader domestic market, with advertisements in key publications, on billboards and bus wraps in Victoria and New South Wales. In addition, all publications produced by the SATC were updated to reflect the new brand image. The first of these publications was *Brilliant Breaks*, a snapshot booklet of key tourism experiences available in South Australia. This publication supports key campaign activity into 2007, and will form part of the direct mail activity to key market segments.

Since its launch in January 2006, the new consumer brand has been embraced by the state's tourism industry and other key stakeholders, including various government departments and major events organisations. Importantly, the state's tourism regions have also adopted the South Australian logo of 'A brilliant blend' into all marketing campaigns, and I am pleased to report that research undertaken by the commission in July 2006 has indicated that 45 per cent of Adelaide residents already recognise the brilliant blend logo. All future marketing activities will be aligned with the new brand to ensure a consistent image of South Australia across all media.

Interstate marketing in 2006-07 will continue to highlight the development of 'South Australia. A brilliant blend' in key target markets. Marketing activities will be integrated with the brand's slogan across a broad range of advertising media, with a focus on strengthening our use of digital media. Domestic marketing activity will be based around the recently completed market segment study and the unique product that South Australia has to offer.

A series of mini campaigns will be developed directed at key consumers. The market segment study has been an important tool to highlight key consumer segments and will provide a framework for the development and marketing of

South Australian tourism product in the future. It will ensure key target markets can be reached by promotion in the most effective and efficient way. The SATC will continue to develop cooperative relationships throughout 2006-07 to enable a stronger presence in all markets and to also emphasise 'South Australia. A brilliant blend'. Targeted areas for cooperative marketing activity include events and unique tourism experiences. The SATC will work closely with organisations such as the Houseboat Hirers Association to produce television campaign material for use in the domestic market.

The advertising material will follow the established brand format and will be screened by cooperative campaign arrangements. All marketing activity within the SATC Events South Australia and the regional marketing organisations will be streamlined to support the brand. The SATC will also continue to maintain closer relationships with event stakeholders to maintain broad consistency and manage media exposure in a cost-effective manner. By having an overarching brand, which will be adopted by government agencies that market South Australian consumers in sectors such as tourism, education, business, arts and migration, South Australia has a competitive advantage over other states.

The Hon. L. STEVENS: I again refer to Budget Paper 4, Volume 3, page 10.15, program 4, subprogram: 4.1, 'Domestic Marketing'. What marketing campaigns have been developed to ensure that more South Australians choose to holiday in their own state?

The Hon. J.D. LOMAX-SMITH: The South Australian government recognises the importance of this intrastate market and through this SATC is committed to increasing intrastate travel. In 2005-06, the SATC developed a comprehensive marketing plan, together with a model to assist with targeting consumers for all campaigns in the interstate and intrastate markets. All marketing activities and campaigns will now be clearly targeted in order to deliver maximum benefit and will reinforce key messages and highlight the brand 'South Australia. A brilliant blend'. Key components of the intrastate campaign in 2005-06 included the placement of advertisements during Channel 9's *Postcards* and Channel 7's *Discover*, along with sponsorship of those key television programs, features in the Travel SA section of *The Advertiser*, combined editorial with retail accommodation offers and *SA Motor* magazine promoting regional attractions and touring routes through South Australia's regions.

In addition, a detailed events calendar was distributed quarterly to metro and regional South Australian households either by direct mail or through inserts in *The Advertiser*. The calendars featured key events and festivals happening around the state and ensured that South Australians were aware of events and festivals taking place in South Australia. One of the major campaigns in 2005-06 was the 'Must See. Must Do' campaign. The campaign aimed to change the perceptions of what South Australia offered for visitors and to arm locals with the knowledge to sell their own state to friends and relatives. A 72-page book containing more than 200 'Must See. Must Do' experiences and locations throughout South Australia was produced and launched in August 2005.

The *Must See. Must Do in South Australia* book was distributed to 65 000 targeted households in South Australia. The book was supported by a teaser postcard which was delivered to another 450 000 households, inviting them to order not only their own free copy of the book but also to send a copy interstate to friends or relatives. The *Must See. Must Do in South Australia* book was accompanied by radio

and press campaigns. Information collected through McGregor Tan omnibus surveys indicated that the *Must See. Must Do in South Australia* book stimulated travel expenditure of approximately \$6.65 million in the six months following the launch.

The SATC will continue to work closely with regional marketing teams in 2006-07 to develop intrastate campaigns encouraging South Australians to explore their own regions. As a result of this collaboration, a new marketing strategy has been developed to target intrastate markets in 2006-07, with a stronger focus on retail activity in the low and off-season periods. During 2006-07, there will be three key campaigns. Each will include a 32-page retail sale catalogue containing retail offers from each tourism region inserted into the *Sunday Mail* or *The Advertiser*. These catalogues will be promoted via radio and newspaper advertising, direct mail and online.

The catalogues will also provide an opportunity to promote the state's fantastic range of events and festivals. The first of these catalogues was inserted into the *Sunday Mail* on 15 October this year. The catalogue features more than 100 South Australian holiday packages with travel bonuses, as well as information and 'must see, must do' attractions and activities. Radio and electronic direct mail advertising supporting the catalogue has commenced and will be further complemented by press advertising starting next week. The SATC will also continue to support *Postcards* and *Discover*, providing an opportunity for strong editorial content on South Australian television. In addition, the SATC will again work with the RAA's magazine, *SA Motor*, to feature tourism regions in a combination of editorial and brand advertising.

A dynamic retail campaign will be developed to utilise the Connect SA operator network. This will offer South Australians a series of last-minute retail accommodation opportunities leading up to weekends via email. All campaign activity will be supported by public relations activities, with the SATC's media unit continuing to target travel journalists, publications and other media that provide the best opportunity to reach key consumers.

The Hon. L. STEVENS: Again I refer to Budget Paper 4, Volume 3, program 4, subprogram 4.2, 'International Marketing'. Can the minister explain how the hosting of the 2006 Australian Tourism Exchange will benefit the state's tourism industry?

The Hon. J.D. LOMAX-SMITH: As you know, Adelaide hosted the 2006 ATE at the Adelaide Convention Centre from 17 to 23 June 2006. Owned and managed by Tourism Australia and co-sponsored by Qantas and the relevant state tourism organisations, ATE is Australia's premier tourism trade event and the largest international travel trade show in the southern hemisphere. Held annually, it provides Australian tourism businesses with an opportunity to showcase their products and to meet international wholesalers and retailers who are highly influential in selling Australian product to consumers globally. ATE also provides the international travel trade with the opportunity to experience South Australia first hand. It is estimated that the event this year generated \$10 million for the local economy, with delegates spending up to 13 000 visitor nights in Adelaide.

For the longer term, ATE helps to generate billions of dollars in export earnings as a result of the business generated at that event. During ATE 2006, approximately 1 700 delegates from 630 companies met with approximately 600 key overseas buyers from over 40 countries in a series of one-

on-one 15 minute appointments. Up to 100 000 appointments in total were held. Delegates and buyers negotiated deals that will result in Australian product being sold in the international travel marketplace. Additionally, more than 50 international or Australian tourism and travel trade media attended ATE. They report to thousands of industry professionals worldwide on what is new in the Australian travel and tourism industry.

The ATE now rotates from state to state on an annual basis. The choice of host state is dependent on the state's ability to meet the minimum selection criteria to stage the event. In 2005, the event was held in Perth, which is the first time it had been staged away from the east coast. ATE will be held in Brisbane in 2007, Perth again in 2008 and Melbourne in 2009. So, Adelaide's next opportunity to host the ATE will be in 2010. The first time Adelaide had a chance to host this highly important industry event was in 2006. The state government felt the event was so important to Adelaide and South Australia that it committed over \$2 million to staging the event. Having ATE in Adelaide meant that more South Australian tourism operators had the opportunity to attend. We had record numbers of operators at that the event, with 18 operators participating for the Australian hemisphere wholesalers and 49 for the western hemisphere wholesalers.

The ATE success was also a major boost for hotels in Adelaide. The Australian Hotels Association SA Branch reported that occupancy for June 2006 was at 74 per cent, which is the highest occupancy recorded for the month of June since the Australian Hotels Association began compiling statistics in 2003.

The most important opportunity of hosting ATE is to increase awareness and understanding of the destination for wholesale product managers. This will make them feel more confident when they include South Australian tourism products in brochures and promotions. The full benefits of hosting ATE in 2006 will not be realised until the 2007-08 tourism year when the wholesale programs and brochures are released to the international market. To enable the international buyers to experience South Australian tourism product first hand, the SATC hosted 512 delegates on ATE familiarisations, filling 622 familiarisation places, some delegates participating in more than one. These numbers included 56 international media and 34 Aussie specialist travel agents. Feedback from the familiarisation program has been overwhelmingly positive, with many participants commenting that it far exceeded their expectations and opened their eyes to the variety of quality experiences available in our state. To ensure that we get the maximum benefits of ATE, all SATC's international offices have individually contacted every delegate who attended ATE on a personal basis, to determine how we can build SA's profile with their businesses and follow up the contacts they made.

Now that the wholesale product managers have experienced SA first hand, the SATC will target wholesale reservation staff who are at the front line and in a position to influence potential tourists in their decision making. I am pleased to report that the SATC's international offices are already noticing increased support from the travel trade following our hosting of the ATE. I should, in particular, thank all those staff in South Australia who worked so hard to make the event successful, particularly in organising familiarisation packages and hosting the media. Notable successes from this event include the inclusion of KI in a

campaign with SKY Travel in Hong Kong, the first time that a tour operator in Hong Kong has promoted Kangaroo Island.

There was a feature on South Australia in QANTAS holidays in the UK's classified advertising in July. A tour operator in the UK has already confirmed an extra page for South Australia in its 2007-08 brochure while another has invited the SATC to come and train its staff. Nova Tours in Switzerland has instigated a booking incentive for its reservations staff and asked the SATC to support and attend its stand at a major consumer show as a preferred partner. The hosting of ATE has been a great success for our state, and the government will continue to concentrate on trade marketing activities and attending key trade shows around the world to ensure that we continue to raise the profile of South Australia.

Mr GRIFFITHS: I refer to Budget Paper 4, Volume 3, page 10.8, 'Research'. Why has the research program that collates and distributes statistical information about tourism and travel in South Australia been cut from \$1.19 million in 2005-06 to \$1.108 million this financial year?

The Hon. J.D. LOMAX-SMITH: I understand that that is a decrease overall of \$82 000, due to a reduction in salaries owing to a TVSP being taken and a manager being on leave without pay.

Mr GRIFFITHS: I refer to Budget Paper 4, Volume 3, pages 10.5 and 10.10, 'Tourism Industry Development'. The spending line for new works has reduced from \$521 000 in 2004-05 to \$119 000 in 2006-07, and spending in 2005-06 was \$116 000. We have seen a drop of \$402 000 since 2004-05. Can the minister provide a reason for this reduction?

The Hon. J.D. LOMAX-SMITH: This is the investing payment summary?

Mr GRIFFITHS: Yes, new works: purchase of property, plant and equipment.

The Hon. J.D. LOMAX-SMITH: The difference is \$3 000 on those two items. Sorry, the 521?

Mr GRIFFITHS: It's \$402 000.

The Hon. J.D. LOMAX-SMITH: So we are going from 2004-05 to—

Mr GRIFFITHS: Yes, back to 2006-07.

The Hon. J.D. LOMAX-SMITH: I am sorry, I thought you were referring to the 116 to 119. The decrease of \$405 000 between 2004-05 and 2005-06 is attributable to the non-recurrent purchase of toilets and shower blocks for the cattle drive, in that one can only buy them for one year; you cannot buy them repeatedly.

Mr GRIFFITHS: Okay.

The Hon. J.D. LOMAX-SMITH: Also, \$230 000, with the balance of \$172 000 being for stage 1 of the Christmas Pageant accommodation upgrade. This is a capital works activity that we can only achieve once in one year.

Mr GRIFFITHS: As a supplementary to that, is the minister able to provide forward estimates over the next three years for this budget line?

The Hon. J.D. LOMAX-SMITH: This budget line tends to vary according to certain projects. As I explained, we bought lavatories and we upgraded the accommodation for the pageant. I understand that normally this purchase of property and plant relates to computers, rather than those major investments, so it tends to be around the current level in the forward years.

Mr GRIFFITHS: Thank you. Again, I refer to Budget Paper 4, Volume 3, page 10.9, 'Tourism Developments'. Can the minister please provide a reason for why grants and

subsidies have been cut from \$2.788 million in 2005-06 to \$2.494 million in 2006-07, which is a reduction of slightly over 10 per cent? Much of these funds go towards regional tourism needs. I take particular note of the fact that funds were provided to two projects within my area, one of those being the Marion Bay desalination plant—and I thank Michael Geddes (who is in the chamber) for his support for that project. Given that regional tourism has significant needs, why has there been such a significant reduction in the amount of funds available for it?

The Hon. J.D. LOMAX-SMITH: I think you may have misunderstood this line. The decrease reflects an internal transfer of moneys for regional marketing and a visitor information centre. We now fund the visitor information centre from another budget line.

Mr GRIFFITHS: We will accept that.

The Hon. J.D. LOMAX-SMITH: I think our funding to visitor information centres is consistent. We increased it about a year ago, but it is consistent and steady this year.

Mr GRIFFITHS: Given that the initial description of tourism development refers to tourism operators and to develop a sustainable tourism product and infrastructure, and support and advice and assistance is provided, my assumption was that this was part of the grants program that went to infrastructure needs for tourism also.

The Hon. J.D. LOMAX-SMITH: I know how complex these documents are.

Mr BIGNELL: Just before I ask a question, could I add my thanks to Mr Bill Spurr for his tremendous contribution to tourism during the past few decades. It is a truly amazing effort. He is admired around the world. I have heard many stories from people from the United States, Canada and France—those involved in the Tour de France—and people involved in the World Police and Fire Games, as well as the Spanish people with whom he dealt so closely during the Barcelona games. They are full of compliments, and a little jealous that we had someone so good to lead tourism in this state.

My question refers to Budget Paper 4, Volume 3, page 10.16, 'Tourism Marketing'. What international marketing activities were implemented in 2005-06, and what is planned in 2006-07 to achieve growth in international visitation?

The Hon. J.D. LOMAX-SMITH: Thank you for your question. I know you are interested in all major events and tourism and sporting activities. The state government recognises the importance of positioning South Australia as a compelling part of the Australian journey, and also as a destination in its own right to increase international visitors.

The SATC continues to maintain positive relationships with key international industry partners to ensure South Australia is included in wholesale programs. In the 12 years ended June 2006, South Australia attracted 345 700 international visitors, up 6 per cent on the 12 months to June 2005. International visitors to Australia rose 1 per cent over this period. The June quarter was the third quarter in a row that South Australia out-performed the national average. The state government has contributed to this achievement in 2005 with a number of key projects and initiatives.

In November 2005 South Australia played host to nearly 200 Aussie specialist travel agents from the UK, Ireland, the Netherlands and Nordic countries as part of the Corroboree Down Under, an initiative of Tourism Australia and the state/territory tourist organisations. Two groups of agents experienced South Australia first-hand by participating in

familiarisation trips to Kangaroo Island, Coober Pedy, the Flinders Ranges, as well as Eyre Peninsula. The majority of the remaining agents participated in half or one day trips around Adelaide and nearby regions.

The announcement of Air New Zealand's direct Auckland-Adelaide services, which commenced in March 2006, gave South Australia a great marketing opportunity in New Zealand. The SATC continued its substantial television campaign in 2006, and both Air New Zealand and the SATC committed to a range of marketing activities, such as joint familiarisations and travel agent functions, designed to increase awareness of the flights.

These marketing activities have proven to be successful as ABS figures show that in 2005 we experienced an increase of 44 per cent in holiday visitors to the state compared to the previous year. The campaign activity was also undertaken in the United States earlier this year to promote the excellent connections of Air New Zealand's Los Angeles-Auckland services, with the objective of promoting air and land holiday packages with itineraries featuring Adelaide and South Australia.

The announcement by Singapore Airlines initially for five flights per week between Singapore and Adelaide, followed by daily flights from March 2006, saw the signing of an MOU between SATC and Singapore Airlines. Initially each party committed \$135 000 to fund joint marketing activities in France, Italy, Scandinavia, Hong Kong, Taiwan and Singapore. With the announcement of daily flights, a further \$300 000 was committed by both parties to continue the MOU into 2006-07, and expand the markets to include the UK, Germany, Switzerland, Malaysia, India and Japan.

The leading television station in Hong Kong, Television Broadcasting (TVB), filmed three episodes of their gourmet travelogue series in South Australia in 2005. This opportunity allowed us to position South Australia as a premium food and wine tourist destination in this region, particularly given that TVB captures most of the viewers in Hong Kong and the Guangdong Province of China.

In May 2006, South Australia featured on Indian television as part of the Kuoni Hotspots travel show which aired on Zoom TV, a lifestyle fashion and travel channel broadcast throughout India. Organised by Kuoni Travel India in conjunction with Zoom TV, the episode was shot on locations in Adelaide, the Adelaide Hills and the Barossa. Kuoni is one of India's largest travel companies. The SATC participated in two working holiday visa promotions aimed at the youth segment in Germany and Denmark. Both involved radio promotions and a competition whereby the winner had the opportunity to work and travel in South Australia. The winners were regularly contacted by the radio stations for live cross-segments. These promotions support youth campaigns organised by Tourism Australia, designed to attract independent travellers to visit Australia using the working holiday visa scheme.

In 2006-07, the SATC will continue to pursue marketing opportunities to capitalise on the benefits that hosting the Australian Tourism Exchange in June 2006 provided. The South Australian Tourism Commission (SATC) will also continue to focus heavily on the incredibly important UK market, as South Australia has this as its number one source for international visitors. The sum of \$100 000 has been allocated for the UK marketing campaigns and the SATC will work with Singapore Airlines and three major wholesale partners to undertake a series of campaigns on television, radio, press and online. Significant campaigns are also being

planned with Singapore Airlines in Germany, Switzerland, France and Italy. In France the SATC will capitalise on the increasing interest in the Tour Down Under by working with selected cycling tour operators to package and promote the tour, conducting consumer promotions with retail partners, Roadsigns and Erteadis, and participating in cycling shows such as Roc D'Azur.

New Zealand will continue to be a key market for South Australia in 2006-07 to capitalise on the direct flights between Auckland and Adelaide now operated by both Qantas and Air New Zealand. The SATC will provide approximately \$550 000 for the brand marketing campaign that was introduced in February 2005 as well as other marketing initiatives. In North America one of the key strategies for 2006-07 will be to capitalise on the SATC's strong relationship with wholesale distributors, retail specialists and major carriers Qantas and Air New Zealand. The plan is to develop new campaigns incorporating new airline services. Web site and e-commerce activities will be a major part of these plans.

China is one of Tourism Australia's priority markets, and the SATC will work cooperatively with the Chinese to ensure that South Australia is included in consumer marketing activity. With the inclusion of Japan in the Singapore Airlines MOU, new marketing activities will include media and trade familiarisation trips, tactical brochure support, newspaper advertising, trade training and advertorials. India is still a new market for South Australia, and close alliance with Tourism Australia is crucial to developing an awareness of South Australia and having us participating in selected marketing campaigns. The SATC will seek to gain exposure in tour operator brochures, participate in trade shows, educate travel agents through familiarisation programs, and sponsor media visits to the state to generate positive exposure in print, television and electronic media. The state government will continue to work hard to ensure that international visitation to the state continues to grow.

The Hon. L. STEVENS: I move:

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

Motion carried.

Mr BIGNELL: Madam Chair, I would like to thank the minister, through you, for that very comprehensive answer. I think it was still the first one, but I do not know whether this is a supplementary because there was a little bit more information than I was after from the minister. Could the minister tell the committee what activities the South Australian Tourism Commission is undertaking to maximise the opportunities created by the direct air services to New Zealand that were mentioned during that rather comprehensive answer?

The Hon. J.D. LOMAX-SMITH: Non-stop Qantas flights between Auckland and Adelaide in 2007 gave South Australia unprecedented direct access to Australia's number-one tourism source market, New Zealand. Prior to these direct flights commencing, research indicated that the inconvenience and added expense of having to travel via Sydney and Melbourne was a major barrier to New Zealand visitation into South Australia. To capitalise on the opportunities created we launched our largest ever advertising campaign in New Zealand in February 2005 and this has continued into 2006. The objectives of the campaign were to increase awareness of our state as a tourism destination, increase arrivals, and encourage consumers to utilise the direct flights to ensure the long-term sustainability of those introduced services. In four

different TV commercials New Zealand viewers were introduced to the attractions of Adelaide and the regions. These television commercials were complemented by a television campaign, with a number of popular magazines also being involved.

The 2006 campaign has built on the outstanding results of 2005. At the completion of the advertising in June 2006 around 5 000 people had requested information on South Australia from the SATC. Of these 5 000 consumers who were sent information, 1 500 contacted the SATC for a second round of brochures and information. Omnibus Market Research results reveal that of those that saw the advertisements 66 per cent say they would consider a holiday in SA.

The announcement of Air New Zealand of direct Auckland/Adelaide services, which commenced in March 2006, provided South Australia again with further cooperative marketing opportunities in the New Zealand market. SA television advertisements were changed to feature the Air New Zealand logo on 50 per cent of the advertisements, with the remaining featuring the Qantas logo.

At the time of the announcement Air New Zealand had billboard advertising at Auckland, Christchurch and Wellington airports, and web site and press advertising in key newspapers. In March 2006 the SATC and Air New Zealand jointly hosted a VIP familiarisation for over 20 key clients. In addition, approximately 200 travel agents attended a function in Auckland designed to highlight the new flights, with special guest Myles Pollard, a former actor from *McLeod's Daughters*, who has a huge following in New Zealand, secured by the SATC. Given the excellent connections of Los Angeles/Auckland services with the new Auckland/Adelaide service, the SATC and Air New Zealand have also undertaken a range of cooperative marketing activities in North America. In January 2006 we began promoting holiday packages with itineraries from Adelaide and South Australia generally. Three tour operators participated, creating a seven-night package, including self-drive itineraries and the opportunity to sell extension packages to KI.

The media included online and print packages, featuring on sites such as MSNBC.com, Formmers.com and LATimes.com. The print component included full colour double-page advertisements in magazines, such as Los Angeles magazines, San Francisco magazines and other publications in the California area. In addition to the campaign, five media travelled to South Australia on the inaugural flights. The direct services have been a key factor in increasing visitor numbers from New Zealand into South Australia, with Qantas and Air New Zealand indicating they are very pleased with the load factors.

International visitor survey figures show that in total South Australia received over 30 000 visitors in 2005. ABS figures reveal that holiday and VFR arrivals—

Mr Bignell interjecting:

The CHAIR: I think it is up to the stage where I will ask everybody to stand up for one minute, turn around, do the hokey-pokey and sit down again. Minister, have you concluded your answer to the member for Mawson?

Mr BIGNELL: I do have another question.

The CHAIR: Member for Mawson, I am going to give the question to the members on my left.

Mr VENNING: Thank you, Madam Chair. Before I ask my question I would just like to pay tribute to Mr Bill Spurr and acknowledge the fantastic support he has given to tourism, both throughout the state and particularly in my

electorate of Schubert; that, of course, is the Barossa Valley. I want to thank him for that support over the years. It has been a pleasure to see him and welcome him to the Barossa Valley; and that was very often. We thank him and wish him well for the future and, yes, I hope he still comes to the Barossa Valley because he will always be welcome there. I am rather shocked to hear that he is retiring but I know it had to come one day.

My first question is in relation to the flights you were just discussing previously, minister, in relation to Budget Paper 4.3, page 10.9, and the heading is 'Tourism Developments.' With the 24 international flights arriving weekly, have you had any discussions with the Treasurer about the possibility that he is considering stamp duty to the global insurance policies which would be imposed upon every ticket holder landing in Adelaide? Western Australia and Victoria have imposed such a tax, and Singapore Airlines has had to pay more than \$1 million to the Western Australian government.

The Hon. J.D. LOMAX-SMITH: These items have been discussed by ministers, I think, around Australia. All tourism ministers have referred the matter to their respective treasurers. All treasurers have been considering the matter.

Mr VENNING: Have you discussed this with Treasurer Foley?

The Hon. J.D. LOMAX-SMITH: To the best of my recollection, I have never discussed the matter, but there has been correspondence.

Mr VENNING: There has been no acknowledgment from him?

The Hon. J.D. LOMAX-SMITH: I do not recall discussing it, but I know that there has been correspondence.

Mr VENNING: Would you support such a tax?

The Hon. J.D. LOMAX-SMITH: Which tax?

Mr VENNING: A stamp duty tax.

The Hon. J.D. LOMAX-SMITH: It is a matter that we have referred to the Treasurer.

Mr VENNING: I hope that the minister would agree that, in the end, it would be an impost to the traveller. That is who would pay it.

The CHAIR: Order! Does the member for Schubert have further questions?

Mr VENNING: It would be an impost that we do not need to have. I refer to Budget Paper 4, page 10.9, 'Tourism Industry Development'. It is very disheartening that only \$600 000 is to be spent in the 2006-07 budget on the rural road improvement program. Are any of these roads on which this minuscule amount of money is to be spent tourist destination roads?

The Hon. J.D. LOMAX-SMITH: I am not sure which budget line the honourable member is talking about.

Mr VENNING: I refer to page 10.9, which refers to tourism industry investment. I refer to these tourism destination roads.

The Hon. J.D. LOMAX-SMITH: I think the honourable member must be referring to an item in the transport budget. This is the tourism line, not the transport line.

Mr VENNING: It is tourism. My shadow minister will give me advice.

Dr McFETRIDGE: Like so much of the tourism budget, it depends on other areas of spend. We have just heard the minister say that the Treasurer is in control of stamp duty, and there has been no lobbying by this minister on behalf of the tourism industry. Again, no attention has been paid to the upgrading of rural roads. We can move on to the next question, if you like.

The Hon. J.D. LOMAX-SMITH: I am sorry, but we are not discussing transport.

Dr McFETRIDGE: Sit back and relax.

The CHAIR: Order!

The Hon. J.D. LOMAX-SMITH: There is no transport item.

Mr VENNING: Does the minister have any input into Treasury bilaterals in relation to tourism roads? Does she have any extra clout because they are tourism corridors?

The Hon. J.D. LOMAX-SMITH: I do not take part in the transport budget bilaterals.

Mr VENNING: Surely, a road such as the Barossa Valley Way must be important because it is a tourism corridor.

The Hon. J.D. LOMAX-SMITH: I do not attend the transport estimates or the transport budget bilaterals.

Mr VENNING: Are you telling me, minister, that there is no contact or input from either you or your staff in relation to the Department of Transport about a road which is vital to tourism?

The Hon. J.D. LOMAX-SMITH: No, I am explaining that page 10.9 does not reflect road building.

Mr VENNING: Tourism development is what it is all about. Anyway, I will push on.

The Hon. J.D. LOMAX-SMITH: I must disagree—

Mr VENNING: We are not getting anywhere, so we will—

The CHAIR: Order! The honourable member will allow the minister to clarify this point; it is fairly important.

The Hon. J.D. LOMAX-SMITH: Perhaps if he were in government, the member for Schubert would make a budget line on this page, but it is not there so we cannot debate it.

Mr VENNING: I raise it only out of frustration. Mr Spurr would know the condition of the Barossa Valley Way. The tourism importance of the road should be recognised, and it should be upgraded for that reason if for no other.

My third question relates to Budget Paper 4.3, page 10.10, 'Tourism Industry Development'. After discussion with many regional tour operators, I have confirmed that the visitor spend in regional areas is well down. What is being done to arrest this, other than just funding the events you have just highlighted, as many of our tourism operators are not based on events?

The Hon. J.D. LOMAX-SMITH: Sorry, I did not catch what the member for Schubert just said. I must have misheard, and I apologise. My hearing is not up to it. He said that the tourism operators explained that the numbers on page 10.10 were down?

Mr VENNING: Yes, they confirmed that the visitor spend in regional areas is well down. You do not agree, minister?

The Hon. J.D. LOMAX-SMITH: I am just confused as to how that relates to the budget line and what the question is.

Mr VENNING: It is on the subject area.

The Hon. J.D. LOMAX-SMITH: I think what the member is trying to grapple with is a question that relates to domestic tourism figures, which is not actually industry development but I will answer the question since I understand what he is trying to ask me and I think it would be fair to try to respond to a question even if it does not relate to a budget line. What the member is referring to is a decline in domestic tourism across Australia, and that has been observed not just across Australia but also across much of North America and Europe. There is a reluctance to take holidays and a change in people's spending habits. However, the good news is that,

despite those international trends, South Australia is giving a better performance in many areas such as interstate and international travel and, from our point of view, South Australia has shown a 5 per cent increase in holiday visitors, a 7 per cent increase in nights, and the number of interstate visitors to South Australia in the last 12 months to June was up 7 per cent compared to a 3 per cent rise nationally, with interstate nights up 3 per cent compared to a 2 per cent fall nationally. So we are actually doing much better in what is generally regarded as a flat market.

Mr VENNING: You are talking about state not regional figures. Adelaide has not suffered like the regions have.

The Hon. J.D. LOMAX-SMITH: They are state figures. I am only interested in South Australia. So we are doing much better in an otherwise difficult economy. We know that regional areas have suffered for a range of reasons, not just domestic tourism across the country having altered in recent years, despite the boom that we have shown. We do recognise that tourists are less willing to travel out of Adelaide than perhaps they were before, and that is intrastate travel, so one of the mechanisms that we have engaged in is increased destinations. We have put more energy into product development and also particularly marketing through the campaign we discussed earlier, which is the Brilliant Bargains. Those Brilliant Bargains already have had a substantial impact, and we have gone about looking at regional dispersion around our meetings and convention trade. We have looked particularly at winter events and dispersal. But I think that the special targeted campaigns in the regions, where we market together with product and regions, is an effective way of supporting intrastate travel.

Mr VENNING: The budget has been cut over the years. It has been really cut. You are not spending anywhere near what you were four years ago.

The Hon. J.D. LOMAX-SMITH: We have just explained what we have invested in.

Mr VENNING: Minister, how often have you been to the Barossa in four years?

The Hon. J.D. LOMAX-SMITH: I go to the Barossa quite often.

Mr VENNING: Officially?

The Hon. J.D. LOMAX-SMITH: Am I not allowed to go unofficially?

Mr VENNING: No, I am just saying that I would work with you in the Barossa any time. Mr Spurr comes often. I have worked with you once that I can recall in four years.

The Hon. J.D. LOMAX-SMITH: I am afraid I do not have to explain to the member for Schubert each time I go to the Barossa.

Mr VENNING: Well, it helps.

The Hon. J.D. LOMAX-SMITH: I reject that. As a private individual I can go to the Barossa as many times as I like and I do not have to tell you.

Mr VENNING: Well, maybe not.

The Hon. J.D. LOMAX-SMITH: No, not 'maybe not'; I do not have to tell the member for Schubert, if I choose to travel around the state. The day I need a leave pass to visit a region will be a sad one.

Mr Venning interjecting:

The Hon. J.D. LOMAX-SMITH: Excuse me; I do not ask the member for Schubert to inform me when he comes to Adelaide.

Mr GRIFFITHS: My question relates to Budget Paper 4, Volume 3, page 10.9, and it refers to a trip to the electorate of Goyder that the minister made in an official capacity.

Again, talking about tourism development, given the fact that the objective for this looks at infrastructure and the need to raise the standard of tourism services and facilities across the state, in the previous answer the minister provided to the member for Schubert in relation to tourism road funding, she pointed out that that was the responsibility of another member. I remind the minister of the fact that I think it was in January of 2004 that she actually attended the opening of the Marion Bay to Corny Point Road. We are very grateful for the fact that she was there and that the SATC actually provided \$1.95 million in funding over, I believe, four financial years to assist with the construction of that road.

The Hon. J.D. LOMAX-SMITH: That was not part of the core business, we believe, of tourism to build roads. We gave over that responsibility to transport. I do not think that tourism should be in the position of building lots of infrastructure; it is a job for the transport portfolio.

Dr McFETRIDGE: Transport is not doing its job because I did a tyre when I went up to the Flinders last long weekend. I refer to Budget Paper 4, Volume 3, pages 10.14 and 10.17: tourism marketing grants and subsidies. Why have grants and subsidies been cut from \$4.74 million to \$4.084 million in 2005-06 and 2006-07? How can this 14 per cent cut be justified?

The Hon. J.D. LOMAX-SMITH: I think this is the same issue that we discussed previously. This is the change, because the ATE only occurred in one year. We cannot fund it two years running.

Dr McFETRIDGE: I thought we were getting some more major events. You might want to support them, too.

The Hon. J.D. LOMAX-SMITH: The \$4.747 million to \$4.084 million: is that what you were referring to?

Dr McFETRIDGE: Yes.

The Hon. J.D. LOMAX-SMITH: That is because the ATE was in one financial year, and we cannot fund it in a year that we do not have it.

Mr BIGNELL: Crazy accounting.

Dr McFETRIDGE: Yes, you are right, Biggles.

The Hon. J.D. LOMAX-SMITH: You cannot fund it two years running, because we only had it for one year.

Dr McFETRIDGE: I understand that, minister.

The Hon. J.D. LOMAX-SMITH: We cannot get it next year because it rotates around the states.

Dr McFETRIDGE: I understand that as well, minister; let us move on.

The Hon. J.D. LOMAX-SMITH: We will not get the chance to get it again until at least 2010.

Dr McFETRIDGE: So, we need to spend the money on making sure people want to come here in 2010. Let us move on to total cuts to tourism marketing expenses. This appears on page 10.14. Total cuts to tourism marketing expenses have dropped from \$32 957 000 in 2005-06 to \$28 348 000 in 2006-07—a cut of \$4.609 million.

The Hon. J.D. LOMAX-SMITH: This is the same page we were on before?

Dr McFETRIDGE: Yes; my next question is from page 10.17.

The Hon. J.D. LOMAX-SMITH: But this question relates to page 10.14? I will ask Mr Carlo D'Ortenzio to explain it.

Mr D'ORTENZIO: The total reduction in expenditure refers to a number of costing categories, including supplies and services being increased over a period in terms of a branding allocation. Also the grants and subsidies have been increased over time, which takes into account the ATE

funding, the South Australian Visitor Travel Centre amount of \$250 000 and other marketing projects. A decrease and an increase have to be balanced, which then totals the difference between both those expenditure items.

Mr GRIFFITHS: So there is no risk to the funding agreements that exist with the regional marketing boards for the current terms? I believe they are on three-year contracts.

The Hon. J.D. LOMAX-SMITH: There is no change.

Mr GRIFFITHS: Projected in the future also? Is any increase built into that?

The Hon. J.D. LOMAX-SMITH: We have not planned an increase.

Dr McFETRIDGE: When I look down those budget lines every one of them has decreased from 2005-06 to 2006-07.

The Hon. J.D. LOMAX-SMITH: The years 2004-05 and 2005-06 were one-offs.

Dr McFETRIDGE: So you are not allowed to maintain budget spending—it must be cut? I refer to page 10.17, which is the school accounts interest matter appearing in tourism. There is a \$200 000 disappearing act for the interest revenue. It has gone from \$200 000 in 2005-06 and previous years to zero in 2006-07. What has happened to the interest? Has it gone back to consolidated account?

The Hon. J.D. LOMAX-SMITH: Mr D’Ortenzio will explain.

Mr D’ORTENZIO: The interest component of moneys invested will be undertaken and managed by Treasury for future budgets, so individual agencies will not be doing it on that basis any longer. There has been a change in policy.

Dr McFETRIDGE: Thank you for that honest answer. It was a very good answer. I refer to Budget Paper 4, Volume 3, page 10.6, regarding strategic advice, employment and tourism. Manufacturing and mining is what we will talk about. In the previous estimates—I think it was last year, or it might have been the year before—you stated that there were 44 000 employees in the tourism industry in general in South Australia. Can the minister tell us how this employment figure stacks up against manufacturing, automotive and mineral industries in Australia?

The Hon. J.D. LOMAX-SMITH: It stacks up very well. It is a very significant employer.

Dr McFETRIDGE: I think you will probably find it in second place after manufacturing, but, unfortunately, it is the last in funding. It is a huge industry, and that is the point that I was trying to make.

The Hon. J.D. LOMAX-SMITH: Which budget line are we now talking to?

Dr McFETRIDGE: You have answered that question; I will go to the next one, if you want. I refer to Budget Paper 4, Volume 3, pages 10.10 and 10.17: ‘Tourism industry development’ and ‘Net cost of providing services’. The tourism industry in South Australia generates over \$4 billion each year in tax and contributes almost 10 per cent to the local economy. For an industry of this size, why is the marketing budget reduced?

The Hon. J.D. LOMAX-SMITH: I am a little confused. Is that the tourism industry development program? That is not marketing.

Dr McFETRIDGE: That is 10.17, the cost of providing services.

The Hon. J.D. LOMAX-SMITH: I thought you were on 10.10.

Dr McFETRIDGE: I said 10.10 and 10.17, because if you do not market it, you do not develop it. If you do not advertise, your business dies.

The Hon. J.D. LOMAX-SMITH: Which page are we looking at?

Dr McFETRIDGE: Page 10.17, if you like, minister. I do not really mind.

The Hon. J.D. LOMAX-SMITH: Page 10.10 is an increase.

Dr McFETRIDGE: Page 10.17: the net cost of providing service.

The Hon. J.D. LOMAX-SMITH: Page 10.10 was an increase, so you do not want that one. You want page 10.17. What is the question relating to page 10.17?

Dr McFETRIDGE: Page 10.17 shows that the net cost of providing the service has gone from \$48.282 million to \$44.666 million.

The Hon. J.D. LOMAX-SMITH: This relates to a whole range of complex changes. I will read them slowly. The question was: why has the appropriation decreased from \$48.282 million to \$44.666 million? I can best answer that by referring to the difference between \$47.966 million and \$44.826 million. I have the precise numbers; the difference is the same. The decrease of \$3.14 million is due to \$800 000 of summer events one-off funding in 2005-06; \$1.5 million of funding for cooperative marketing with airlines in 2005-06; the fact that the \$500 000 for ATE funding was received in 2005-06 and not necessarily in other years; and \$2 million one-off funding for domestic marketing. That is the decrease. However, there is also an increase. The increase includes: \$500 000 for Rugby Sevens; \$250 000 for Golf World Amateur Team Championships; \$350 000 for Oldways Food Symposium; and \$500 000 for Tour Down Under and winter events.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 3, page 10.5, the program net cost of services summary relating to the South Australian Tourism Commission. What is the overall budget commitment to the South Australian Tourism Commission in 2006-07 compared with equivalents in Victoria, New South Wales, Tasmania and Western Australia?

The Hon. J.D. LOMAX-SMITH: I can only answer according to South Australia.

Dr McFETRIDGE: I could have written that answer.

The Hon. J.D. LOMAX-SMITH: I am not answering estimates for other states.

Dr McFETRIDGE: But don’t you talk to your colleagues interstate, minister, and see how we compare?

Mr Kenyon interjecting:

Dr McFETRIDGE: I do actually, yes, quite frequently—every day in fact. How do you think I got those disastrous figures from Fran Bailey’s office?

The Hon. J.D. LOMAX-SMITH: I am sorry; was there a question on page 10.5?

Dr McFETRIDGE: You said that you were not responsible for other states.

The Hon. J.D. LOMAX-SMITH: Whereabouts on page 10.5?

Dr McFETRIDGE: It was the cost of—

The Hon. J.D. LOMAX-SMITH: New works?

Dr McFETRIDGE: No; the whole program costs. I asked how we compared with interstate spends, and you were unwilling to answer that question.

The Hon. J.D. LOMAX-SMITH: I am unable to find the line on which the member wishes to question us. However, I point out that we are answering estimates on the South Australian budget appropriation.

The CHAIR: Member for Morphett, I am under pressure from the member for Mawson.

Mr BIGNELL: Yes; I have some real questions.

Dr McFETRIDGE: He is champing at the bit. We have only 35 minutes, Biggles; that will be only one answer.

The CHAIR: The member for Mawson can ask his question while the member for Morphett collects his pages.

Mr BIGNELL: Thank you, Madam Chair. I would like to pass onto the minister, and to the Tourism Commission, the thanks of the organisers of the wonderful 'Fiesta', the Fleurieu food festival, which is on at the moment and runs during October.

Mr Griffiths interjecting:

Mr BIGNELL: The member for Goyder asks which budget line this is. It is Budget Paper 4, Volume 3, page 10.15, 'Program 4, Tourism Marketing; Sub-program 4.1, Domestic Marketing'. I said that almost as quickly as Duncan could get it out! I pass on my thanks and the thanks of the organisers of the wonderful 'Fiesta' food and wine festival which goes for the entire month of October. There are still two great weekends of fine Fleurieu Peninsula food, wine and wonderful entertainment to be had for anyone who would like to get down to the best electorate in the state.

Members interjecting:

Mr BIGNELL: The 'Barossa box set', as people in McLaren Vale call people from the Barossa, are trying to interject. The festival has been enormously successful, and part of it was the CheeseFest 06 held on Sunday. It was the very first time that they have had this cheese festival; more than 2 000 people went there, and everyone was just blown away by the success of this great event. It would not have happened without the support of Tourism SA and Events South Australia, whom I thank very much. My question is: what has the state government done to support the growth of regional events such as 'Fiesta' and other festivals?

Mr VENNING: Not much!

Mr BIGNELL: The proof is in the cheese, mate. I was down there.

Mr Venning interjecting:

The CHAIR: Just a little orientation, member for Schubert. I enjoyed 'Fiesta!' the weekend before last, and I am looking forward to this Saturday.

The Hon. J.D. LOMAX-SMITH: We think it is important to support regional events, and we are committed to sending tourists out from Adelaide to the regions, whether they come for conventions or business trips. We fund a range of marketing bodies in each of South Australia's 11 regions on an annual basis. A board or a marketing committee, comprising local tourism stakeholders, governs each of these bodies. The group works with a marketing manager employed by the SATC to develop and implement marketing activities with the purpose of drawing more visitors to their regions.

In 2005-06, the SATC provided more than \$2.4 million to these bodies and contributed to the employment of marketing and product development staff in a range of marketing campaigns. This funding was provided on a cooperative basis, with contributions provided by tourism operators and local government. In the past financial year, the state's tourism industry provided more than \$2 million in funding regional marketing bodies. In addition, local government provided \$1 million, meaning that the total amount available for regional marketing was more than \$5.5 million.

It is obviously important that this cooperative marketing strategy is maintained to allow the regions to continue to develop their marketing brands and activities and ensure that

activity already exists for these great destinations. The agreements between the regional bodies, the SATC and local government continue on a multi-year funding basis, and this leads to stability with respect to the ability of local government to organise its budgeting into the out years. Some of the campaigns that have been run have been particularly focused on winter activity, and now the Brilliant Bargains campaign will lead to greater occupancy during the quieter periods of the year.

We work with all our media outlets to market to regional areas, in particular. We use our system of supporting the visitor information centres with 6 000 grants to 45 accredited VICs throughout the state, and this will continue at that level into the next year. These grants complement those from local government and other businesses. In addition, we support a range of regional events and festivals to spread activity, and we also support community development throughout the year. Innovative marketing campaigns and the creation of online distribution systems for operators allow the SATC to work with the industry to increase visitation to all of South Australia's regional areas.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 3, page 10.12, 'Tourism events'. What is the funding provision for the staging of the Adelaide International Horse Trials for 2006-07, 2007-08, 2008-09 and 2009-10?

The Hon. J.D. LOMAX-SMITH: As the member knows, the horse trials was an event that was funded until three years ago. There was considerable debate at the time, but a decision was made to no longer support it as a major event. After that point, a decision was made to give the event transitional funding for three years, which they have used, and this is the last year of that funding package.

Dr McFETRIDGE: Am I, then, to tell the people from the Adelaide International Horse Trials that they had better keep selling chocolates because there is no money coming from the government in forward years?

The Hon. J.D. LOMAX-SMITH: We have an amazing calendar of brilliant events, which take place throughout the year. We are bringing more and larger events through the calendar and into the winter months. We are sponsoring additional arts events, such as the International Guitar Festival. We are sponsoring additional food and wine events. I do not think it is necessary for the member for Morphett to inform the proponents of the International Horse Trials about their funding mechanisms. They know about that already.

Dr McFETRIDGE: So, we are about to lose the only four star international horse trials event in the southern hemisphere, and we will also lose the only international horse trials, I think, other than in Kentucky, that are staged within close proximity of a metropolitan area, because of a lack of funding. That is a rather sad indictment.

The CHAIR: That was a comment, not a question. Does the member have a question?

Dr McFETRIDGE: No. There is no point asking any further questions in relation to that matter. I refer to Budget Paper 4, Volume 3, page 10.14 'Tourism marketing', relating to arts and sports event marketing. What is the plan for the \$800 000 promotion for arts and sports events in the summer period and is this new money, or is it being taken from another area? Will Arts SA contribute any funding to this promotion and, if so, how much?

The Hon. J.D. LOMAX-SMITH: I do not believe that the member for Morphett spoke about last year's \$800 000. Is he talking about the \$800 000 for the—

Dr McFETRIDGE: I can only assume that this is in the tourism marketing grants and subsidies line—\$4.084 million. I understand that there is \$800 000 for arts and sports events in the summer period. I was wondering what the agenda is for those events, if there is one.

The Hon. J.D. LOMAX-SMITH: We described \$800 000 in the marketing campaign for an Eventful Adelaide last year. Is that the budget line the honourable member is talking about?

Dr McFETRIDGE: If that is not continuing on, why not?

The Hon. J.D. LOMAX-SMITH: The other partners will sponsor that campaign. We will be contributing \$200 000 to that campaign next year. The other contributions will come from other partners.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 3, page 10.14, 'Tourism Marketing'. What is the growth in marketing activities in dollar terms in the marketing spend for the past five years?

The Hon. J.D. LOMAX-SMITH: The change over five years or the change over these appropriation amounts?

Dr McFETRIDGE: If the minister has it for the five years, I am happy to get it on the appropriations.

The Hon. J.D. LOMAX-SMITH: We do not have five years historic data here, I am sorry.

Dr McFETRIDGE: I will settle for whatever you have.

The Hon. J.D. LOMAX-SMITH: I think that the tourism marketing explanations are of interest. I think that the area the honourable member is trying to indicate is that there is a difference between the budget line at the bottom, which explains that the 30.946 has gone to 26.274. I will read out this whole list of changes. There is a change between 2005-06 and 2006-07 of \$4.671 million, which is a change from \$30.946 million to \$26.275 million. That reflects a \$701 000 decrease due to the transfer of regional events and festivals program from marketing to Events South Australia. There is an \$800 000 decrease as funding for the Eventful Adelaide campaign was received in 2005-06, not 2006-07. There is a \$2 million decrease of once-off funding for domestic marketing in 2005-06; a \$420 000 decrease due to changes in the allocation overhead costs and allocation of government mandated savings; a \$500 000 decrease as there was no funding to ATE in the second year; and a \$250 000 decrease in funding for the establishment of the SA Visitor Travel Centre as that occurred in the first year. Is that a budget line in which the honourable member was interested?

Dr McFETRIDGE: That will be satisfactory, thank you, minister. I refer to Budget Paper 4, Volume 3, page 10.12, under 'Tourism Events'. I think that the minister mentioned this in her introductory remarks. The government has committed to spend an extra \$2 million in events and business tourism. Will any of those funds be used to market the Festival of Arts?

The Hon. J.D. LOMAX-SMITH: There is no Festival of Arts this year. That is a biennial event and it occurred in 2005-06.

Dr McFETRIDGE: But don't you market it before you put the event on—not staging the event but marketing the Festival of Arts?

The Hon. J.D. LOMAX-SMITH: We actually are unable to market the Festival of Arts until they publish their program, and so we cannot market it when there is not an event on.

Dr McFETRIDGE: The Premier seems to talk about it at every opportunity, but that is fine.

The Hon. J.D. LOMAX-SMITH: I am sorry, it is very difficult to market an event that has not been announced.

Dr McFETRIDGE: Well, it is a biennial event. It is coming, so it has already been announced. It is held every two years, hopefully, for perpetuity. I refer to Budget Paper 4, Volume 3, page 10.10. Minister, do you agree with Christian Downey of the Australian Institute that governments of Australia could impose a compulsory levy on tourist operators to finance domestic marketing and that governments could then play a coordinating role to market the industry?

The Hon. J.D. LOMAX-SMITH: That budget line reflects an increase in funding, but I do not think there is any mention in this budget paper for this proposal. As far as I can see, a proposal to tax businesses would be quite unpopular but, if you want to support it, I would be happy to hear the argument.

Dr McFETRIDGE: I certainly would not support a compulsory levy on tourist operators. They are paying enough in property taxes and land taxes and other things at the moment.

The Hon. J.D. LOMAX-SMITH: If you want to promote it, I am very happy to hear the—

Dr McFETRIDGE: Not at all, minister. I am happy to see that you are not going to support it and that you do not agree with one of the Labor Party think tanks.

The Hon. J.D. LOMAX-SMITH: I am interested in putting it on the agenda—

Dr McFETRIDGE: I think this bloke comes from a Labor Party think tank, which is good.

The Hon. J.D. LOMAX-SMITH:—because obviously you are promoting it.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 3, page 10.10. The decline in domestic tourism has been partly attributed to cheap international airflights. What is being done to liaise with airline operators to enable a more strategic marketing campaign to overcome or combat the exodus via cheap airflights?

The Hon. J.D. LOMAX-SMITH: I think that is not true. I think people have described the drop in domestic travel as a consequence of cheap domestic flights and stopping people going into regions. I have never heard them suggest that it is to do with cheap international travel. What has been suggested is that it has been caused by a release of pent-up demand following several years of chikungunya, bird flu, SARS, international terrorism and a range of global events. However, I do not believe it has ever been described as being caused by international cheap flights.

Mr GRIFFITHS: I refer to Budget Paper 4, Volume 3, page 10.10, 'Tourism Industry Development'. Surveys conducted overseas resulted in a 92 per cent affirmative desire to visit Australia and, of that 92 per cent surveyed 78 per cent of people want to visit South Australia, with Kangaroo Island as their main destination. What is being done to market to overseas tourists that their main focus should be on Kangaroo Island?

The Hon. J.D. LOMAX-SMITH: Kangaroo Island is clearly one of our elite iconic destinations. It is up there with the rock, the reef and the Opera House, and it is one of those places that fulfils the aspirations of international tourists in terms of cultural and eco experiences. It is often visited by people who spend scant time in Adelaide even. Having said that, it is one of the focuses of international marketing. It is probably one of the areas we push hardest. The tourism imagery for South Australia is predominantly Adelaide, Kangaroo Island and food and wine destinations. We market

Kangaroo Island through a range of innovative agendas. They might be billboards or they might be newspaper print media. We work through things such as the film industry, and we promote through competitions with a trip to Kangaroo Island as a prize. We promote it very heavily in all our familiarisation circuits so that it is was one of the most heavily visited sites when we had the ATE.

Of course, having said that, it will be quite unfair to the rest of the South Australian regions if we do not support them. So, we promote to our strengths but we make sure that everyone identifies South Australia as the strengths that are easily packaged. Most of that is food and wine tourism, Outback, river and coastal. We do a lot of market research, and the market research points to our strengths and weaknesses. For international tourists, of course, the biggest weakness is the distance. People are loath to take long-haul holidays unless we can really encourage them by something that is once in a lifetime or a repeat niche market. The biggest disincentive for internationals is the length of travel, particularly for the American market.

The UK market is prepared to take the plunge because people have friends and relatives here, very often, so there are other reasons to visit. However, in our marketing, particularly to Australia, there is a sense that we are not a beach holiday destination, and we are promoting hard to make clear that we have beaches and holiday destinations on the coast. What we tend to do with our marketing is try to be fair to everyone; to put dollars into the regions and all the travel experiences but often hold KI up there front of mind, because you have to have a mind-turning event. It might be the river for New Zealanders, who are particularly keen on river experiences. For the European market it is the Outback, adventure and Aboriginal and cultural tourism and arts events.

As a state body we have to try to be fair to everyone. One of the issues that I can understand from the honourable member's electorate is that when we do promotions people say, 'I'm not there: where am I?' That is one of the challenges we have, because when we package products for the international market it has to be a sophisticated destination, and that is really not readily available in all our regions. For instance, some of the more adventurous tourists will go for diving experiences. They might go for coastal experiences or they might go for camping Outback, or national parks. The honourable member has fabulous national parks, but his electorate does not have the top level, five or six-star destinations, and it is one of the issues about investment in regional areas.

One of the reasons I am very happy about the announcement today about Kangaroo Island has been the view that that gives us a real opportunity to have a six-star destination on KI. The member for Morphett was quite right when he spoke about Rawnsley. That major investment, which was supported by the SATC, gave it a topnotch, gold-plated destination. And that is what you need to attract and market. You cannot market a coastal caravan park in New York: you have to have a heavier star rating. That is the challenge. The product owners, the operators, cannot afford to market overseas. The destination is not mature enough. It is a complex issue, because we have to develop product. We often have to support it.

We cannot be unfair to other operators by investing in one product and not another, because obviously it is taxpayers' money, but it is very difficult to market regions such as the honourable member's internationally.

Mr GRIFFITHS: I wish to put on the record that I agree entirely with the minister in all her statements. It is important that we do recognise that all South Australia needs to be supported. My next question relates to Budget Paper 4, Volume 3, page 10.3, SA Tourism Commission. Given the government's 2006-07 target to continue to work cooperatively with key transport providers and present compelling cases to seek additional international domestic flights into Adelaide, will the minister give a commitment to present such a compelling case to air transport providers to resume direct flights from Melbourne to Kangaroo Island and Port Lincoln?

The Hon. J.D. LOMAX-SMITH: I have to say that we were very disappointed by those decisions by the airlines. We had some success with the capital-to-capital flights. We have been challenged with regional flights. Some people would say we should pay for those flights but I think it is for private sector to be involved in running airlines, not the government. We will, of course, keep the door open and keep talking to all airlines to find ways to encourage flights to occur.

We have been more successful with international flights—that is, the top end, high yield tourists—but we clearly need to get people out of Adelaide, and regional dispersal is a very attractive goal. It was particularly attractive having direct Melbourne to regional SA flights. We are doing all we can, working with tourism and working with the DTED as well, to find other ways to get airlines in. As you can imagine, we are not in the business of providing subsidies or running airlines. It would be quite inappropriate, and I am sure you would not support us doing that.

Mr VENNING: I know the minister would be disappointed if I did not ask a question about the Barossa wine train. It is a general question but it does refer to tourism industry development, concerning which there is nothing in the budget papers. Minister, as you know, the wine train has been purchased by Mr John Geber with the previous owner jointly. I certainly applauded that decision they made to buy that, but nothing has happened since.

I know Mr Spurr and others have been involved in trying to get the train back on the tracks. I certainly appreciate these people taking the risk to put their money up and save the train from the wreckers, which is what has happened. Is there anything we can do to help them get the train back on the rails? We know what the problem is: the rail track has not been currently accredited to carry passengers. That question I put both to you and the transport minister. It really was a fantastic tourism venture which I utilised many times with people from interstate. People are still ringing up wanting to get on the Barossa wine train, even though it has been off the rails now for three and a half years. Is there anything I can tell my constituents about that which would give them any encouragement, by saying, 'We are working through it and we may see it back on the rails,' because, otherwise, what is the future of it?

The Hon. J.D. LOMAX-SMITH: I understand that significant work is being carried out on the carriages and that a group of officers between Department of Transport, Department of Premier and Cabinet, Trade and Economic Development and the SATC are assisting to collaborate and work through some of the complex issues. That team is working with the owners to address the matters that you have raised. That is to do with track condition, accreditation, insurance and necessary maintenance work. Certainly we do not believe that the government should be in the business of running these sorts of operations. It is a private enterprise venture, but we are keen to support their endeavours.

Certainly we will help them with marketing when it gets up and running again, and I hope that is soon.

Mr VENNING: I have a supplementary question. I appreciate the emphasis is on marketing, but the problem is insurance. I am sure that if the insurance thing could be overcome then I believe the accreditation just basically involves signing a piece of paper. I am sure the rest of the risk could be taken by the operators. I understand it is a private operation, but you cannot blame people like Mr Geber, who is cautious and careful, so he is not going to run a train and run the risk of losing his assets because of an insurance claim. I just was hoping that—

The CHAIR: I have to cut short your comment to allow the member for Morphett to introduce his omnibus questions.

Mr VENNING: The last thing is that, in relation to the Pichi Richi and other railways, you do help them. I know that is not private, it is volunteers. There are two things: if the insurance problem could be solved and, indeed, the track accessed, I am sure we would have a go-er.

The Hon. J.D. LOMAX-SMITH: We have come some considerable way in helping those volunteer groups. I have enormous respect and enthusiasm for small railways, because they are actually more than a railway. I think the railway is almost irrelevant. I should not say that, but it is actually a huge community-building operation. The way they operate, as I understand it, is that people go from Adelaide and actually move on site and camp or live around the railway for many months.

They support all the local industries. They buy food and they drink and eat at the pub. Even aside from the passengers and the users of the railway generally, there is a major economic benefit in the supporters, volunteers and the men who do the necessary maintenance: they probably go to my favourite hardware store in Warooka, which is one of the best hardware stores I have ever been to.

Mr Venning interjecting:

The Hon. J.D. LOMAX-SMITH: It is; it is a wonderful shop. They have everything you would ever need. That kind of maintenance of the local economy is worth its weight in gold, even aside from the railway activity. I understand that this is more than just a train and more than just a tourism activity; it is a way of life for a subset of the community. We have helped them to work collaboratively with other train operators in that volunteer sector. We have suggested ways they can overcome their insurance issues and I think we have been reasonably successful in seeing a reduction in their insurance premiums. I think those effects have been quite good.

We do, of course, have a special expertise in South Australia in relation to the National Train Museum, with a lot of on-site support there, and we have an officer within the SATC who is on the board of the National Train Museum. We have the links with the Ghan, which makes a natural link for the train enthusiasts, so you can come in on the Ghan and visit the museum, and hopefully go to these smaller train lines.

There is a whole range of opportunities for South Australia but, believe me, train and track maintenance is a very difficult and expensive process. It is great for the community, but I do not think we can provide major subsidies to run those operations ourselves because it is a very expensive operation.

Dr McFETRIDGE: I will read the omnibus questions, and I apologise to Hansard in advance.

The CHAIR: You will provide Hansard with a copy?

Dr McFETRIDGE: Yes, Madam Chair:

1. Can the minister provide a detailed breakdown for each of the forward estimate years of the specific administration measures as listed in Budget Paper 3, Chapter 2, Expenditure, which will lead to a reduction in operating costs in the portfolio?

2. Will the minister provide a detailed breakdown of expenditure on consultants and contractors in 2005-06 for all departments and agencies reporting to the minister, listing the name of the consultant and contractor, cost, work undertaken and method of appointment?

3. For each department or agency reporting to the minister, how many surplus employees are there as at June 2006, and for each surplus employee what is the title or classification of the employee and the total employment cost (TEC) of the employee?

4. In the financial year 2004-05 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2005-06?

5. For all departments and agencies reporting to the minister, what is the estimated or actual level of under-expenditure for 2005-06, and has cabinet already approved any carryover expenditure into 2006-07; and if so, how much?

6. (i) What was the total number of employees with a total employment cost of \$100 000 or more per employee, and also as a sub-category 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 2006; and

(ii) Between 30 June 2005 and 30 June 2006, will the minister list 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?

The CHAIR: I cannot understand why the camera operator was not recording that for posterity!

The Hon. J.D. LOMAX-SMITH: Perhaps I could ask Mr Spurr to answer those questions.

The CHAIR: At the same pace! There being no further questions, I declare consideration of the proposed payments relating to the South Australian Tourism Commission and the Minister for Tourism completed. Thank you to the advisers and welcome to the new advisers.

ADJOURNMENT

At 7.15 p.m. the committee adjourned until Friday 20 October at 10 a.m.