

HOUSE OF ASSEMBLY

Tuesday 24 October 2006

ESTIMATES COMMITTEE A**Chair:**

Ms M.G. Thompson

Members:

Ms F.E. Bedford
 Mr L.W. Bignell
 The Hon. I.F. Evans
 Mr M.L.J. Hamilton-Smith
 Mr D.G. Pisoni
 Mr J.R. Rau

The committee met at 11 a.m.

Department of Trade and Economic Development,
 \$60 261 000

Witness:

The Hon. K.O. Foley, Deputy Premier, Treasurer, Minister
 for Industry and Trade, Minister for Federal/State Relations.

Departmental Advisers:

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

Ms A. Allison, Director of Corporate Services, DTED.

Mr L. Piro, Executive Director, Manufacturing and
 Business Services, DTED.

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

Mr P. Noon, Chief Finance Officer, DTED.

Ms K. Lablack, Director, Population and Migration,
 DTED.

The CHAIR: Estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of proposed payments to facilitate the changeover of departmental advisers. 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 propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each. There will be a flexible approach to giving the call for asking questions, based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may at the discretion of the chair ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the Assembly *Notice Paper*.

There is no formal facility for the tabling of documents before the committee. However, documents can be supplied

to the chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister, not to the minister's advisers. The minister may refer questions to advisers for a response, and debate between an adviser and a member of the committee is totally out of order. I also advise that, for the purposes of the committee, there will be some freedom allowed for television coverage by allowing a short period of filming from the northern gallery.

I declare the proposed payments open for examination and refer members to the Budget Statement, in particular, pages 2.8 to 2.10, and the Portfolio Statements, Volume 1, part 2. Does the minister wish to make an opening statement?

The Hon. K.O. FOLEY: No, I do not, Madam Chair.

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

Mr HAMILTON-SMITH: I have some short points to put if I may, Madam Chair. The opposition's view—and I think it is shared fairly widely around the community—is that South Australia and Australia are enjoying the best of times, and we have been for several years. Interest rates are low, unemployment is low and house prices are high. We enjoy high demand for our products from China and other trading partners. It is quite a different environment to that of the 1990s when head officers were leaving South Australia. We had \$11 billion worth of debt. The state finances were \$300 million in the red. We had high interest rates, high unemployment and plummeting house prices. Clearly the trade and economic development strategies in these two different environments require different approaches.

The government's funding for trade and economic development was initially disinvested in the first years of the Labor government, particularly away from industry investment attraction, and the government argues for free market outcomes, which is a principle that the opposition would support. The government has disaggregated its business—for example, in the IT sector—and bid that work out. These strategies are possible when the economy remains buoyant but may be challenged when the economy turns. Arguably, our economic development strategy now, while times are good, should be building for the future. The government has done well to encourage mining exploration and in the area of defence, and we commend the government for its efforts in that area.

Food for the Future, manufacturing and knowledge industries remain under challenge. States like Queensland and Western Australia—admittedly, with more money to spend—are investing heavily in science and innovation, both in gross terms and on a per capita basis, as a strategic investment. Our relative position to other states seems virtually unchanged in economic terms in the past five years, but I will seek the minister's guidance on that. Many in the business community across the state are looking for a clear overarching strategy for trade and economic development going forward in the medium to long term. That strategy is not clear from this budget, but I will invite the minister to provide it. The government has presented, and this budget is no exception, a clutch of ideas which are well promoted, if over-promoted, many of which have been delivered on a platter by others—for example, BHP in the case of Roxby Downs, and the federal government and the ARC in the case of the air warfare destroyers. The line of inquiry I would like to pursue during estimates is how the construct of this budget will

deliver for that medium to long term, how it will encourage growth in our areas of strength, and how state government investment, in particular, will add value to our economic future and trade opportunities.

The market has worked well for South Australia over the past five years, once the structural problems of debt and shrinking government revenues were overcome by asset sales, sound government budgets delivered in the most difficult of circumstances in the 1990s and creative industry attraction schemes made necessary by the catastrophes of the early 1990s. Infrastructure investments such as the Adelaide to Darwin railway and major road developments during the 1990s—again, delivered in difficult budget circumstances—helped pave the way for the better conditions we enjoy today in which this budget is delivered. The opportunity now is to build on those nationally buoyant economic times so that, with drought and the inevitable slowing down of the economy, in the fullness of time SA will be seen to have made hay while the sun has been shining. The legacy of this government and this budget will be determined when the good times end and we see what is left.

With that, I start my questions. Minister, will you be happy to accept on the record, for this portfolio area in its entirety, the omnibus questions that I gave at the beginning of the Treasury and Finance examination?

The Hon. K.O. FOLEY: Sure, you needn't read them out.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, pages 2.6 and 2.7. Apart from ASC's winning of the AWD—and the opposition acknowledges the government's role in facilitating and helping with that—and BHP's decision to expand Roxby Downs, what specific growth in industry development policies conceived wholly by the government and funded in this budget, or in the past year, does the government feel will be most successful in attracting new enterprises to the state and in building growth for the future?

The Hon. K.O. FOLEY: I do not understand how that question relates to a budget paper.

Mr HAMILTON-SMITH: I will explain. I am looking at page 2.7; there are nine programs. Which specific initiatives and targets of those nine programs, apart from the air warfare destroyers and mining, does the Treasurer feel are going to be most successful in attracting new enterprises to the state in building growth for the future?

The Hon. K.O. FOLEY: We have an overarching economic strategy: it is not solely based on defence nor is it solely based on the resource sector. The government, on coming into office, put a philosophical viewpoint into practice. As I indicated to a previous committee, from memory—and these numbers are not exact but ballpark—we have about 585 investment packages out in the marketplace from previous governments. I think only 13 have been written since we have come to office; so, that issue of direct government assistance has been significantly curtailed. We established the Economic Development Board—initially chaired by Robert Champion de Crespigny and, in recent times, chaired by David Simmons—where we have brought in, as we have said many times, some outstanding business and community leaders to guide an overarching economic development strategy for the state.

The efforts of the economic development agency and the Department of Trade and Economic Development are charged with implementing that strategy. I am not particularly interested in this matter degenerating into a political slanging

match as to who has better policies or who does not. The member for Waite is continuing a theme he had when I was here as Treasurer and, as I said then, the opposition has not got over the fact that it did not win the 2002 election. If the member for Waite has better ideas, he will get an opportunity to put that to the electorate in 3½ years' time. Our policies are well known, well articulated and, we believe, well constructed, but I accept that the opposition may have a different view. I was not aware that the report by Access Economics had been released, and it was only sent yesterday. We have a growth forecast in our budget of 2.5 per cent and we have taken the conservative view in Treasury largely based upon the unknown but clearly concerning issues associated with the drought. However, Access Economics has come out with a growth forecast for South Australia of 3.5 per cent for next year. That is a good one percentage point higher than what we have forecast. If that is correct, then we will have a significantly improved economic outcome next year.

Whether our economic policies are right or wrong, what is an undeniable fact is that unemployment in this state is the lowest it has ever been at 4.7 per cent. This is an outstanding achievement. We believe that we have the economic settings right. When I talk to business, they seem pretty pleased with what we are doing, but I accept that, for political purposes—and perhaps with a quaint wave to the member for Waite—I do not think that he will allow himself to analyse this objectively—and that is what comes with being in opposition. However, I will not spend my day saying, 'We are better; you are better'. If the honourable member wants to ask me some specific questions about the budget, I will answer them, but I will not enter into some long drawn out debate about who is better at managing the economy.

Mr HAMILTON-SMITH: Minister, you may want to wave your arm in the air arrogantly, but what I am trying to do is to explore the thinking behind your budget.

The Hon. K.O. FOLEY: You know what that is, Martin.

Mr HAMILTON-SMITH: No, it is not clear from your budget what the thinking behind it is and what your strategic directions are. It is easy to read the figures. It is not crystal clear in the community exactly where you are heading. I will go further. I refer to the same budget line and the same budget pages.

The Hon. K.O. FOLEY: What page?

The CHAIR: We did not have a line. We had a page number, member for Waite.

The Hon. K.O. FOLEY: What Budget Paper?

Mr HAMILTON-SMITH: Budget Paper 4, Volume 1.

The CHAIR: We did not have a line reference.

Mr HAMILTON-SMITH: Well, you did, Madam Chair. If you look at page 2.7, Madam Chair, nine programs are mentioned, with budget figures alongside them. Is that not a budget line for you, or what?

The CHAIR: No, we need a line.

Mr HAMILTON-SMITH: Do you not understand that that is a budget line? Are you happy with that?

The Hon. K.O. FOLEY: If you are going to start this nonsense again, we will pack up and go home.

Mr HAMILTON-SMITH: Let's just get on with it.

The Hon. K.O. FOLEY: Don't embarrass yourself.

The CHAIR: We are just asking you to be specific.

The Hon. K.O. FOLEY: Everyone is talking about your embarrassing performance last week.

Mr HAMILTON-SMITH: I think they are talking about your embarrassing performance, Treasurer.

The Hon. K.O. FOLEY: No, I don't think so.

Mr HAMILTON-SMITH: Let's get on with it.

The CHAIR: Member for Waite, the normal way is to point to a particular set of figures.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.7. It is the program net costs of services summary, Treasurer. Have you seen it before?

The CHAIR: It is a very broad definition of a line.

Mr HAMILTON-SMITH: Beyond the current high in the national economic cycle, which particular industry sectors or businesses in South Australia does the government see future growth coming from; and how are these programs listed being targeted to extract or encourage growth in those particular sectors?

The Hon. K.O. FOLEY: As I said, we have an overarching economic development policy. We clearly identify a number of key industry sectors. We are looking at the electronics sector, we are looking at manufacturing in general, but obviously the automotive sector is going through a very difficult period. I was with Ian MacFarlane yesterday, a minister with whom I work very well and with whom I have a very close working relationship. We are working through the very difficult automotive sector at present. As I said, the electronic sector is a very key sector for us, as well as the defence sector, the minerals sector and the services sector, of course, particularly education. The Department of Economics and Trade's strategic directions document to which I refer the honourable member more than adequately outlines exactly what our objectives are. It is a public document, and no doubt the honourable member already has it and has read it, so I do not think I need to bore everyone with working through that.

Clearly, as I have always said, governments have only a limited role and it can only be at the margin. It can only be, at best, a facilitator. Ultimately, economic growth is driven by the private sector. The honourable member harks back, dare I say, to some socialist tendencies that he has that somehow the government has to spend a hell of a lot of money and to intervene at all points in the marketplace. The honourable member is on the public record consistently espousing what I would argue is old socialist thinking towards economic policy. We have a different view as a government and we will not subscribe to the honourable member's socialist approach to economic policy. We will not be in there hand-holding every industry sector.

Mr HAMILTON-SMITH: In light of the answer to that question, I refer to the same Budget Paper, page 2.7. Given that the minister is not prepared to make any contribution to industry and he thinks that markets should run—

The Hon. K.O. FOLEY: That is not correct. Look, Martin, I will run up the white flag and let you crown your glorious victory today because I do not feel remotely interested in playing your silly games today. I am here to do my job by answering specific questions about the budget for the Department of Trade and Economic Development, but philosophical or political debate about what we should or should not be doing is not, in my view, something for this particular committee. I will not entertain you today, I am sorry.

Mr HAMILTON-SMITH: Perhaps you could listen to the questions then.

The Hon. K.O. FOLEY: You have not asked me a specific question yet.

Mr HAMILTON-SMITH: Treasurer, I'm sorry to bother you with asking questions about the thinking behind the budget—

The Hon. K.O. FOLEY: You have not asked me any questions.

The CHAIR: Member for Waite—

Mr HAMILTON-SMITH: I'm sorry to bother you with trying to explore the directions in the budget, but it is important to a lot of people.

The CHAIR: Member for Waite, the purpose of estimates is to ask questions about the budget—

Mr HAMILTON-SMITH: I know very well what the purpose of estimates is.

The CHAIR: —not to talk about general discussion and philosophy.

Mr HAMILTON-SMITH: Would you like to just get on with the questions?

The CHAIR: Please ask questions about the budget.

Mr HAMILTON-SMITH: I am happy to and I have been—all right? You may not like them, but I have been.

The CHAIR: Member for Waite—

Mr HAMILTON-SMITH: I refer to Budget Paper 4, the same page.

The CHAIR: Member for Waite, you are required to show respect for the chair, not for the person but for the office of the chair, so please do so.

Mr HAMILTON-SMITH: Are you happy to have some questions, Madam Chair?

The CHAIR: You are invited to ask questions, not to make obsequious comments. A question please, member for Waite.

Mr HAMILTON-SMITH: Can we go on now? Are we right?

The CHAIR: Member for Waite, a question.

Mr HAMILTON-SMITH: Thank you, Madam Chair, I am relieved. I refer to Budget Paper 4, Volume 1, page 2.6. What will be the federal/state government split in the additional support to be provided to car maker Holden? What will be the total quantum of support and how will the money be spent? The Treasurer has said that governments should not intervene and that governments should not hand out money to industry. Could the Treasurer explain the full details of the package to Holden?

The Hon. K.O. FOLEY: That was not in the budget. Question three from the opposition is something that was not even in the budget. I will send the honourable member a copy of our press release. In fact, I will ask my staff to give you a copy of yesterday's press release from Ian Macfarlane, which answers all those questions.

Mr HAMILTON-SMITH: Well, from which budget line will your contribution be drawn?

The Hon. K.O. FOLEY: It is being drawn from the headroom in the budget.

Mr HAMILTON-SMITH: From the headroom in the budget?

The Hon. K.O. FOLEY: I am sorry, you do not support what we did yesterday for Holden?

Mr HAMILTON-SMITH: No, I support it fully. It just stands in striking contrast to remarks made a moment ago about the fact that you do not think—

The Hon. K.O. FOLEY: I explained yesterday that the automotive industry is going through a very difficult period. It is an industry sector that requires some government intervention because of the difficulties it is facing. I received a phone call and had a number of discussions with General-Motors Holden initially about this particular issue; and, in the last week or so, I have had discussions with the industry minister who made contact to discuss this matter. The

commonwealth—the honourable member's federal colleagues—was keen to provide this type of support and asked that both Victoria and South Australia participate. Unless the member for Waite wants to be in conflict with his federal minister—

Mr HAMILTON-SMITH: No, we are quite supportive of the package, it is just that we are trying to reconcile the rhetoric of a moment ago and your claiming that the government will not intervene, will not support industry and will not put in any money. However, when it suits, you are quite happy to put in the money. I am trying to understand the government's logic in how it chooses the winners or losers and how it chooses to intervene or not intervene. This is a case where you have chosen to intervene, but you say you will not intervene. Is there an underlying strategy, thinking or set of conditions that a company must fulfil for you to intervene, or is it just done on a case-by-case basis.

The Hon. K.O. FOLEY: It is done on a case-by-case basis. It is where there is vulnerability and where there can be a result from government intervention. Clearly, as I have said, the automotive sector is going through a very difficult period and it requires some degree of assistance. That is the view of the commonwealth government and it is shared by me and this government.

Ms BEDFORD: My question also relates to the automotive industry. In response to the downsizing of Mitsubishi, I understand that the commonwealth and state governments provided funding for a structural adjustment fund to assist increased investment in South Australia. Will the minister outline the results of the funding?

The Hon. K.O. FOLEY: Thank you.

Mr PISONI: On a point of order, Madam Chair, to which line of the budget does this relate? I have missed it, sorry.

Ms BEDFORD: The same one we were talking about with Holden, I presume. That is what we are on.

Mr PISONI: Can the honourable member give the line?

Ms BEDFORD: I do not have the line in front of me.

Mr HAMILTON-SMITH: You give us a hard time, but it is all right for the Labor Party to rabbit on.

Ms BEDFORD: Well, you are talking about Holden; obviously, it is the same line.

The CHAIR: I advise the member for Waite that I had not ruled. Just hold your fire. The member for Florey is required to give the budget line.

Ms BEDFORD: It is the same one about which the member for Waite was talking.

The Hon. K.O. FOLEY: Well, let us withdraw that question. Let us hand back to the opposition. Clearly, members of the opposition are on a roll here. I will let that question go through to the keeper. Actually, I will withdraw all my questions and we will allow the opposition to have a field day. Come on, member for Unley, let us hear some of your probing questions.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.6. How much has been given to Holden in the past five years, and how much will the government—

The Hon. K.O. FOLEY: What is the budget line?

Mr HAMILTON-SMITH: You said it was headroom, so I am—

The Hon. K.O. FOLEY: Hang on. You just said that the member for Florey could not ask her question because she could not identify the budget line.

Mr HAMILTON-SMITH: I gave it to you.

The Hon. K.O. FOLEY: Give me the budget line.

Mr HAMILTON-SMITH: I gave it to you—pages 2.6 and 2.7, programs 1 to 9.

The Hon. K.O. FOLEY: That is not where it is from.

Mr HAMILTON-SMITH: I refer to budget lines 1 to 9.

The Hon. K.O. FOLEY: That is not where it is from.

Mr HAMILTON-SMITH: Well, you said that it was in headroom. I have given you programs 1 to 9. I assume that the \$5 million is coming from somewhere in there.

The Hon. K.O. FOLEY: You want to rule the member for Florey out of line, but you expect me to answer your question.

The CHAIR: The member for Waite will move on.

The Hon. K.O. FOLEY: What is your question?

Mr HAMILTON-SMITH: How much money has been given to car maker Holden in the past five years.

The Hon. K.O. FOLEY: We will get you that answer. I am advised none, but we will send you that press release, which explains what we did yesterday.

Mr HAMILTON-SMITH: Well, minister, that is a fine, sweeping sort of flourish, but the parliament has not read the press release.

The Hon. K.O. FOLEY: I just said that I am going to get it for you.

Mr HAMILTON-SMITH: We are actually in parliament at the moment.

The Hon. K.O. FOLEY: I am going to get it for you.

Mr HAMILTON-SMITH: The information would be appreciated on the record in *Hansard*; but, look, you are not going to answer it, that is fine.

The Hon. K.O. FOLEY: No, that is a lie.

Mr HAMILTON-SMITH: Excuse me; I ask for that to be withdrawn.

The Hon. K.O. FOLEY: No, I will not withdraw it. You can kick me off the committee. I am not withdrawing that.

Mr HAMILTON-SMITH: It is unparliamentary, Madam Chair.

The Hon. K.O. FOLEY: Well, then, kick me off the committee and I will go and do some work. You cannot say that I am not providing an answer to this committee. That is a lie. I have just said that I am giving you the information.

Mr HAMILTON-SMITH: I ask that it be withdrawn.

The Hon. K.O. FOLEY: Just kick me off the committee; I am not withdrawing. Honestly, I am not—

The CHAIR: Treasurer, would you care to rephrase?

The Hon. K.O. FOLEY: No, I would not. It is a lie and I will not let it stand. You can name me, but I am not staying. Honestly, I have much better things to do with my day than have to put up with this silly nonsense. It is a lie and I am not going to let it stand. If you want to vote me off the committee, do so, and then you can go back to work and do something else.

The CHAIR: I am sorry to tell you, Treasurer, but you are not a member of the committee. You are here to be—

The Hon. K.O. FOLEY: I am not withdrawing the word 'lie'. I will not let him lie.

Mr HAMILTON-SMITH: Standing orders and the practice and procedures of the parliament are very clear on this. I take offence to the Treasurer's remark. I would rather we got on with the question—

The Hon. K.O. FOLEY: You lied, Marty. You told a lie. I will not let it stand.

Mr HAMILTON-SMITH: It is unparliamentary. Standing orders are crystal clear. Madam Chair, I ask that you bring the Treasurer to order and ask him to withdraw.

Nothing is clearer in standing orders than that that is unparliamentary.

The Hon. K.O. FOLEY: You lied, Marty, and I will not let it stand.

Mr HAMILTON-SMITH: I did not, Treasurer.

The Hon. K.O. FOLEY: You did. I am not withdrawing, Madam Chair. I am sorry, but I am not withdrawing or apologising.

The CHAIR: Treasurer, you are aware of the standing orders and I ask you to uphold them the same as everyone else. I think we should move on.

The Hon. K.O. FOLEY: I am not apologising. He told a lie. I just told the committee that I am giving him the answer. I can read it to you, if you like. The press release states:

General Motors-Holden will receive \$13.4 million to introduce safety and field management improvements—

Mr HAMILTON-SMITH: I have a point of order, Madam Chair.

The CHAIR: Order!

The Hon. K.O. FOLEY: Now he does not want an answer.

Mr HAMILTON-SMITH: We are dealing with a most important issue. All right? The Treasurer has used a term which, clearly, is unparliamentary. Standing orders are crystal clear. He must withdraw or be named.

The Hon. K.O. FOLEY: That is fine. Kick me off the committee.

Mr HAMILTON-SMITH: You have been calling me to order. I hope that we can adhere to the standing orders and proceed with the estimates, but that will require the standing orders of the house to be upheld. Nothing is more crystal clear than the terms the Treasurer has used. It is totally unparliamentary and must be dealt with instantly.

The Hon. K.O. FOLEY: Do not tell lies.

Mr HAMILTON-SMITH: Now it has been repeated, Madam Chair.

The CHAIR: That was a different context. I am just going to think about this for a moment. The situation is that the Treasurer is a witness before the committee; he is not a member of the committee, as I have previously pointed out. Therefore, the rules in relation to his behaviour are slightly unclear. The Treasurer is aware of normal parliamentary procedure and I ask that he follow normal parliamentary procedure as a matter of courtesy to the committee, rather than to the member for Waite or any particular member.

The Hon. K.O. FOLEY: To support your position as chair, Madam, I apologise to the committee for using the word 'liar'.

The CHAIR: Thank you, Treasurer. Would you care to proceed with the answer you have provided?

The Hon. K.O. FOLEY: No; I have told him he is getting the answer—he will get it in good time.

Mr HAMILTON-SMITH: Budget Paper 4, Volume 1, page 2.7: how much financial assistance has been given to car maker Mitsubishi in the past five years, and how will the government measure the return on that investment and the success or otherwise of the assistance package?

The Hon. K.O. FOLEY: I will come back to the house with an answer on that.

Mr HAMILTON-SMITH: How will the \$30 million investment attraction fund provided to accommodate the Electrolux closure be spent? Will the money be available as cash grants to companies, tax rebates or concessions, or other

financial incentives, and how will the application and approval process be undertaken?

The Hon. K.O. FOLEY: Which budget page is that one on?

Mr HAMILTON-SMITH: Page 2.7 of Volume 4, part 1.

The Hon. K.O. FOLEY: No, it is not.

Mr HAMILTON-SMITH: Programs 1 to 9.

The Hon. K.O. FOLEY: That is the reason you gave about the member for Florey's answer not being acceptable. You cannot expect me to take you seriously if you want to pull my colleague into order for not having a page line and then you come back with exactly the same type of question with no page line.

Mr HAMILTON-SMITH: I have given you a page; 2.7.

The Hon. K.O. FOLEY: It is not the relevant line. Show me the relevant line.

Mr HAMILTON-SMITH: You have announced publicly that \$30 million will be made available into a fund. Programs 1 to 9 are your entire budget lines. It is on page 2.7; it is a total of \$66.248 million. Somewhere in there—this is 2006-07; the money is available now—is the money and I am asking you: where is it, how will it be paid for and how will it operate?

The Hon. K.O. FOLEY: Unfortunately the member for Waite again embarrasses himself. It is not \$30 million of state money—

Mr HAMILTON-SMITH: That is correct. I am asking for that information.

The Hon. K.O. FOLEY: It is \$25 million of federal money and \$5 million of state money. We announced that yesterday. The federal minister, your federal colleague, issued a press release on it. I will get you a copy of that press release and I will refer you to Invest Australia's web site, which has the criteria for applicants for that fund. We have appointed Phillip Pledge (a prominent South Australian business person; former managing partner of Ernst and Young, from memory) as chair of that committee, and it will be run along lines similar to the structural adjustment fund with the closure of the Lonsdale Mitsubishi plant. But again, I will get you a copy of that press release.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.16, concerning the Council for International Trade and Commerce of South Australia. How much funding is to be provided to CITCSA in 2006-07 and through to 2009-10; what will the money be used for, and how will this deliver better international market development?

The Hon. K.O. FOLEY: In June 2005 DTED brokered an agreement with CITCSA, Business SA and the government, in which Business SA took over the administration and support functions of CITCSA. CITCSA was granted \$200 000 per annum for the next three years. This funding model will strengthen the partnership and cooperation between CITCSA, Business SA and the government, while maintaining the independence of CITCSA.

These funds will enable the organisation to provide services to its members and to coordinate activities that may be eligible for grant funding under the Market Access Program, administered by the Department of Trade and Economic Development. CITCSA has prepared a business plan for its future activities, which it is expected will enable it to move to a self-funding model in future years. Performance criteria and KPIs are agreed between DTED and CITCSA for each year.

In the 2005-06 financial year CITCSA met or exceeded all of its targets, except one; quantifying the value of all its

target missions, which were: five trade missions, result six; 13 networking events, result 13; two exporting workshops, they undertook three; quantity value of targeted missions, result two reviewed and a third is under way. In the 2006-07 financial year the following targets have been agreed: eight trade missions, 13 networking events, four exporting workshops and reviews of trade missions to be completed within six months.

Mr HAMILTON-SMITH: Referring to Budget Paper 4, Volume 1, page 2.16, how much funding is to be provided to Business SA in 2006-07 and through to 2009-10; what will the money be used for and how will this deliver better trade and economic development outcomes?

The Hon. K.O. FOLEY: We provide various packages to Business SA. I am happy to take that question on notice.

Mr HAMILTON-SMITH: The same budget line: has any part of the government funding to CITCSA and Business SA been conditional upon collocation of CITCSA and Business SA, and how has that collocation gone from a government perspective?

The Hon. K.O. FOLEY: No, it is not conditional upon that.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.16. With respect to the disaggregation of the IT contract from an economic development perspective, did the government decide to disaggregate its IT business so as to break up the EDS contract, rather than re-bid it to first-tier providers as an aggregated concern, because it felt it would save money or deliver a better bottom line, or because of hopes that this would stimulate economic development; and has either outcome been achieved so far?

The Hon. K.O. FOLEY: That is not a question for me, Madam Chair; that is a question for the minister responsible for the contract, my colleague the Minister for Infrastructure. But I can say as Treasurer that it was about value for money, that contract, and it was not about supporting local industry. It was about what is the best bottom line for the taxpayer and it was very much driven by a competitive model that gave best value for money for taxpayers, and we would hope that in that environment local business would be well placed to achieve benefit. I am not a subscriber to the view that one should look at this first from an industry development perspective to assist local business. If you do that, you do not necessarily get good value for money for the taxpayer, and I am driven by value for money for the taxpayer.

Mr PISONI: Minister, how is that consistent with the Buy South Australian campaign that the government has been running?

The Hon. K.O. FOLEY: It is totally consistent. That is about South Australians choosing to buy South Australian products. We would love South Australian companies to get as much work as possible, but if what you are suggesting to me is that we should invoke probity issues about interfering in a contractual process where the state could be opened up to litigation—significant litigation, I might add—if the government chose tenderers who were not the best value for money if we somehow hand-picked local companies to do this work at a financial cost and penalty to the taxpayer, and demonstrated bad faith in terms of a competitive tendering process, the state would be opened up to serious litigation.

Mr PISONI: Minister, how is that line consistent with the Premier's pledge to buy more Mitsubishis for the state government fleet?

The Hon. K.O. FOLEY: Totally consistent. We have said we will buy a percentage of our vehicles from Mitsubishi, as every state government has done. We still buy Falcons, we still buy Commodores, we still buy Camrys, and we still buy imported vehicles where they are necessary in terms of the type of vehicle that we may need. It is totally consistent. I appreciate that the member for Unley has not been in executive government before and is looking at this from a more simplistic point of view, and I get this often put to me by people. You are not even listening to my answer. Are you listening to my answer, or am I wasting my time?

Mr PISONI: Continue.

The Hon. K.O. FOLEY: Thank you very much, member for Unley.

Mr PISONI: If you would like me to chair the meeting, please continue.

The Hon. K.O. FOLEY: No, it's all right. I don't need to be spoken to like that.

The CHAIR: The member for Unley appeared to intervene. Are you leading questions at the moment, or is it the member for Waite?

Mr PISONI: I have a question, Madam. Budget Paper 4, Volume 1, page 2.15: on 25 March 2004 the Premier said in parliament that the Australia-Thailand Free Trade Agreement—FTA—is an outstanding agreement which particularly benefits South Australia in relation to wine and also car exports. Is the South Australian government still a strong supporter of the Australian-Thailand FTA, and what specifically has DTED done to assist South Australian companies to take advantage of the FTA?

The Hon. K.O. FOLEY: Can I say that obviously we are supportive of that FTA as the Premier outlined. It is a process driven by the commonwealth government, and it is for business to take advantage of the export opportunities that that presents. We do not have trade representation in Thailand. I am advised that DTED has facilitated and been part of some inbound missions from Thailand and some buy missions coming in from Thailand where they have looked at securing South Australian products.

Mr PISONI: On notice, then, could we have details of those?

The Hon. K.O. FOLEY: Well, I have given you the answer.

Mr PISONI: The specific missions. I would like details of those, minister. I am happy to take them on notice and have them by 17 November.

The CHAIR: Order! Member for Unley, you can't indicate whether you're happy to have this taken on notice or not.

The Hon. K.O. FOLEY: Well, that's right; the former member for Unley expressed much interest. We will get that information.

Mr HAMILTON-SMITH: I just want to go back to Mitsubishi for a moment. The minister said earlier that he will come back to the committee with details of the total funding package given to Mitsubishi in the last five years, but I would ask—

The Hon. K.O. FOLEY: No, I said it is already on the public record, but we will double check and make sure there is not anything else there that needs to be added.

Mr HAMILTON-SMITH: I am sure all of us in the committee on all sides of politics sincerely hope that this will never happen, but, in the event of a closure of Mitsubishi, how much funding will have been returned to taxpayers under any claw-back provisions in that funding agreement?

The Hon. K.O. FOLEY: Under the existing loan agreement the state government has advanced \$35 million to

Mitsubishi out of a potential total of \$40 million. As a consequence of a decision in May 2004 by Mitsubishi Australia Limited to close Lonsdale, cabinet confirmed that the minister was under no obligation to make the fourth and final advance of \$5 million. Cabinet also decided to allocate \$5 million to the Structural Adjustment Fund. We have a parent company guarantee against our advance, and it would be repayable should Mitsubishi no longer continue to operate in South Australia.

Mr HAMILTON-SMITH: On the same subject, Budget Paper 4, Volume 1, page 2.9, has anybody within government or associated with or working for Mitsubishi advised the minister of the existence within Mitsubishi of a high-level group considering future options for Mitsubishi in the event of the manufacturing plant in SA being closed?

The Hon. K.O. FOLEY: Madam Chair, that is a very reckless question. I have no intention on the public record of discussing confidential discussions I have with Mitsubishi.

Mr HAMILTON-SMITH: What work has the department or the minister been undertaking with Mitsubishi in relation to shared uses at the Mitsubishi site?

The Hon. K.O. FOLEY: We have had an extensive role in discussing with Mitsubishi a whole range of options including capacity utilisation of the plant, but again those discussions are commercial in confidence and not for this committee and open discussion, Madam Chair.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.15, Program 4, 'International market development'. Is it correct that the SA government also supported the signing of the USA-Australia FTA? What specifically is DTED doing to assist SA companies to take advantage of the FTA?

The Hon. K.O. FOLEY: I have said on the public record that I view the Free Trade Agreement with America as more akin to a better access agreement. In general, I think free trade agreements can be done, provided they are properly structured. What concerns me about the American FTA is that agriculture for all intents and purposes has been left aside. I attended a Business SA dinner. Did the member for Waite attend that dinner on Friday night?

Mr HAMILTON-SMITH: The Premier and the Minister for Multicultural Affairs—

The Hon. K.O. FOLEY: I wasn't making a point.

Mr PISONI: I was there.

The Hon. K.O. FOLEY: Well, the member for Unley would have heard what I thought was an outstanding speech by the guest speaker, the former chair of the Confederation of British Industry. I will not quote him specifically—I will paraphrase him—but he made the outstanding point that there is something uncomfortable about the notion that the richest nation in the world can so heavily protect its agriculture sector and subsidise its agriculture sector to the tune of billions of dollars, if not more, when the world pours aid into countries in Africa that are unable to produce their own food. There is something perverse about that. He identified the French, for that matter, and the Americans for what really is a perverse (in my view and this speaker's view) approach to international trade that they would so heavily protect their agriculture sectors. It is quite disruptive in terms of global free trade.

Obviously, we have extensive business, trade and investment dealings with the United States. I have been to the United States twice this year, and many ministers have been there, in terms of developing various sectors, particularly the defence sector. The Premier has taken advantage of attracting

Carnegie-Mellon to South Australia. I know that it is not necessarily supported by the opposition, but it is supported by the federal government in Brendan Nelson, Alexander Downer and John Howard. Next year I will probably represent the government at the G'day USA promotion in New York and Los Angeles. I attended one two years and we had people there a year ago. That program has been developed almost entirely by the former premier of South Australia John Olsen, where we showcase Australia to a wide range of people in both LA and now, in a more broader sense, in New York.

I was in Washington last week or the week before at a defence trade mission. I had long discussions with our ambassador Dennis Richardson. America provides Australian manufacturing companies, service sectors and educational sectors great opportunity. The Free Trade Agreement gives an opportunity for Holden, in particular, to export back into the United States. Hopefully, it will give opportunities for some of our component companies to get onto the global supply and source chain for the automotive sector. I still stand by my view that it is a better access agreement as distinct to a free trade agreement, but that is a personal view.

Mr PISONI: My question is: what specifically is DTED doing?

The CHAIR: The minister chooses how to answer questions.

The Hon. K.O. FOLEY: I am happy at any stage for the opposition to receive briefings from the Chief Executive Officer and officers from DTED on any of these types of matters. What I do not want to see out of this committee today is officers spending hours of time reeling off interesting information that can be easily obtained from a general briefing. We have extensive efforts in sustaining two-way investment and trade with the United States, within our capacity to do so. We also have the Australian Trade Commission whose primary function is to do that. We do not have a trade office in the United States. I closed one that the former government had New York, which I did not think was good value for money. I think we do a good job promoting investment from the United States.

Mr PISONI: I still did not hear the answer. My question is: specifically what is DTED doing to assist SA companies to take advantage of the FTA?

The Hon. K.O. FOLEY: I have answered that question, Madam Chair.

The CHAIR: Member for Unley, move on.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.15. Given the state government's strong support for the Thailand-Australia FTA, why has the Rann government been so publicly critical of the proposed China-Australia FTA?

The Hon. K.O. FOLEY: I think for obvious reasons. I find this an extraordinary question from the member for Unley. The member for Unley criticised this government for supporting the establishment of IKEA because it was an importer of furniture into Australia. From memory (and paraphrasing it) he said it was somehow detrimental to local industry. What a hypocritical question from the member for Unley! We have concerns about the China Free Trade Agreement because we do not want Australian businesses to be disadvantaged. It is healthy in a democracy to have views about the China Free Trade Agreement, and the very concerns that we have I have no doubt are shared by many within the coalition government within Canberra. The trick and challenge in any of these negotiations is how to ensure that we do not get overly disadvantaged in these types of arrange-

ments. It is an eminently sensible position. I find it a bizarre question from someone who is already on the public record as being critical of imported furniture products coming into South Australia. There would be a fair bit coming in from China under a free trade agreement, I have to tell you.

Mr PISONI: What are the specific features of the China FTA that are not present in the Thailand FTA because, of course, the state governments seeks to be so publicly critical of the Chinese FTA.

The CHAIR: I wish to explain to the member for Unley that questions must relate to the budget. They are not about general policy of the government, the thinking of the government or opinion. The Treasurer has been generous in answering those questions and I think he intends to go on doing so but, for the information of the member for Unley, this is a process of examination of the budget, not of government policy. The Treasurer.

The Hon. K.O. FOLEY: Exactly. Essentially, this is a matter for the coalition government in Canberra. The states have a limited role in this process. I think it is a fairly easy question to answer: it is a free trade agreement with the most significant emerging manufacturing nation of the world and we have to ensure that, if we are to strike a free trade agreement with China, we get it right and do not unfairly disadvantage Australian businesses, which, as I have said, was the very thing for which the member for Unley was criticising this government because we somehow created such a great evil by supporting the construction of the Ikea shop at the Adelaide airport precinct. I just find the questioning bizarre.

Mr HAMILTON-SMITH: I refer to that same subject, which is Budget Paper 4, Volume 1, page 2.15, 'International Market Development.' The Victorian government submission on the China-Australian FTA consultation conducted by the federal government is publicly available on the DFAT web site because the Victorian government gave permission. Why did this state government not give permission for its submission to be made public, and will the minister make a copy of the submission available?

The Hon. K.O. FOLEY: I am informed that we advise our issues directly to the department responsible for it in Canberra. We did not embark upon the public consultation process.

Mr HAMILTON-SMITH: Are the views of the Premier on the China FTA as expressed and made public recently at an ALP state conference consistent with the views of the state government submission to that federal government consultation, which we have not seen?

The Hon. K.O. FOLEY: You would need to ask the Premier. I do not speak for the Premier. You had him before the committee: you should have asked him then. I did not hear what he said.

Mr HAMILTON-SMITH: I am trying to feel out, in regard to this budget line—Budget Paper 4, Volume 1, page 2.15, 'International market development'—in which direction this budget line is going. In *Hansard* on 16 February 2005 the Minister for Industry and Trade (Hon. Paul Holloway) said in response to a Dorothy Dixler on a possible ASEAN free trade argument:

This openness and expansion of trade with Asia probably goes right back. If you take another example in history, I can well recall the reaction when Gough Whitlam recognised China back in 1972. Times have changed. We have all moved on, and it is great that we have. The Asian region is particularly important for this country, and the fact that it is now a bipartisan policy and that we have reached this point in the development of our trade relationships with Asia is

great. It is great that it is now not a political issue that we should be developing these expanding trade relationships with Asia.

When Mr Rann recently attacked the China FTA by claiming that 'manufacturing must not just be traded away in some expedient deal between John Howard and the Chinese government', was the Premier playing politics with the issue contrary to the stated policy of the state government as outlined by the Hon. Mr Holloway?

The CHAIR: Member for Waite, your question is totally out of order.

The Hon. K.O. FOLEY: And the honourable member is talking about two other politicians, not me. I would have thought that the Premier's comments were absolutely sensible. If the honourable member is saying that we should blindly sign up to whatever other national governments sign up to in respect of China, first, that is hypocritical, because he would be the first one to attack us if we signed up and supported something that was detrimental to local business, particularly given the member for Unley's publicly stated position about Ikea. It is bizarre questioning at best. The honourable member likes to walk both sides of the street: that is how he plays politics; but the Premier's articulated position is eminently sensible and I would have thought that anyone disagreeing with that would have been in a difficult position to argue that to the local businesses of this state.

Mr HAMILTON-SMITH: Still on that same budget line, On 5AA on 6 February the industry minister Paul Holloway said:

It was broadly agreed by the membership of the Export Council that its role should change.

A review of the Export Council web site in recent days shows that the charter of the Export Council, as shown on the web site, has not changed since the charter was posted in early 2004. Can the Deputy Premier advise whether the charter on the web site is the current charter?

The Hon. K.O. FOLEY: The Export Council is currently engaging with the state's major exporters to seek commitments from each company for a total of \$500 million in additional exports for 2006-07. Council members are currently meeting with companies in order to identify barriers to export and to develop a greater understanding of projected export revenues for 2006-07. The Export Council's first report, *Beyond Local: Towards Global*, was delivered to the government and launched publicly in November 2004. Since then, the council has continued to work with 16 identified core sectors and six enhancing sectors assisting each to develop and refine its individual sector strategies. The council is working with the industry export champions to update the sector's estimated contribution to the South Australian Strategic Plan target of \$25 billion of exports by 2012-13.

This work will provide a revised estimate for 2013 export revenues across all sectors as originally presented in the *Beyond Local: Towards Global* paper published in November, and enable tracking of progress to date. The Export Council has also decided to engage directly with industries in fostering export growth in South Australia. An export cluster engagement project, another priority of the council, is aimed at fostering networking opportunities for members of industry clusters, sharing of information and provision of strategic export development guidance. Of course, the Export Council was a recommendation of the Economic Development Board early in our term in government.

Mr HAMILTON-SMITH: Getting to the nub of the issue about the government's intention to change the role of the Export Council—and I take that answer on board as to what it has achieved—is there going to be a fundamental change in the charter and role of the council going forward?

The Hon. K.O. FOLEY: I have just explained that. It is a fundamental shift and I have outlined the terms of how they are moving forward.

Mr HAMILTON-SMITH: Moving on, I refer to the same reference, page 2.15 of Volume 1. Can the Deputy Premier advise how the government is going with its plan (first set in 2004) to reach the \$25 billion export target by 2013?

The Hon. K.O. FOLEY: It is a big challenge. As we have said right through the Strategic Plan process, these targets are extremely challenging, and probably no more challenging than in the export area where there are fluctuations of currency and commodity prices and, as we are seeing now, there are severe adverse weather conditions which can impact negatively on our export performance. But it is, as the Premier often puts it, a goad to action. It is a target and we hope to achieve it. We are implementing policies to, as best we can, underpin that growth. Only time will tell whether we are successful.

Mr HAMILTON-SMITH: Could I follow up by asking: is the government currently ahead or behind on a pro rata rate in 2006 for this target in 2013 and, given that the amount of money going into this area is pretty static (we had a budget of \$9.2 million last year and \$8.8 million this year), what is the government going to do to achieve this \$25 billion target?

The Hon. K.O. FOLEY: We are behind, we have said that. But, again, that old socialistic approach you have to economic policy just keeps coming to the fore—

Mr HAMILTON-SMITH: No, you just keep repeating it.

The Hon. K.O. FOLEY: —because you are saying that we should be putting more money into that effort. The ultimate success of exporting in the state will be driven by the private sector. It will not be done by the government seriously intervening in the market. We have a very good trade office. We have a good network of offices and resources which we think are strategically well placed, and we assist businesses where we can. The primary export focus of government policy comes through the Australian Trade Commission and its role is far more extensive than that of the state. We supplement that where we think it is appropriate but, ultimately, it will be driven by the private sector. However, as I said, we accept that we are behind.

The value of South Australian overseas merchandise exports increased by 16 per cent in the 12 months to August 2006, compared with the 12 months to August 2005. South Australian exports to the Middle East have started to recover after falling heavily in 2003-04, but they remain well below the level of four years ago. There has also been strong growth in the export of road vehicles, parts and accessories since early 2006, a marked turnaround from the declines between late 2002 and mid-2005.

Wheat exports have also grown strongly in recent months following a decline of two-thirds between 2001-02 and 2004-05. However, lower production forecasts for wheat in 2006-07, largely resulting from drought conditions, may dampen export growth in the future. So, as I said, there are serious challenges; we are behind on that particular target and we need to do more, and we will.

Mr PISONI: Minister, in trying to achieve that target, has your department surveyed industry and small business (which also play a part in exporting) as to whether the impact of our high payroll tax rate, low threshold and high WorkCover levies are an impediment to increasing exports?

The Hon. K.O. FOLEY: Sorry, what is the question?

Mr PISONI: Have you surveyed businesses, both small and large, as to whether our high rate of payroll tax in South Australia (the highest in the country) and our high WorkCover levies (the average levy twice that of Victoria) are an impediment to reaching that target of \$25 billion by 2013. Have any surveys been conducted?

The CHAIR: Member for Unley, that is enough.

The Hon. K.O. FOLEY: I am advised that we did undertake a survey and the issue of tax was, not surprisingly, raised by some. We have a payroll tax exporter rebate scheme which I am told paid, I think, around \$4.5 million back to exporters last year. I have previously said publicly that I would like to do more on the payroll tax front bearing in mind, of course, that I actually reduced payroll tax below what it was under your party's last term in government.

Mr PISONI: After Bannon put it up to 6.5.

The Hon. K.O. FOLEY: 6.5?

Mr PISONI: Bannon put it up to 6.5 in the middle of a recession with a huge State Bank debt over our heads. We had high unemployment—

The CHAIR: Member for Unley, this is not a period for debate. This is a period for questions. Member for Unley, do you have a question? Member for Waite.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.15, still on exports. Has the new head of the Export Council, Mr Malcolm May, expressed any advice, or has the Export Council itself expressed any advice, either orally or in writing, to the Deputy Premier or to the government on the strategy and focus that the government should be looking at in seeking to increase the state's export focus?

The Hon. K.O. FOLEY: I have had discussions with Malcolm May and a report is being prepared for me at present. I am advised that I will get something from them in November.

Mr HAMILTON-SMITH: I refer again to Budget Paper 4, Volume 1, page 2.15. In an article in *The Advertiser* on Tuesday 6 December 2005 entitled 'New industry to lead push on exports', the new head of the Export Council, Malcolm May, stated:

State infrastructure improvements to roads, railways and utility supply, particularly in industrial zones, is also imperative.

What was the government's response to this comment at the time? Has the government discussed the comment with Mr May, and can the Premier advise if the Export Council made a submission for the 2006-07 state budget either in writing or orally?

The Hon. K.O. FOLEY: We have been successfully addressing the issue of economic infrastructure in recent budgets. The whole rationale behind upgrading South Road (putting aside the politics of it) is about improving the transport corridor between the southern industrial suburbs of Adelaide connecting into the Port of Adelaide. I think that is a grand vision that, over the next two decades, should see an outstanding corridor for rapid movement of freight. The Port River Expressway, the bridges, rail and various other infrastructure that we are constructing around the Port of Adelaide and out to the north of our city will give us a significant transport corridor. Obviously, the upgrade of

Adelaide Airport has been a significant improvement in connection with that piece of infrastructure. So, within the capacity of the state's financial position, we are addressing the issue of infrastructure. It is my view, and I have said this publicly before, that successive state governments have underinvested in infrastructure. When we first came into office—and I am not sure which budget it was, from memory—your budgets were hardly even providing levels of expenditure to match the depreciation of our assets. By the end of this four-year period, from memory, my numbers in the budget will almost be doubling the rate of depreciation in terms of our capital spend. We are doing what we can within the tight budget position we have.

Mr HAMILTON-SMITH: It is nice to have buoyant revenues, isn't it, Deputy Premier? Referring to that same budget line, the article by Mr May in *The Advertiser* on 6 May also states:

The two years of work (in relation to the Export Council) had revealed the biggest export potential growth from the health sector, expansion of creative industries, better offshore ties for local automotive manufacturers and biofuels.

Has that position been put formally to the government? What is the Premier's response to the comment?

The Hon. K.O. FOLEY: I am not aware of a formal submission along those lines. That was a comment he made to the media.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.15: International market development. Referring to the government's overseas trade offices, can the Deputy Premier advise the names and position of the officers and the costs associated with each office for 2004-05, 2005-06 (budgeted) and 2005-06 (estimated) and the result for 2006-07 (budgeted)?

The Hon. K.O. FOLEY: We will come back to the committee with a considered answer on that.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.19: Program 6. How many public servants, and at what cost, have been enrolled at the Carnegie Mellon University in 2006? How many public servants will be enrolled in courses in 2007, and at what cost?

The Hon. K.O. FOLEY: We will come back to the house on that. This shows you how desperate an opposition is in terms of wanting to make an issue. You are obviously an open critic of Carnegie Mellon, which I find bizarre given that it is the crowning glory of a good piece of bipartisan work between Premier Rann and Alexander Downer. I accept that you are factionally opposed to Alexander Downer but he has been a big supporter of—

Mr PISONI: A point of order, Madam Chair.

The CHAIR: What is the point of order?

Mr PISONI: The minister has suggested that I am opposed to—

The CHAIR: That is not a point of order.

Mr PISONI: And it is wrong.

The CHAIR: It is not a point of order.

The Hon. K.O. FOLEY: —Brendan Nelson. However, we will get you that information.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.6. The third to last bullet point under 'Targets 2006-07' states, 'Establish Carnegie Mellon Software Engineering Institute in South Australia'. What is the cost of the renovations to the heritage-listed Torrens building? How extensive are, or were, they? What is the time frame for their completion?

The Hon. K.O. FOLEY: That is not a matter for me. That is a matter you would have to put to the Premier or the Minister for Infrastructure.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.17: Investment attraction. Given that the objective of the investment attraction program is to 'help facilitate major projects and secure new investment in South Australia', why was the program in 2005-06 underspent by \$4.4 million?

The Hon. K.O. FOLEY: I am advised that part of that funding was transferred to the Defence Unit to underpin some of its investment attraction work, as well as to another program to support the Make the Move campaign, which has been a very successful program of encouraging expatriates, in particular, in the eastern states and overseas to return to South Australia.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.27: Expenses. Concerning the proposed shared services reforms across government, the baseline costs include the current total costs of the provision of payroll, finance, human resources, procurement, records management and IT in each department and agency reporting to the minister. Can the minister outline what the baseline costs are for the provision of corporate services of all agencies and departments in the economic development and industry and trade portfolios? For example, can he include the Department of Trade and Economic Development, the Venture Capital Board, Port Adelaide Maritime Corp and the Defence Industry Advisory Board? Can he also include the FTE staffing numbers involved?

The Hon. K.O. FOLEY: I have already explained that, in my role as Treasurer in my earlier appearance at the committee, we are working on that data now. The benchmarking study and work is being undertaken by the shared services unit under the direction of the Under Treasurer, and that information is now being compiled. It is not available at this moment.

Mr HAMILTON-SMITH: What particular issues in this portfolio need to be resolved with the proposed centralised shared services unit?

The Hon. K.O. FOLEY: I do not know. We are working through that now as part of the business case and the exercise of moving the shared services program forward. The exercise is being undertaken as we speak across government.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.2: Workforce summary. The table shows that between 2004-05 and 2005-06 (estimated result), there is an increase of 21.4 full-time equivalent staff going to the department and that, between 2005-06 (estimated result) and the 2006-07 budget estimate, there is a further 27 FTE increase going to the department. Will the minister provide a breakdown of the increase in each of these years? For instance, in which branches of DTED have the positions increased?

The Hon. K.O. FOLEY: We will come back to the house with that, but I can say that there was a transfer of the Population and Migration Unit from the Department of the Premier and Cabinet that contributed significantly to those numbers, but we have some additional resources for specific projects approved by cabinet.

Mr HAMILTON-SMITH: I have a supplementary question. How does the budgeted workforce of 191.8 (I think it is) in 2006-07 fit with the levels for this department recommended by the Economic Development Board when this government first came to office and since?

The Hon. K.O. FOLEY: I believe it to be reconciled. The honourable member would have to ask the Economic Development Board whether it agrees.

Mr HAMILTON-SMITH: I refer to the structural adjustment fund, Budget Paper 4, Volume 1, page 2.6. Under the highlights for 2005-06 it states:

The state and commonwealth governments committed \$5 million and \$41.4 million respectively under the Structural Adjustment Fund for South Australia for Industry Assistance Grants. This resulted in \$211.5 million of new investment approved for South Australia, creating 948 direct jobs.

Minister, will you provide a breakdown on how much was provided by the state and commonwealth to each grant recipient and what was the purpose of each grant? Can the minister provide a breakdown of in what industries the newly created 948 direct jobs will be?

The Hon. K.O. FOLEY: No, because that is exactly the question that the member for Florey asked and the member for Unley on a point of order said that that should not be accepted, so why should I answer it for the member for Waite when they were not prepared for me to answer it for the member for Florey? It is the same question. You lot have to get your house in order. You cannot keep making geeses of yourselves. That is what you ruled out of order when the member for Florey asked it. Now you are asking it yourself.

Mr HAMILTON-SMITH: No-one ruled it out of order. There is one difference, we have given a budget reference page as required. You are just playing games, minister.

The Hon. K.O. FOLEY: Come on.

Mr HAMILTON-SMITH: Do I need to repeat the question?

The Hon. K.O. FOLEY: No, you cannot have your cake and eat it too, Marty. You have embarrassed yourself.

Mr HAMILTON-SMITH: No-one ruled anything out of order.

Mr PISONI: I rise on a point of order, Madam Chair. I am new to this game but could you explain how opposition members of the committee can rule something out of order?

The CHAIR: They cannot. They cannot rule on it; they can challenge it.

Mr PISONI: Thank you for clarifying that for me, Madam Chair.

Mr HAMILTON-SMITH: Getting back to the point—

The Hon. K.O. FOLEY: No, I have said that I am not answering it because you wouldn't let me answer the member for Florey. I will not answer it, so there you go.

Mr HAMILTON-SMITH: Having a little dummy spit, are we?

The Hon. K.O. FOLEY: No, I'm just keeping consistency.

Mr HAMILTON-SMITH: Shall we get the bib and the nappy and run you off to the childcare centre, Treasurer? Take your bat and ball and go home and refuse to answer questions. It really is petulant.

The CHAIR: Order!

Members interjecting:

The CHAIR: Order! We will just pause for a moment while everyone gets their equanimity back.

The Hon. K.O. FOLEY: I think, Madam Chair, that that information is already on the public record. I think both Ian MacFarlane and I have released that, so we will get it to the opposition.

Mr HAMILTON-SMITH: I thank the minister for agreeing to get back to us with the answer. Both governments

have committed \$46.4 million in total to the creation of those 948 jobs which, at a rough calculation, is—

The Hon. K.O. FOLEY: Where do you get the \$46 million from?

Mr HAMILTON-SMITH: There is \$41.4 million, I understand. You have not given us an answer yet, as you are getting back to us, but my understanding is that \$41.4 million is coming from the commonwealth and \$5 million from the state. Is that right?

The Hon. K.O. FOLEY: No, you are right.

Mr HAMILTON-SMITH: There will be 948 direct jobs, which means each direct job at a rough calculation is around \$49 000 per job. How does this compare with other industry assistance schemes and is it one of the highest dollar per job corporate assistance schemes entered into by any state government?

The Hon. K.O. FOLEY: I do not know about that. I am told 1 300 jobs. We put \$5 million in, so we got 1 300 jobs by putting \$5 million in. I reckon that is probably the lowest per job success rate for a state government contribution. If you think your colleagues in Canberra put too much in, you had better ask them, you had better attack them. Come on. I will not sit here and defend the federal government beyond the fact that we welcome their contribution. If you think it is excessive, you put that to John Howard.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.6, the structural adjustment fund—and there are others coming, as we heard earlier, with Electrolux. Given the minister's frequent criticism, which he has repeated today in the committee about the former government's so-called picking of winners by providing grants to specific companies, does he concede that, through the structural adjustment fund, he is doing exactly the same thing, with some companies being given grants, we understand, of as much as \$7 million?

The Hon. K.O. FOLEY: I have never said that you should not give assistance to companies. What I have said is that it should not be the overarching dominant policy of a government. The federal government has made available to this state substantial quantities of money, provided that we put a contribution in, which is small when compared to the totality of the package. If the honourable member is saying that I should have rejected that based on a ideological viewpoint, then he is bonkers. To the 1 300 people in the south who have a job, I do not think that they would appreciate the honourable member's viewpoint. However, if the honourable member wants to be critical, he should stand up at a Liberal Party State Council, write to his federal colleagues or leak something to the Labor opposition in Canberra. I do not care how the honourable member does it, but do not waltz into this place and openly attack John Howard and Ian MacFarlane, given that he is cut from the same political cloth.

Mr HAMILTON-SMITH: No-one is opposed to the structural assistance package, Treasurer, except you are philosophically by saying that such measures are inappropriate and uncalled for. I am just highlighting the inconsistency. Do each of the funding agreements you have entered into as part of the structural adjustment package include strict clawback provisions, requiring repayment if job creation is not achieved and sustained?

The Hon. K.O. FOLEY: Well, they do. As Treasurer, I outlined that we are doing a much better job today than was done in previous years in terms of clawing back money that is owed to the state from deals which, to a large extent, were

entered into by your government and which were not followed up when you were in office.

Mr HAMILTON-SMITH: There were a number of things about the economic environment in which the state found itself in 1994, 1995 and 1996 that are different to today. There are, indeed. I refer to Budget Paper 4, Volume 1, page 2.27.

The Hon. K.O. FOLEY: Electrolux. I mean, this is the nonsense of what you are saying. Electrolux, from memory, was given \$8 million by you lot. The money has run out and it is off. Electrolux is leaving. I am trying to claw money back right this very minute from the deal you did with Electrolux. I am hoping that it was not a lousy deal that makes it hard for me to get that money back, because I am going after Electrolux. I want to pay back what it owes the state, which was a deal your lot entered into. Only time will tell whether that was a decent piece of contractual obligation from which we can get our money back. If we cannot, then, shame on the Liberals. If we can, well, well done.

Mr HAMILTON-SMITH: Things have not gone well for Electrolux. I refer to Budget Paper 4, Volume 1, page 2.27, 'Expenses'. Will the minister detail total expenditure by all officers and ministers on overseas trips during 2005-06, and what is budgeted for 2006-07?

The Hon. K.O. FOLEY: The DTED overseas budget was \$533 583. I am sorry, it was expenses incurred from 1 July 2005 to 30 June 2006. Nineteen overseas missions, visits or journeys were undertaken by DTED staff during 2005-06.

Mr PISONI: It is no wonder that Electrolux is having trouble when even the dishwasher in the parliamentary bar is an imported Miele. I refer to Budget Paper 4, Volume 1, page 2.9, 'Economic strategy and economic development program'. As part of the expenditure initiative, 'Olympic Dam Task Force Support Operations', \$1.5 million is allocated over three years to assist with facilitating the project. Will the minister advise if any of the team will include an expansion of the media communications staff of the Department of Trade and Economic Development or, indeed, will media staff be embedded within BHP Billiton's Base Metals Australia Adelaide office to perform a promotional function?

The Hon. K.O. FOLEY: I would not have thought so, no.

Mr PISONI: Was that no, minister?

The Hon. K.O. FOLEY: I would not have thought so. I am not aware of it. You are saying that we would put someone into BHP?

Mr PISONI: I am simply asking the question, minister. I am hoping that you will give me a yes or no answer.

The CHAIR: Order! Will the member for Unley repeat what he just said?

The Hon. K.O. FOLEY: He is just belligerently demanding I do something—talk about a bloke with tickets on himself!

Mr PISONI: I am simply asking for an answer, minister. I thought that what you are here for is to answer questions on estimates.

The CHAIR: The member for Unley will come to order.

The Hon. K.O. FOLEY: Has this bloke got tickets on himself, or what?

The CHAIR: Order! The member for Unley will note that it is up to the minister to determine the manner in which he or she answers a question. Several times throughout today and in earlier appearances you have indicated that you will take this or you will take that. There is no capacity for you to do that. You mentioned earlier that you are new to this

process. I am pointing out that that is totally out of order. You can ask questions and supplementary questions, but you cannot indicate your satisfaction with the answer as to whether or not it is complete.

Mr PISONI: Thank you, Madam Chair; I appreciate your advice.

The Hon. K.O. FOLEY: I do not intend to put anyone into BHP, if that is the question.

Mr PISONI: That is 'no', then, is it?

The Hon. K.O. FOLEY: I said that I do not intend to put someone into BHP. This is an evolving process. The suggestion—if that is what is implied in your question—that we would put a media person into BHP so that we could spruik this project is wrong. We have a very close working relationship with BHP Billiton. We have a committee. We have just appointed Paul Case (Chief Executive, Department of Trade and Economic Development) to oversee the committee. He will be playing an important role, as will other senior public servants. Bruce Carter, a prominent South Australian business person, is chairing that committee.

BHP and the government meet regularly to discuss the evolving nature of this project. We have resourced this unit and, over time, we will probably have to put in more resources because the budgetary commitment for this project will be enormous. No doubt hundreds of millions of dollars will be required to provide the infrastructure and services to support this project. It is an enormous project that will require a lot of government resources. It will be a long time before the royalty stream from Olympic Dam pays back the government investment in that project; that is the nature of these things. I do not envisage a situation whereby we would have media people either involved or embedded in BHP, no.

Mr PISONI: Thank you, minister. I refer to the same budget line. The explanation of this initiative also states that the Olympic Dam mine expansion will create 23 000 direct and indirect jobs. As this is a well-used figure by the Premier and government ministers, how is this figure arrived at, what is the proportion breakdown of direct or indirect jobs, how many of these jobs will be on a fly-in/fly-out basis and what proportion are expected to be foreign workers on 457 visas?

The Hon. K.O. FOLEY: God, you sound like a member of the Labor opposition in Canberra. Well, for a start, I am advised that those figures are prepared by BHP Billiton. Let us knock that one on the head if you are suggesting that the government has put some inflated number out there. I am advised that that number comes from BHP, so you need to ask BHP how it has arrived at that figure. I am told that it is a conservative figure. To this point, BHP has not fully scoped the enormity or size of this project. It is growing. It has gone from, I think, a \$4 billion or \$5 billion project to a \$6 billion or \$7 billion project.

I am told that BHP is still finalising the size of this ore body. The life of the mine has been extended significantly. It will be the largest open-cut mine anywhere in the world. It is just an enormous project. It is impossible to be absolutely precise about the job numbers until decisions are made about exactly how the construction phase will be done. Until that time, BHP will not know the actual workforce numbers, whether they will be fly-in/fly-outs or where they will be based. From memory, my advice is that a construction camp will be built outside Olympic Dam as a stand-alone facility, which will provide not only the living arrangements but also the services for the construction workforce. Those issues are amongst a plethora of issues that we are having to work through with BHP.

Mr PISONI: Minister, this question refers to Budget Paper 6, budget measures page 12 and also page 9. It also refers to Budget Papers, Volume 1, page 2.6, line 10: Highlights. In the explanation for the expenditure initiative of establishing a mineral resources and heavy engineering skills centre, it is claimed that the various mining projects expected to proceed, including Olympic Dam, Project Magnet, Prominent Hill and Mindarie, will create 4 000 new jobs in the regions.

This seems quite at variance with the figure of 23 000 new jobs just confirmed by you as being created by the Olympic Dam expansion alone, as listed three pages back on page 9 in a reference to the setting up of the Olympic Dam task force. If there are only going to be 4 000 jobs created in the region by these projects, where are the other 19 000 jobs going to be?

The Hon. K.O. FOLEY: What a bizarre question.

Mr PISONI: Well, 23 000, 4 000; what is the number?

The Hon. K.O. FOLEY: Well, you are not comparing apples with apples, are you?

Mr PISONI: How can there be two figures, just three pages apart, within the budget papers? We have got page 12 telling us 4 000 new jobs which encompasses several projects, and then you have—

The Hon. K.O. FOLEY: My guess would be that that number—4 000—would be exclusive of Olympic Dam, because there are 23 000 jobs at Olympic Dam; through the economy, of course. Those 23 000 jobs will not just be in the Iron Triangle or in Roxby Downs, they will be throughout South Australia, and probably some elsewhere in Australia. I guess that figure, if it is 4 000, is exclusive of Olympic Dam. We will get you a more detailed answer on that.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.6: Edinburgh Parks. Under the 'Highlights 2005-06' column it states, 'Thirteen new companies were established in Edinburgh Parks, leading to an increase of approximately 850 jobs'. Can the minister provide a breakdown of the names of the companies concerned and indicate what they do and the number of new jobs created in each company?

The Hon. K.O. FOLEY: Approximately 1 300 people are now employed in the automotive precinct, with about 850 of these being new jobs created by the introduction of the VE Commodore. The companies that have set up operations are Futuris (formerly Air International), Wayne Richardson, Plexicor, Cubic Pacific, Australian Arrow, Tenneco, Nylex Fuel Tanks, ZF Lemforder, Noble Metals, Chep, Johnson Controls and Dair Industries.

Mr HAMILTON-SMITH: Budget Paper 4, Volume 1, page 2.28 concerns the current assets receivable line. Why was the 2005-06 budget amount on this budget line \$78.8 million and the estimated result \$21.6 million, and what is the reason for the difference?

The Hon. K.O. FOLEY: I do not know. I will get you an answer.

Mr HAMILTON-SMITH: What is the reason for the further reduction in this line in 2006-07 to \$11.7 million?

The Hon. K.O. FOLEY: I do not know. I will get you an answer. Good question.

Mr HAMILTON-SMITH: Can the minister provide a breakdown of the \$11.7 million?

The Hon. K.O. FOLEY: Sorry, I can answer that. The reason that the numbers are there is that we transferred the administration of that program to the Department of Treasury and Finance—it is an IAAF fund. That was transferred over

to Department of Treasury and Finance. SAFA now manage that program.

Mr HAMILTON-SMITH: What is the expected time frame to receive the money, or is the transaction complete?

The Hon. K.O. FOLEY: That would have had to be put to me when I had the SAFA people here. SAFA now administer the scheme in terms of keeping companies to their obligations, and I think that is a good function to be separate to the agency that provides the assistance. We are having outstanding success, I have to say, in recovering moneys, and we are upsetting some people. People do not like the fact that we are actually now knocking on their door saying, 'You owe us money back because you are not meeting obligations'. I have had a few letters from disgruntled companies.

All of a sudden companies are writing to me saying, 'Your officers are requiring us to pay back that loan because we haven't employed the number of people that we said we would. We actually thought it was a grant and we didn't have to make any payments'. It is quite funny how some companies' recollections of these schemes are so vastly different, particularly given that they have signed contracts. But we are working through that.

Mr HAMILTON-SMITH: In Budget Paper 4, Volume 1, page 2.6, under 'Targets for 2006-07', it states, 'Develop a proposal for a secure electronic common user facility in SA'. Can the minister explain to the committee what has been or is expected to be proposed for the development of this facility?

The Hon. K.O. FOLEY: The Office of the Venture Capital Board: am I looking at the right book? Budget Paper 4, Volume 1—

Mr HAMILTON-SMITH: It is two dot points from the bottom, on the left, the target for 2006-07: 'Develop a proposal for a secure electronic common user facility in SA'.

The Hon. K.O. FOLEY: We will come back to the house on that, Madam Chair.

Mr PISONI: Budget Paper 4, Volume 1, page 2.16, highlights line 10: given the State Labor Convention's resolution to reject skilled migration as a solution to Australia's skill shortages—

The Hon. K.O. FOLEY: Well that's not true. Come on, come on. I won't use the three-letter word, but that's just not true.

Mr PISONI: The ALP platform for October 2005, states on page 52:

State Convention notes with concern that the growing demand for skilled migration is a narrow short-term response to the failure of Australia's industry to invest in the skills it needs to meet the challenges of operating in a global context. The convention calls for a reduction in South Australia's growing dependence on skilled migration by taking action to improve the state's skilled formation performance. The South Australian government should reject the assertions of those who promote skilled migration as a solution to Australia's skills challenges and determine that any further liberalisation of Australian regulations for entry of skilled or temporary migrants is not in South Australia's interests.

The Hon. K.O. FOLEY: For a start, Madam Chair, I do not know how a Labor Party convention is actually in order in—

Mr PISONI: You did not actually let me finish the question, minister. I was going to ask what impact will that have in the skill centre's ability to broker work force development solutions for the sector?

The Hon. K.O. FOLEY: Well, none at all. I mean, it is consistent. You started that diatribe by saying that we are opposed to skilled migration. That is not what that motion

says at all. What it says is that we actually want to train Australians to do Australian jobs, and that importing skilled Labor should not be at the expense of doing the hard work to develop our own nation's skill base. If you do not support an Australia first in terms of training our people, then you are so out of step with contemporary thinking in the politics of this nation that you are going to be hard-pressed advancing that particular line at the next election.

We use skilled migration to supplement the gap in our nation where we have not got the available skills, but we should be doing all we can to train our own people. That is why we are building 10 trade schools; that is why we invest \$400 million a year in skills development; that is why we have the Economic Development Board now looking at the issue of skills, and we are moving rapidly to change our curriculum and better skill our population to meet the job needs of the future. A policy to supplement that by skilled labour is the right policy. What is wrong policy is to abrogate your responsibility as a government and not train your own people and simply allow skilled labour to fill those jobs. So what we are doing is entirely consistent with our Labor Party policy, and skilled migration will continue to be a focus of this government. And we are doing it exceptionally well. I think one of the great success stories of DTED in the last two years has been the work we have done in population and skilled migration. It has been outstanding.

Mr PISONI: Minister, tradesmen teach apprentices, and we already have a skills shortage, so where are the tradesmen going to come from to teach the apprentices?

The Hon. K.O. FOLEY: What are you talking about?

Mr PISONI: Well, you know, your Labor Party policy has said that the—

The Hon. K.O. FOLEY: Excuse me. Look, I am not the further education minister. Put that question to the minister responsible.

Mr PISONI: So skills shortage is not an industry problem?

The Hon. K.O. FOLEY: Yes, it is, but how we train the teachers is not my responsibility. Do your homework and get your questions right. This is about as shabby a performance in an estimates committee I have ever witnessed.

Mr HAMILTON-SMITH: Budget Paper 4, Volume 1, page 2.10—I just think we could grab that last quote from the minister at every budget estimates for the last five years, and probably before. It's just the standard line. The government states that it plans to achieve a red tape reduction of 25 per cent by July 2008. How is that to be measured—25 per cent of exactly what is to be reduced—and how does this sit with the business community's guidance to government on the subject?

The Hon. K.O. FOLEY: It is 25 per cent of the red tape. A process has been put in place. We have formed a Competitive Council as a subcommittee of the Economic Development Board. The initial focus of the council will be reducing the administrative and compliant cost to business—that is red tape—arising from state government regulations and charges. There will be mandated use of the commonwealth Office of Small Business business-costs calculator for assessing all regulatory proposals and any other proposals with an impact on business. South Australia is the first state to adopt the calculator to measure the compliance costs of new policy proposals. A small business survey was undertaken earlier this year to identify and reduce red tape hot spots. We are actually contacting business associations to ask them to come forward to us with what they consider to be the regulatory

and business impediments through our regulatory framework and arrangements and red tape, and we will be working closely with those industry associations. The Premier, I understand, has announced that the member for Enfield, John Rau, will be chairing a committee that will undertake consultations with business associations to put the wood on them, in a sense, to say, 'Look, come to us with what you consider to be the significant annoyances and impediments to the flow of business in this state,' and I think that is the way to do it.

Mr HAMILTON-SMITH: Budget Paper 4, Volume 1, page 2.19, the Summary Income Statement. Can the minister provide a detailed breakdown of why the 2005-06 total expenses for corporate leadership, governance and support are estimated to have blown out by virtually \$2.2 million?

The Hon. K.O. FOLEY: I do not accept 'blown out', but let's have a look. I am advised that the increase of some \$2.5 million from the 2005-06 estimated result in the 2006-07 budget is due to the following: increases of \$3.145 million due to 2005-06 estimated result, including revenue in relation to the final proceeds from the sale of Edinburgh Park to the LMC; an increase of \$451 000 due to the transfer and expansion of the strategy unit from another program; an increase of \$500 000 due to budget allocation for systems replacement; and a decrease of \$1.32 million due to transfer of the minister's office from DTED to PIRSA. The 2005-06 estimated result includes \$568 000 in TVSPs to six redeployees that consequently result in an ongoing saving, which reflects a decrease of \$411 000 in the 2006-07 salaries budget.

The CHAIR: The time agreed for examination of matters relating to the Department of Trade and Economic Development has expired.

[Sitting suspended from 12.46 to 1.45 p.m.]

Office of the Venture Capital Board, \$9 547 000
Port Adelaide Maritime Corporation, \$10 395 000

Departmental Advisers:

Air Vice-Marshal R. McLennan, Chief Executive, Defence Unit.

Mr W. Price, Chief Executive, Office of the Venture Capital Board.

Mr A. Fletcher, Chief Executive Officer, Port Adelaide Maritime Corporation.

Mr C. McSparran, Director Corporate Services, Port Adelaide Maritime Corporation.

Ms K. McGloin, Director Corporate Affairs and Government Relations, Port Adelaide Maritime Corporation.

The CHAIR: I declare the proposed payments open for examination and refer members to the Budget Statement, in particular pages 2.8 to 2.10, and the Portfolio Statement, Volume 1, Part 2. Minister, do you wish to make an opening statement?

The Hon. K.O. FOLEY: No, Madam Chair.

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

Mr HAMILTON-SMITH: No, Madam Chair, I will go straight to questions. First, I thank all the officers who have been involved in preparing for today. I know it is a lot of

work and the opposition appreciates their help. In relation to Techport and the maritime precinct, has the government received advice that there may be insufficient demand to justify its investment in the Techport ship lift infrastructure development?

The Hon. K.O. FOLEY: I do not understand the question.

Mr HAMILTON-SMITH: Has the government received any advice that the market demand for users of the ship lift may not be sufficient to justify the investment we are making?

The Hon. K.O. FOLEY: I am a bit perplexed by that question. The ASC has a contract to build three air warfare destroyers and it requires a ship lift as part of the contract; that is a demand. Further demand will be seen by the marketplace in respect of modular works should we be successful with the amphibious program and other work. Do I read into that question that you are questioning the government's decision to invest in the ship lift?

Mr HAMILTON-SMITH: No. I am referring to Budget Paper 4, Volume 1, page 2.47. I am asking whether the project depends on users, other than the ASC, in order for it to be viable in the long term, or whether the ASC demand alone is sufficient?

The Hon. K.O. FOLEY: The air warfare destroyer program is a build program over many years; it is a decade or more of build. Then there is a through life support program for the air warfare destroyers. When the ASC bid for this project, along with Tenix and others, from memory, the Victorian government was putting a ship lift or a floating dock on the table, and the commonwealth expected the states to provide this infrastructure, based upon the air warfare destroyer contract. We have said, well, do we just do what we did with the Australian Submarine Corporation's winning the submarines and accept it as a one-off contract, as good as it may be or for as long as it may be, or do we attempt to leverage a whole new industry structure in South Australia? With the sale of the ASC, and with it, hopefully, being in private ownership an aggressive purchaser will want to grow that business. With up to 60 hectares of land available around the site it is a perfect opportunity to attempt to build a major new industrial base for the state. We may be unsuccessful—I do not think we will be—but it is the type of punt that I think a government should take on leveraging such a huge project.

Mr HAMILTON-SMITH: I refer to the same budget line. On 19 May 2005 the Premier announced that the full cost of the planned investment at Osborne would be \$120 million. He said at that time 'to include a ready expandable ship lift, a transfer system, wharf and associated dredging, and the inclusion of 30 hectares of land for subcontractors to establish a presence at the site'. How did the government scope, research and determine the cost of the work at that time? Which department and minister was responsible at that time for the project?

The Hon. K.O. FOLEY: I am responsible.

Mr HAMILTON-SMITH: I thought it might be the Premier.

The Hon. K.O. FOLEY: Well, the PAMC reports to me, but the Premier is the head of government.

Mr HAMILTON-SMITH: The nub of my question is that, at that initial time, when you scoped the project and came up with a cost of \$120 million, how was the cost scoped, researched and developed?

The Hon. K.O. FOLEY: The government, with its advice at the time, made its best estimate as to what was needed and

the cost of that. In the process, we engaged external advice to assist us with the cost estimates of such a complex piece of machinery and infrastructure. Since the awarding of the contract we have made a number of decisions, one of which is that there have been some scope changes. We decided that, to give us a better opportunity to leverage this project, we needed to increase the scope. There is escalation in price and a decision to increase to the contingency, as well as some better-refined estimates. We have been up front about that.

This is a complex exercise, and I would have thought that the member for Waite, given his military experience, would know as well as perhaps the gentleman on my left here that defence procurement projects are about as complex, tricky and difficult to land on budget as any project known to mankind.

Mr HAMILTON-SMITH: On the same budget reference and page number, could the minister list the additional infrastructure and itemise the cost for each component of that infrastructure that is now planned as a consequence of the 5 July 2006 announcement about scope changes requiring a further \$115 million?

The Hon. K.O. FOLEY: In terms of contractual scope changes, the state is contractually bound to provide a facility capable of supporting construction of the AWDs. The base line facility requirement has been further refined as the two ship designs, the Arleigh Burke, which is a modified Arleigh Burke, and the Navantia F100, are still under consideration by the commonwealth. The ASC and the Australian government submitted its minimum requirements for the commonly used facility earlier this year. The scope of works and costs has therefore increased to reflect additional services, head works, buildings to house services, pavements and security, and redundancy provisions.

In terms of facility enhancements, the state government has approved the expansion of the common user facility to provide access by multiple users. The expansion will act as a catalyst to consolidate naval shipbuilding activity and maximise related shipbuilding opportunities in South Australia. The facility enhancements include an additional side berth to enable concurrent work to be completed on the AWD and other military and commercial vessels, and additional rail tracks to enable larger ships such as navy amphibious and panamax size merchant vessels to transit the runway. These additions will maximise the opportunities for Techport Australia's tenants to leverage AWD, the amphibious ship program and commercial shipbuilding repair opportunities.

Additional project administration costs are required as a result of the scope changes, insurance etc. Escalation and contingencies are \$40 million. The original cost estimates were prepared in late 2004. Appropriate cost escalation has been included in the increased project budget, reflecting the passage of time, the high demand for steel products and dredging services, scope changes and additional cost escalation to completion. An appropriate allocation has also been made for contingency. As to the refined estimates of \$25 million, the original project budget provision was based on a 2004 estimate for the construction of the minimum infrastructure to support the AWD program as defined in consultation with the ASC as further design details emerged.

The original estimates have been updated, including in particular further engineering analysis of design and constructability issues. This has necessitated refinement of the construction quantities and assumptions associated with the ship lift civil structure and wharf. The whole theory behind

what we are doing down at Techport is that over time we think the greenfield site and the development opportunities of that location will eventually mean that Adelaide will become the centre for naval shipbuilding in Australia. For various reasons and various other factors impacting on other locations, as well as the lumpy nature of ship build programs, our site at Osborne should become the natural home of shipbuilding in this nation. What we want to do is go just beyond the naval build.

We would like to think that there are opportunities there for commercial as well as other industrial capacities. It is such a brilliant site down there, and the ship lift will be the largest in the southern hemisphere and give our state great scope. Eventually, when we are talking about growth opportunities, the ANZAC class will have to be replaced and new submarines will need to be built. We would like to think that when we build this infrastructure we are putting in place an almost impossible argument for commonwealth governments in the future to build future replacement surface combatants anywhere else but Adelaide. That will be a legacy for decades to come.

Mr HAMILTON-SMITH: I will read *Hansard*, but if I heard the minister correctly, a component of the \$115 million of additional investment announced in July was for new work like the new side berth and rail tracks, and a component of it was an adjustment for additional costs to the original concept, which were identified subsequently. Why was the additional infrastructure identified as necessary in July 2006 and the other costs that the minister has had to accommodate overlooked or not included in the initial concept in the budget plan, given that he took advice and put quite a bit of effort into getting the first price struck?

The Hon. K.O. FOLEY: We took external advice on what it cost and, as I said, \$51 million is for scope change and \$25 million is refined estimates. I will just repeat myself: the original project budget provision was based on a 2004 estimate for the construction of the minimum infrastructure to support the AWD program as defined in consultation with the ASC. As further design details emerged post 2004, the original estimates have been updated, including particular further engineering analysis of the design and constructability issues relating to the project. This has necessitated refinement of the construction quantities and assumptions associated with the ship lift, civil structure and wharf.

We accept that \$40 million can be attributed to cost escalations which reflect the passage of time, particularly the high demand for steel products—this is a very significant piece of steel construction—and the cost of dredging services has increased beyond what we thought. We have also put in a contingency plan. We make no secret of the fact—we have been up-front right from the beginning—that this is a complex piece of infrastructure. That is why we have employed the services of Andrew Fletcher, the former head of Halliburton KBR Asia-Pacific who constructed the Alice to Darwin railway line. He has lengthy experience in heavy engineering projects and the right skills set to deliver this project. It is not an exact science. We rely on the best advice we have available. We are confident that we have the numbers as close to being right as we can, but it is a very complex piece of work.

Mr HAMILTON-SMITH: Thank you for that answer. Budget Paper 4, Volume 1, page 2.37 and the Capital Works Statement, Budget Paper 5, pages 16 and 17 refer to the total cost of the whole precinct's development. I am just trying to pin down from the budget what the taxpayer investment is in

total. The amount of \$243 million given by the Premier on 5 July is one figure. I would be interested in a breakdown of that \$243 million. When you add up the figures in the Capital Works Statement and include within the projects the total cost—not only the common user facility but the commercial and education precinct at Techport, which I think is \$4.7 million; the Maritime Skills Centre, about \$8 million or just over; the Techport Australia Supply precinct, \$3.1 million; and the Master Land Acquisition plan at LeFevre, another nearly \$68 million—it adds up to well over \$300 million. What are we using now as the headline figure for the PAMC Osborne Maritime Precinct project cost? Should it be \$243 million or should it be a figure in excess of \$300 million?

The Hon. K.O. FOLEY: You cannot pick a number, and the reason is this: we have money for the CUF (Common User Facility), on which we have given a reasonable amount of detail; we have the Maritime Skills Centre about which we have been up-front and open; and we have some other moneys for related projects. We have also attracted to Adelaide the Systems Integration Centre, which I think will have some 400 highly skilled (and highly paid) engineers who did not necessarily have to be here in South Australia—they could have been anywhere given the nature of the business.

A large amount of the money that you refer to is money associated with land acquisition from LMC and Environment and Heritage. We have vested in the PAMC a large proportion of land that was previously owned by LMC. That land will be remediated and sold. So one would hope, over time, that the commercial development of that land will return significant positive dividends to the taxpayer. A lot of the numbers you are talking about there are land acquisition costs, I am advised, and that land is now housed with the PAMC. Over time, that land will be provided to the market on commercial terms for the establishment of commercial enterprises within that precinct. That money will be returned to PAMC, which will, in turn, return dividends back to the taxpayer, as the LMC will do with its projects.

You can look at the sunk costs—I suppose you could put it that way—but I would argue that it is an investment. The skills centre is an industry development investment, as we said before lunch. The common user facility, obviously, is a sunk investment and whether or not the government can or chooses to recoup some of that cost in future years in terms of ownership is a question for the future. We will develop the land commercially and get a significant return to the taxpayer for what is, at present, a government asset but one which is massively under-utilised.

Mr HAMILTON-SMITH: I refer again to Budget Paper 4, Volume 1, page 2.37. How has the government established the business case for the common user facility infrastructure development? If consultants were used, how many were used; who were they; when did they submit their reports; and what was the total cost of their consultancies?

The Hon. K.O. FOLEY: I am happy to give a list of the consultancies that we have used. The business case, in a sense, was that if we did not provide the ship lift we would not have got the air warfare destroyer project to Adelaide. I am advised that all the early consultancies were undertaken by DTED before the PMAC was established. I am happy to take that question on notice. I am happy to read out some consultancies, as follows: the Winton Consultancy, \$1 788; Crosby Textor—these names are well-known to the opposition—\$15 000; Realty Solutions Australia, \$15 500;

Appledore International, \$19 887.71; PSI Consulting, \$20 000; AON Services Australia, \$30 000; Maunsell, \$52 550; Soil & Groundwater Consulting, \$112 789.54; Connell Wagner, \$166 830; and Coffey Geosciences, \$198 262.23.

Mr HAMILTON-SMITH: To explore that further, I refer to the same budget reference. When did the more significant consultancies—which I gather are the ones that explored the business case—submit their report?

The Hon. K.O. FOLEY: Those three big ones would be the consultancies that you would undertake for the construction of the ship lift and land remediation works. When you say the ‘business case’, what do you mean?

Mr HAMILTON-SMITH: I am interested in exploring the government’s thinking in regard to building this common user facility. My understanding is that the whole idea, as you have just explained, is to attract other users to the facility and not just to rely on the AWD and ASC as the only users of the facility. In fact, I think you have just explained that you have expanded the scope of the whole thing for that very purpose, so I gather that before you would go ahead with an investment of this scale, you would explore the business case and find out what other opportunities are out there for second-party or third-party users off-the-cuff.

The Hon. K.O. FOLEY: Ernst & Young, as I said, provided some consultancies to the government prior to the formal establishment of the PAMC. Ernst & Young undertook a study for \$101 000 to provide professional services and study of market demand for land at Osborne and the ship lift, so that would be the report that you refer to. That would be a commercial in-confidence report. Also, a further \$33 000 went to Crosby Textor, involving a communications strategy and the SA case for the air warfare destroyer systems centre. On the Defence Industry Advisory Board (DIAB), which had initial carriage of this matter, we had some pretty eminent Australians advising the government, including Robert de Crespigny; John White, the former managing director of Tenix which built the early ANZACS; David Shackleton, the former head of Navy and the armed forces; Kevin Scarce, former Vice Admiral; Malcolm Kinnaird, a prominent Australian who did a review into the Defence Materials Organisation (DMO) for the Howard government; Paul Dibb; Dr Ian Chessell, formerly of the DSTO; Andrew Fletcher; Cheryl Bart from the EDB; Roxley McLennan, who is on the board now; and people of the stature and intellect of the Premier and me—we are just there to make up the numbers.

The important thing is that those people also guided the strategy initially. Some outstanding expertise was pulled together for that exercise. With Robert de Crespigny now living in London, he has relinquished the chair of the PAMC and we have now been able to secure the services of another prominent South Australian in Ross Adler, former chief executive officer of Santos. Malcolm Kinnaird sits on the board, along with others, giving us a very strong board that is focused and experienced in business and, particularly, with Malcolm Kinnaird, we benefit from not only his engineering expertise but also his role in advising the Howard government on the reorganisation of the DMO. We also have Kevin Scarce on that board. It is a pretty good board now that oversees this project, and we rely on their advice.

Mr HAMILTON-SMITH: On the basis of that research, how many naval and commercial shipbuilding or ship repair companies have expressed an interest in locating to the Osborne site?

The Hon. K.O. FOLEY: It is early days. At present, Andrew’s job has been primarily focused on establishing the PAMC, corralling the assets of government that he needs to have in his unit to exploit in a commercial sense, as well as the tricky job of the tendering process and getting the ship lift to land in terms of the budget and its physical delivery. As we watch, in this incredibly dynamic and fluid environment that is the defence department, let us bear in mind that the DMO still has not decided upon what design it will have. For someone like me who has not been involved in military acquisitions before, it is a somewhat different process. The company has been selected to build a ship, not yet knowing which ship it is building.

There is a competitive environment for what is called the Evolved Arleigh Burke design, proposed by Gibbs and Cox, or the so-called off-the-shelf, with minor modifications, version of what is called the Navantia F100, which is the Spanish model, which is effectively an air warfare destroyer with some different capabilities to the Arleigh Burke (but the Arleigh Burke would be a modified version). We would not be buying what the Americans have; ours are a slightly smaller version of it. So, it is a very dynamic and fluid environment; we are not even sure what we are building.

Mr HAMILTON-SMITH: Have any naval or commercial shipbuilding or ship repair companies expressed an interest? I know it is early days.

The Hon. K.O. FOLEY: It is early days, and I am not going to answer that, other than to say that we are building—that is, Andrew and his team—a broad network of contacts and close associations with individuals. One of the critical issues in all this will be who buys the Australian Submarine Corporation. I would have thought you would be unlikely to see significant activity in terms of interest involving the big players until we know who is going to line up to buy the ASC. One of the things we are very hopeful of is that whoever buys the ASC does so with a view to establishing its major operations here in Adelaide and, ideally, it would be a new entity. It could be a consortia of enterprises coming together. It may or may not include a US major player or an international player. We are not quite sure how it will unfold. It could be a major Australian entity that buys it. You will not be able to properly go after some of the opportunities until you see that shake out.

Mr HAMILTON-SMITH: Has any major company, other than a ship-building or ship-repair operator, expressed a firm interest in locating at the Osborne site; for example, fabrication companies for the oil and gas and resources industry, transportation companies or companies linked to other defence projects?

The Hon. K.O. FOLEY: It is still very early stages. This organisation has been operational for only a very short time. There have been discussions, I think I can say, with various commercial entities, but it would be far too premature and disadvantageous to be publicly talking about those at this point. We are not sitting back waiting for the air warfare destroyers to get built. Andrew has been recruiting a team of people and, with Roxley and his unit, we will be going after many opportunities.

Mr HAMILTON-SMITH: Would be it fair to say that we are actively looking for customers for the common user facility but, at this stage, we have no-one who has a firm interest in locating there?

The Hon. K.O. FOLEY: No, that is not correct. We have a major anchor tenant that will monopolise the bulk of the ship lift.

Mr HAMILTON-SMITH: From the ASC.

The Hon. K.O. FOLEY: The ASC on its own can sustain the state's investment in the ship lift. What we are saying is that the state's investment in the ship lift was (for want of a better set of words) the competitive advantage we had to put in place (as Victoria and other states may or may not have wanted to do), and that investment will be repaid by way of the air warfare destroyer. We could sit back and say, 'Okay, we have the air warfare destroyer,' but for a slightly increased cost, slightly increasing the scope of the project and slightly enlarging it, and then corralling the land that we already own; and then, whatever the investment is in the intellectual capital of the PAMC (which is a marginal investment on top of what we are already spending), we just might be able to build another industry.

Mr HAMILTON-SMITH: Getting back to the question, apart from ASC and the planned air warfare destroyer project and the submarine project that is also linked to ASC, is it fair to say that, although we are looking, at this stage we have had no firm interest from another major user at the site?

The Hon. K.O. FOLEY: I would hope that, for once, the member for Waite could show some bipartisanship and objectivity about how he is approaching this. I have not come down in the last shower, I know where the member is leading with this question. This will be an evolving project. This is one project in which we should have great faith and one which does require a degree of investment up-front. This entity, the PAMC, has been operational for only a number of months. For the member to be alluding to and working up to a press release that says that the government has invested \$300 million or \$200 million—however he wishes to represent those figures—and it has nothing to show for it, I think would be extremely mischievous. I will give the honourable member the benefit of the doubt; perhaps that is not where he is heading with the questioning.

Mr HAMILTON-SMITH: All I am doing is asking questions and trying to get some answers.

The Hon. K.O. FOLEY: No, I will give the honourable member the benefit of the doubt as a former military person; that is, he would understand that we are moving through this project with great optimism and that it is something that both sides of politics should want to embrace, because it will give a legacy for governments of both persuasions for tens of years to come.

Mr HAMILTON-SMITH: I take that point, minister. You have around \$300 million of the taxpayers' money involved in this project. I am just asking questions about how it is going; they are reasonable questions. I am seeking information. I think I have probably got as much from you as I will probably get on that subject.

The Hon. K.O. FOLEY: No, I have been incredibly up-front. No, you can keep asking me more questions. Can I take it from this that the opposition is supportive of what we are doing?

Mr HAMILTON-SMITH: Well, I am just asking questions to seek some information.

The Hon. K.O. FOLEY: No, but are you supportive of what we are doing?

Mr HAMILTON-SMITH: I am here to ask the questions and you are here to provide the answers.

The Hon. K.O. FOLEY: Yes, but I would be keen to know whether you support what we are doing.

Mr HAMILTON-SMITH: Are we openly supportive of anything that you may do in the future or that you are doing?

The Hon. K.O. FOLEY: No; are you supportive of what we are doing at Osborne?

Mr HAMILTON-SMITH: At this stage I am trying to find out what you are doing at Osborne.

The Hon. K.O. FOLEY: Well, I think we have given you a good—

Mr HAMILTON-SMITH: That is why I am asking you questions.

The Hon. K.O. FOLEY: If you would like any further briefing, I am sure Andrew would be more than happy to give you some further briefing.

Mr HAMILTON-SMITH: I know. I am trying to ascertain exactly what we are building. In fact, that is my next question. I refer to the same Budget Paper. Could the minister put on the record what the planned lift capacity of the ship lift will be? Can it lift both completed AWDs and completed submarines; and will it be capable of lifting a completed amphibious ship or a good portion of the completed amphibious ship, given that it is modularised? What other types of ship will it be capable of lifting?

The Hon. K.O. FOLEY: For a start, there is already the existing ship lift in place that would more than adequately service the Collins class submarine in terms of ship lift. The ship lift will be able to lift a full AWD (9 000 tonnes), assuming that is the *Arleigh Burke*. I think the *Navantia* is a bit smaller than 9 000. It can lift the air warfare destroyers. It will be able to lift supermodules of the amphibs but not an entire amphib. It can lift submarines. I mean, if the ASC has a requirement to lift the subs on this ship lift, which it may well do—it may decide that, for whatever reason, it is better to lift it on this ship lift—it can do that. There is the capacity for further expansion of the ship lift, I am advised, with what could be determined as a stage 2 ship lift, but that is not funded nor contemplated at this stage. However, it could do that and you could expand this ship lift up to 20 000 tonnes, which would cover Panamax and other very large ships should the government or a future government choose to further expand it.

Mr HAMILTON-SMITH: I refer to the same budget item. In light of what I have heard now, has the minister received any advice in the process of his work so far that there may be insufficient demand to justify the investment in the Techport common user facility?

The Hon. K.O. FOLEY: Clearly, the Hon. Rob Lucas is writing these questions.

Mr HAMILTON-SMITH: No, he is not, actually. All these questions are mine.

The Hon. K.O. FOLEY: Are they?

Mr HAMILTON-SMITH: This morning that was the case.

The Hon. K.O. FOLEY: Are you saying that there is insufficient demand for a ship lift?

Mr HAMILTON-SMITH: No, I am just wondering. You have sought advice. Have you received advice that there may be insufficient demand to justify the common user facility (CUF) in the investment we are making down there?

The Hon. K.O. FOLEY: Yes, there was advice that if we chose not to build a ship lift we probably would not have got the air warfare destroyer contract. That was obvious advice we were given. We were in there to win this project and, to win the project, we had to build an air warfare destroyer capable ship lift. I do not understand your point. We could not have built the ship lift but we would not have got the air warfare destroyer contract and, I suppose, we would not be having this discussion.

Mr HAMILTON-SMITH: You have made additional investment.

The Hon. K.O. FOLEY: Yes.

Mr HAMILTON-SMITH: And you have come up with a concept of a common user facility.

The Hon. K.O. FOLEY: Yes.

Mr HAMILTON-SMITH: Obviously, you have confidence in that concept.

The Hon. K.O. FOLEY: Yes.

Mr HAMILTON-SMITH: I am asking whether the advice you have received is generally supportive that that will work, that it will be viable, that the business case will—

The Hon. K.O. FOLEY: Absolutely. Is there advice that says that, all things being equal, this thing might not work? I guess there probably is. I guess there is advice. I cannot recall off the top of my head, and you will not catch me out on this; I am a little smarter than that. When you get advice there will always be arguments for and against particular strategies. If there is an argument that alludes to what the honourable member is suggesting, I do not know. I cannot recall, but there may be. Importantly, the government has listened to the advice of the type of people I have just mentioned to you.

You get advice from the likes of Malcolm Kinnaird, John White (who built ANZAC), Andrew Fletcher, Roxley McLennan, retired admiral Scarce, David Shackelton and now Peter Cosgrove. These are people who give government advice on military acquisition strategies, and we back that advice.

Mr HAMILTON-SMITH: Have all those people given you advice that the common user facility is a viable business case?

The Hon. K.O. FOLEY: I cannot answer that question. I cannot recall that advice. I have no doubt that, amongst all the government advisers, there may well be varying views as to how well this will work, and we have made no secret of that. We are taking a calculated punt, one we think will pay dividends to the state and one, we are advised, that is certainly worth taking. Do we spend an extra \$50 million to \$75 million on the scope of the project? Do we employ some additional resources?

We would still have needed an Andrew Fletcher to build this because risks are associated with this build. You would therefore want a competent engineer/builder to build this thing. The marginal cost in terms of the potential gain is significant, and bearing in mind that the land at Osborne must be used. That land has been lying redundant or under-utilised for decades. That is an asset of the state. If we make this work, the land resale value alone will more than compensate the additional cost.

I would confidently expect that, over time through the exploitation of the land asset down there, we will more than recover the additional cost above what would have been the cost had we just built the ship lift for the AWDs.

Mr HAMILTON-SMITH: I refer to the same budget line and reference. Has the government obtained a contractual commitment from ASC actively to support the precinct and a common user facility, and how does the government plan to guarantee that the ASC will require, for example, its suppliers to locate into the precinct?

The Hon. K.O. FOLEY: We have a guarantee from the ASC. How in the hell will it lift the bloody thing out of the water if it does not use the ship lift?

Mr HAMILTON-SMITH: That is not the question.

The Hon. K.O. FOLEY: I mean, we have got a guarantee out of the ASC. It must get a ship built and plonk it in the water, and it cannot do that with a pulley system and a few ropes. It will have to use the ship lift.

Mr HAMILTON-SMITH: It is obvious that the ASC will use the ship lift. I am striking to the question of the common user facility. You are wanting the ASC to agree to other users having access to the CUF. Have you formally got an agreement in writing that the ASC will support the concept of the CUF and that it will not get in the way of its being available to others? More importantly, is the ASC with you formally and contractually on the concept of the common user facility, because it could make whatever contractual arrangements with its own subcontractors unless you sign it up.

The Hon. K.O. FOLEY: We have a contractual relationship with the ASC in terms of the use of the ship lift. Obviously, the ASC has first priority on it and will be the major client of it. Where there is available capacity, other people can use it, and that is why we are building capacity to take product off and move product on. The ASC sold us the land for the common user facility for \$1, so it has been cooperative in that sense. In terms of suppliers, we do not know what ships will be built or who the owner of the ASC will be, which will seriously impact on some of those questions.

The systems integration centre in South Australia is currently located at Payneham, and we are hopeful (but it has not yet been determined) that that can be relocated to the site. The alternative to this CUF arrangement would be that we could have signed off and signed over the ship lift to the ASC. We could have said, 'Here you go. Here is a couple of hundred million dollars worth of ship lift; it is all yours. You lift up and down out of the water what you like for however long you like. It is all yours.' We could have walked away.

That option was one we seriously considered. Then we had this option that, for a minimal additional cost, we could untap the significant land and development potential of the land surrounding the ASC site. We thought that, for a minimal additional expenditure with the potential to recoup many times over that investment, that was a better thing to do. Instead of the state giving an asset to one company for its exclusive monopolistic use, we could get extra value out of it. We have said, 'We're building this thing. It is our thing. It is our ship lift. You will get first access at it and priority access to it. It is built for you,' and that in itself is a good investment for the state, 'but equally we will see whether we can grow other businesses.' In a decade's time, or two decades' time, if we fail, we fail; that is a risk I am prepared to take. If we succeed you will see a significant industrial capacity on the Le Fevre Peninsula well beyond what we would ever have envisaged if we had just let the ASC build these—

Mr HAMILTON-SMITH: No doubt the ASC would have been quite happy to have ownership of—

The Hon. K.O. FOLEY: Yes; and we would not let them have it.

Mr HAMILTON-SMITH: That strikes to the question I am asking, but let me just confirm it. Same budget reference: has the government negotiated and signed with the ASC a common user facility access agreement to ensure that arrangements for any third party's use of a ship lift are clear and agreed?

The Hon. K.O. FOLEY: Yes. We are negotiating now a priority access maintenance deed. We hope to have that

concluded by the end of the year; but that is certainly what we will be endeavouring to do, and we are confident we will do that.

Mr HAMILTON-SMITH: So I am understanding it correctly, you have not yet signed an agreement with the ASC, in which it agrees for third parties to use the ship lift, which is clear and agreed; is that correct? Has that been signed or not?

The Hon. K.O. FOLEY: We have an overarching agreement with the ASC, which we have signed, which allows for third party access. We are now working through specific agreements to implement that overarching agreement. We have not walked into this, only to be blind-sided by the ASC at the last minute. We are working cooperatively with it and the commonwealth government. There are three parties to this: the federal government, the ASC and our government, and we are in weekly contact with the Australian government and with the project manager—a very close and strong working relationship.

Mr HAMILTON-SMITH: Same budget reference: have incentives been discussed or negotiated with companies considering relocation to Osborne and, if so, what incentives and from which budget lines will they be funded?

The Hon. K.O. FOLEY: We certainly have discussed with some companies the provision of some incentives; some are still being worked through.

Mr HAMILTON-SMITH: Doesn't that sit oddly with your policy, restated earlier, that you do not agree with incentives?

The Hon. K.O. FOLEY: No. The Systems Integration Centre was an opportunity for us to get into Adelaide a facility that has 400 highly skilled and highly paid engineers. We have negotiated with some entities involved in that some assistance to make sure that centre is here, as distinct to its being set up in Sydney, which (with modern communications) was a very real possibility and, I guess, even a preference for many. We had to work hard to get that here into Adelaide.

Mr HAMILTON-SMITH: Same budget lines and page numbers. Have there been any recent developments or investments in ship lift infrastructure in other states of Australia that might impede or affect the viability of the Osborne Techport development?

The Hon. K.O. FOLEY: No, I do not think so. The Queensland government, I think, has announced it is putting some money into a ship lift, which would allow its shipbuilders to bid for some modular work for some amphibious ships. I guess the WA government is putting some capacity in for a ship lift capable of the amphib, if the amphib goes there.

One of the interesting things to watch will be whether the amphib is indeed built in Australia or whether they are built offshore, or how they are constructed. We accepted, through this process, that the amphib was likely to be built in WA, given the type of construction. The value that we saw in the Navy's procurement program for ships, the smart money, the smart end, the smart stuff that we wanted was inside the air warfare destroyers, because you really have to look at these things not as steel construction floating ships. These are advanced weapon systems and radar systems encased in a bit of steel.

It is what goes into these vessels that is where the value is, and we saw this as a better project for South Australia, a better fit for our needs and skills base, than the full amphib. That is not say that the ASC, or its owner, will not be in a very, very good position to build modules for the amphib;

as indeed modules will be built for the air warfare destroyers in other parts of Australia.

Mr HAMILTON-SMITH: Same budget lines: what will be the impact on the business viability of the common user facility if the amphibious ship contract goes to WA and if Tenix ultimately relocates from Williamstown, Victoria, to WA, instead of South Australia?

The Hon. K.O. FOLEY: You are really working your way around to try and get some negative spin on this, aren't you? I can just see you constructing your press release as we go along.

Mr HAMILTON-SMITH: Just seeing if you manage your risks, minister.

The Hon. K.O. FOLEY: One thing is that we manage risk as best we can. The whole project for the common user facility and the air warfare destroyer project has been built knowing that we will not get the amphibious ship build here in Adelaide. That has been obvious to us from day one. That is not to say there is not an outside chance if certain things happen, but we have never had an expectation that the amphib would be built here in Adelaide.

We have an expectation, or at least a hope, that we might get some modular work, but we have worked on the premise that these amphib will almost certainly be built somewhere else, probably WA—probably an increasing chance offshore—and it is good additional work for the ASC, if we are able to get it. Could we build an amphib ship here in South Australia: yes. We have got plenty of land for it, and if we are doing the amphib you could look at further upgrade of the ship lift. My guess is that your federal colleagues in Canberra are unlikely to award both contracts to one physical location.

If they were of a mind to build them both here, that would be terrific; we would have the capacity to do that. What I am trying to paint a picture of is that in the future—through various consolidated moves, and the type of ship needs we will have going forward—Adelaide will become a natural location for future ship builds. As to the capacity that we are putting in place with the Systems Integration Centre—as Roxley and I have just done a couple of visits to the United States—we are building up a skills base here in South Australia that goes beyond building ships. We are going to have the home of the major engineering skills set and know-how here in Adelaide, particularly for aerospace, which Roxley is putting a lot of effort into, to ensure that in future, whether the systems sit in a plane or in a ship or, for that matter, in a land-based vehicle, the skills sets are going to be amongst a number of entities here in South Australia. You might even find that some aerospace and land-based capacity will be built down at Osborne. It doesn't have to be maritime—or military, for that matter.

Mr HAMILTON-SMITH: In answer to my earlier questions about what advice you have received about the business case, I will read *Hansard* but you seem a little open as to whether or not you have had advice suggesting that there may be insufficient demand for the common user facility. I am getting back to that point because I just want to be clear. Let me just ask the question again and see if you can consider your answer again: have you received advice that there may be insufficient demand for the common user facility to be viable? If you have received that advice, have you as the minister overruled that advice and taken the risk to go ahead anyway?

The Hon. K.O. FOLEY: I alluded earlier to an Ernst and Young study that was a high-level overview of the potential for a common user facility. I do not recall what this report

said specifically, but what I am saying to you is that I am not a mug; I am not going to say, hand on heart, that I have never received any advice that says there is risk attached to this particular proposal. I may well have had that advice. What I am saying, though, is that the overwhelming advice from the people we take advice from—and I have given you a list of the sorts of people we are talking about—is that it is a risk worth taking, but there is a serious potential and very real potential here.

If you are suggesting to me that I have a whole lot of advice saying that this thing is a crock and we should not be doing it, but that because I am smarter than the average person I have said, ‘No, bugger that, I am going to override all that advice and do it anyway,’ that is just not correct. We have taken a lot of advice. Whether it is a Malcolm Kinnaird, a Robert Champion de Crespigny, a John White, all of these people have given us advice and we have taken that advice and we are acting on it.

Mr HAMILTON-SMITH: For example, I think you mentioned that you had consultancies looking at a business case. I cannot remember who it was you mentioned—Ernst and Young: did that consultancy confirm that there was demand for this facility and recommend going ahead with it?

The Hon. K.O. FOLEY: It was a high-level piece of work that identified the potential for this project. It gave us some idea as to where the potential would sit. It did not drill down into numbers and put a detailed business case as to the viability of the project. It gave the advisers to the government at the time an overarching piece of advice as to the potential in this. We are now doing a lot of work to identify specifically where the potential lay. As I said, if you look at the additional cost above what we are currently doing—increased scope \$50 million, refined cost \$25 million: let us say \$75 million—we would still need to employ the likes of Andrew and others to manage the construction of the project so there are probably some additional resources at the PAMC that you maybe would not have needed if you were just building this ship lift, or perhaps you could have given the ship lift to the ASC. But you are talking a few million a year there.

As to the land value, I have lived there all my life; it has been sitting vacant since Adam was a boy. If we unlock this potential, we are going to get back tens if not hundreds of millions of dollars of land value returned to government. It seems to me that the risk is very, very well managed.

Mr HAMILTON-SMITH: I understand that if there is demand and if tenants move in and if all goes well—

The Hon. K.O. FOLEY: Why don’t I make this offer to you: why don’t you go along to a board meeting of the PAMC with Ross Adler, Andrew and Malcolm Kinnaird, have a cup of tea with them and have a talk to them about the project, within the boundaries of commercial in confidence and that sort of thing? I am sure they will share with you their general philosophy, and particularly given your background in the military, I think you would be in a good position to talk some of the stuff through. Equally with Mr McLennan and his team, come and have a talk to us and we will share with you to the extent that we can our philosophy, and I would be more than happy to take your advice if you think there are some things we can do better.

Mr HAMILTON-SMITH: Okay, but the decision to proceed with the development has been yours, I gather, or has it been—

The Hon. K.O. FOLEY: It is cabinet’s.

Mr HAMILTON-SMITH: —on your recommendation to cabinet?

The Hon. K.O. FOLEY: Mine and the Premier’s, yes.

Mr HAMILTON-SMITH: Regarding the Air Warfare Design Centre on OG Road—same budget reference, page 2.37—is the government having difficulty getting, or ‘persuading’ is perhaps a better word, engineers and professionals presently working on the AWD project from the former Morgan Stanley centre there to relocate to Osborne? Is it the case that there is resistance based on a feeling that the OG Road site is a better place to work and more suitable for families? Is there an issue there? You have built a facility for them, I think, down at PAMC, or you are going to build a facility for them at PAMC.

The Hon. K.O. FOLEY: I have to deal with this prejudice a lot as the local member for Port Adelaide. I know you are not meaning to be offensive at all but there are people who say, ‘Oh, gee, do I really want to move all the way down to Osborne?’ We have not yet really engaged in those discussions. We wanted to get the centre into Adelaide, and our preference is for it to be located at Port Adelaide. I do not doubt for one moment that there would be some who would be quite comfortable out on OG Road at Payneham, but we might prefer them to be at Port Adelaide. We will have those discussions over the next few months, I guess.

Mr HAMILTON-SMITH: Is the government certain that the entire workforce at OG Road will be moving down to Osborne, or at this stage is it possible that it may stay where it is?

The Hon. K.O. FOLEY: The understanding by the commonwealth and ASC is that we have a desire for the centre to be built at Osborne, but things change; that is our preference.

Mr HAMILTON-SMITH: I refer to the same budget reference, but page 2.38. How does the government intend to manage the land transfer from LMC to PAMC? I take your earlier explanations about the opportunities there, but, when the land is on sold to collocating businesses at a profit, will the proceeds be retained? What will become of the proceeds? Will they be retained by PAMC or returned to LMC?

The Hon. K.O. FOLEY: Mate, I am the Treasurer. I will gouge those profits out of the PAMC as quickly as humanly possible, within reason, for reinvestment reasons. I will put on my hat as Treasurer, and Andrew and I will have some robust debate about how obliging he will be to hand over those receipts to me. If needs be, I will handcuff him, break open the safe and rip them out.

Mr HAMILTON-SMITH: Has the government estimated what profit it might make from those land transactions?

The Hon. K.O. FOLEY: We are doing a lot of that work now. We are still in the embryonic stages. The PAMC will be a trading enterprise. Obviously, we will have to have discussions about its retained level of earnings and what it keeps in its organisation to properly manage its business. I am being a bit flippant when I suggest the handcuffs, but, at the end of the day, I am the Treasurer and I have a particular bent.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.39. What major contracts, if any, have been signed, linked to the common user facility? What contracts are planned to be signed in this financial year?

The Hon. K.O. FOLEY: We have let the first stage of the managing contract for the construction of the ship lift and common user facilities to McConnell Dowell and Built Environs as a consortium. Currently, we are working through

the build and supply tender for the ship lift. We expect that tender to be let by the end of the year.

Mr HAMILTON-SMITH: I refer to the same budget line, page 2.46. How many employees are engaged at PAMC with salaries in excess of \$100 000, who are they, what are their job position titles and the level of remuneration?

The Hon. K.O. FOLEY: Eight.

Mr HAMILTON-SMITH: I am interested in the job titles and the amount.

The Hon. K.O. FOLEY: I do not have that information handy, but we will provide those details. Before the end of this committee, I will have the salary bands and the names of the individuals and what they do.

Mr PISONI: I refer to Budget Paper 4, Volume 1, Program 2, page 2.11. What advice has been given to the state government about the closure or downgrading of Army facilities in South Australia and, in particular, how many jobs will be lost as a result of those decisions?

The Hon. K.O. FOLEY: In fact, the opposite is occurring. We are increasing the Army's presence in South Australia through the location of a new battalion to the northern suburbs of Adelaide. Are you referring to some base closures or consolidation that might be occurring at Woodside?

Mr PISONI: I am trying to establish a net gain.

Mr McLENNAN: The Department of Defence is running through a program of rationalisation of its facilities in order to reduce the overheads associated with facilities. That will involve a rationalisation of Army units within the Adelaide and greater South Australian area. However, those plans are not yet finalised and the studies are not yet complete. There was a press release several weeks ago which indicated that studies were underway, but also made it very clear that the arrangements had not yet been finalised by the department.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.27. What was the total cost of the minister's trip, together with his travelling party, to the US to talk to a number of defence-related companies; what was the name of each officer or adviser who accompanied the minister on the trip; were the costs of the trip paid for by the department or the minister's office or both; what were the names of the companies and the representatives of those companies who met with the minister—

The CHAIR: Order! This is a few too many questions to count as one. Could you pause so that the minister can keep track?

The Hon. K.O. FOLEY: We will take the question on notice. I have already provided that information through FOIs to the *Sunday Mail* and *The Australian*, I think I did something with *The Advertiser*, and I would be surprised if we have not already given it to the opposition, but I am happy to get that detail.

Mr PISONI: If the questions are to be taken on notice, Madam Chair, can I continue with two more questions to be taken on notice?

The CHAIR: There is no provision for matters to be taken on notice. You can ask the questions.

Mr PISONI: I asked a series of questions and the minister said he would take them on notice.

The CHAIR: The procedure is that you ask the question and the Treasurer determines whether he is able to provide the information at the moment or whether he chooses to take it on notice.

Mr PISONI: What probity guidelines were followed by the minister in his meetings with any companies that might

be or were involved in tendering or bidding arrangements for the state or federal government? Were any of these meetings videotaped or audiotaped by the state government officers or advisers? Were notes of each of these meetings taken by government officers and, if so, have these notes been kept?

The Hon. K.O. FOLEY: I can confidently say that I certainly did not have any of these meetings videotaped. As vain as people may think I am, I am not yet into the practice of videotaping my own meetings. Having said that, given the nature of the companies we visit in the United States, I do not think that I could put my hand on my heart and say that they were not videotaping me! I do not know. We met some very senior US military people on my last two trips to the United States. As I said previously, my trip to the US before the one the other week was the best overseas trip that I have ever undertaken. The quality of the meetings was outstanding, and it is a credit to Air Vice-Marshal McLennan and his team.

We met with the senior people at some of the biggest US defence companies that are tendering for or in receipt of contracts here in Australia, and it gave me a tremendous insight. It also enabled us to build on some very strong relationships and growing relationships we have with these companies. Notes would have been taken, but they are obviously commercial in confidence and not for public disclosure. I will take on board the issue about the probity, but I am a bit of a stickler for that sort of stuff so the honourable member may rest assured that I would have conducted those meetings eminently appropriately.

Mr HAMILTON-SMITH: Referring to Budget Paper 4, Volume 1, page 2.11, in regard to the current status of plans for the relocation of the battalion group to the Edinburgh precinct, if they have been resolved, which battalion of the Royal Australian Regiment is it likely to be at the moment? I understand that it may have changed. What supporting units or groupings are likely to come with the battle group and what are the likely time lines?

The Hon. K.O. FOLEY: I will let Mr McLennan answer this. My understanding is that it is forming a new battalion; is that right?

Mr McLENNAN: That is right. 7RAR will be re-formed out of 5/7RAR, which is currently based in Darwin. The Prime Minister's statement recently indicated that it would be formed in 2008 and fully operational by 2010. Numbers are unclear at this stage, but our expectation is that it will be approximately 700 people in the battalion and then the battalion group, which includes the elements that support the battalion, will increase that to a total of about 1 200 people. The Prime Minister has made the statement that the Adelaide-based battalion, 7RAR, will be the first priority and that a second battalion would also be raised, but the expectation is that that will go to South-East Queensland.

Mr HAMILTON-SMITH: Under the same budget reference, has the government estimated the total dollar value of buildings and infrastructure investment at Edinburgh to accommodate the new battalion group combined with new investment in country areas for training and supporting infrastructure? Is the minister able to put a dollar figure on what he thinks the benefit will be?

The Hon. K.O. FOLEY: I do not think we have done that detailed work. A large proportion of that will be picked up by the commonwealth, obviously. Whether there needs to be any supplement from the state, we have not determined at this point, have we?

Mr McLENNAN: No, we have not. I understand that the commonwealth has budgeted of the order of \$6.5 million for

facilities works at Edinburgh in the early stages. That is unconfirmed but is what I have been told by word of mouth from officers of the department.

Mr HAMILTON-SMITH: Under the same budget line, has any branch of defence expressed concern with the government about the limitations or constraints upon activities at RAAF base Edinburgh linked to the planned route of the Northern Expressway from Gawler to Port Wakefield Road? Are there any security or operational impacts on defence of which the government is aware as a consequence of the plan?

The Hon. K.O. FOLEY: That is a matter that the honourable member needs to raise with the Minister for Transport. He is responsible for the construction of that road and any dialogue with the defence department.

Mr HAMILTON-SMITH: We are planning significant defence upgrading at Edinburgh. I thought it would have been—

The Hon. K.O. FOLEY: I am sure the two are compatible. I would be surprised if we cannot reach a position where they are both compatible.

Mr HAMILTON-SMITH: Under the same budget reference, are there any defence capabilities, units or personnel of which the government is aware that may be exiting this state in 2006-07 or beyond and, if so, what are the details?

The Hon. K.O. FOLEY: I will let Mr McLennan answer the question.

Mr McLENNAN: I understand that at approximately the end of 2007 No. 1 Recruit Training Unit from the Air Force base at Edinburgh will be moving to RAAF base Wagga as part of the Air Force College relocation project. I do not know the exact number of permanent people in the unit: it is a relatively small cadre of instructional staff. The main population of the unit is transitory, so they are people who are there only for the duration of the course, which is approximately six weeks.

Mr HAMILTON-SMITH: What is the plan for 16 Air Defence Regiment? Will that relocate—

The Hon. K.O. FOLEY: I reckon you two should have a cup of tea! A couple of military people talking about this sort of stuff may be exciting for you lot.

The CHAIR: It is like a military history lesson.

Mr McLENNAN: I cannot give you the details of that. The Department of Defence is including relocation of 16 Air Defence Regiment as part of its plan, but my understanding is that that has not yet been endorsed by the Chiefs of Staff Committee or the Defence Committee.

Mr HAMILTON-SMITH: Would that be moving it out of South Australia?

Mr McLENNAN: No, relocation within South Australia as part of the consolidation I talked about earlier.

Mr HAMILTON-SMITH: Those numbers would not form part of the 1 200 or so that you mentioned: they would be in addition?

Mr McLENNAN: There is no change in total numbers in South Australia based on that move.

Mr HAMILTON-SMITH: Under the same budget reference, could the minister list the number of employees in the defence unit, including job description and remuneration?

The Hon. K.O. FOLEY: We will come back to the house with that information and also with the PAMC details.

Mr HAMILTON-SMITH: We are happy to switch to the VCB for the last 15 minutes.

The Hon. K.O. FOLEY: Sure. Are we done with defence?

Mr HAMILTON-SMITH: Yes. Thank you very much to the PAMC and defence for coming.

The CHAIR: Thank you, advisers. Mr Price will remain while we deal with the Venture Capital Board. Member for Waite.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.54. What is the status of arrangements to commit \$10 million of funding to Paragon Advisory Pty Ltd under the SAPE (South Australian Private Equity) program?

The Hon. K.O. FOLEY: We are currently legally contracted to \$5.4 million to Paragon. They have not closed their private fund-raising as yet. I am advised that if they get a further \$5.5 million that will trigger a further \$1.4 million of state money.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.58. Can the minister explain the details of the non-current assets receivables line, bearing in mind that the 2005-06 budget amount was \$10 million and the estimated result was \$2 million, and the 2006-07 budget amount is also \$10 million? Has a transaction to effect this balance yet occurred and, if not, when is this expected and who will the transaction be with?

The Hon. K.O. FOLEY: I will let Bill Price answer that for you.

Mr PRICE: The original commitment to the funds managed by Paragon was up to \$10 million, depending on how much they raised. The final documentation was only signed, and therefore that commitment triggered, in June 2006. So, by the time of the expected estimated result for 2005-06, it was obvious that \$10 million would not be expended in that financial year and it was reduced to \$2 million. None of that was advanced. So, for the current 2006-07 year, the commitment has reverted to up to \$10 million.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.54. What is the government's plan for a second round of investment in the SAPE program mentioned as a target in 2006-07? How much new money will now be allocated to the second round and how will the 'request for proposals' process advance from here?

The Hon. K.O. FOLEY: We have not decided yet whether we will move to a second stage. We are considering those matters before cabinet as we speak.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.57, and to the general supplies and services expense line. Can the minister advise why the budget for this line in 2005-06 was \$1.005 million and the estimated result was \$591 000? What is the reason for the variance, and is the \$600 000 figure around the normal baseline amount to be spent on general supplies and services?

The Hon. K.O. FOLEY: My advice is that that is an underspend in that year and the \$600 000 clearly better reflects the actual expenditure expected.

Mr PISONI: So what was the reason for increasing the budget from \$552 000 if the actual figure—

The Hon. K.O. FOLEY: They underspent it; they did not need all that.

Mr PISONI: So the budget was increased for no reason?

The Hon. K.O. FOLEY: Obviously it was increased because it was expected to be expended, but it was not expended, so it has been better reflected in the forward budgets.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.56. I am interested in the government's SAPE arrangements, particularly relating to private equity activity generated from the VCB in regard to buy-outs and changes of ownership, as distinct from totally new ventures which have taken an idea to market. Does the government have a policy on this? In the arrangements you have entered into with Paragon, have you monitored the issue of whether the money is going to be used just so that an entity can change hands from one party to the other but no real new investment is being created, or are you requiring Paragon (and whoever else you plan to sign up with) to actually focus on getting new ideas to market and creating new companies? How is that being dealt with?

The Hon. K.O. FOLEY: They are not prohibited from management buy-outs, but the strong preference we put to them was that we want to see expansion of South Australian companies. Bear in mind that this whole process was about getting a private equity/venture capital South Australian firm established. For their own balance of their portfolio, they will have investments outside our borders. The critical issue is that we wanted to get a reasonably sized private equity/venture capital entity here in South Australia so that it can grow and make capital available for local companies but, obviously, through its own growth strategies, it will look beyond the borders. I am advised that they have already invested in three South Australian companies, which has been about expanding those three companies' operations here in South Australia. So, they are certainly meeting our objectives.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.54. The third bullet point under 'Targets 2006-07' states, 'Hold a private equity forum in May 2007'. Can the minister advise the purpose of the forum and indicate those to whom it is targeted and whether any benefits of the forum will be self-evident immediately or whether they will be longer term?

The Hon. K.O. FOLEY: It will be very hard to measure the benefits of these forums. We have had a couple of them now that were extremely well attended—250 people at the first one, 220 at the second—and they were all-day forums with an outstanding array of quality speakers. It is about educating local businesses on how to access private equity and venture capital and various other finances. The fact that we have had over 200 people to both indicates that they have been very successful. How successful? It is very hard to measure, although feedback is very good.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.54. How did the government determine that \$50 million of private equity was invested in South Australia in 2004-05? Has the government been able to determine the points of connection between that level of investment and the activities of the Venture Capital Board?

The Hon. K.O. FOLEY: Those figures come from Thomson Venture Economics and AVCAL, which is the industry association for venture capitalists. We cannot measure the direct connection, but we think that the VCB is undertaking very good work in spreading the message on venture capital.

Mr HAMILTON-SMITH: How many employees in the VCB are remunerated at a level of above \$100 000? Who are the officers and what are their job titles and level of remuneration?

The Hon. K.O. FOLEY: We will get you that information.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.54, specifically to the fifth bullet point under 'Targets 2006-07', which states, 'Conduct a minimum of three private equity "educational" workshops'. Can the minister advise when it is proposed to conduct the three workshops? Who is the target audience for the workshops? How are the workshops different from the private equity forums?

The Hon. K.O. FOLEY: I will let Bill Price answer that question.

Mr PRICE: The first one, also mentioned under 'Highlights 2005-06', was on 4 July. That was essentially a succession planning workshop for SMEs facing succession issues in coming years that may not have a natural heir for the business. The speakers included Jeremy Steele from ANZ Capital, Geoff Thomas from Paragon Advisory, Gerry Cawson from Minter Ellison and Gary Nicholson from Ernst and Young. We held one in August which focused on educating and connecting business angels. Some of the speakers there were Greg Boulton of Paragon Advisory, Noel Lindsay from University of Adelaide, Ron Langman, who recently sold out of the home centres, and a few others. That was targeted as educating business angels about private equity and what to look for.

Another one is scheduled for 1 December in conjunction with the Fast Movers SA index, which is a competition undertaken by *In-Business* magazine and BDO and which is sponsored by the Venture Capital Board. Again, that will feature Paragon Advisory and Playford Capital in an educational program for small businesses. The main difference between those and the major forum is that they are more specifically targeted, whereas the major forum is an all-day event aimed at covering the full range from early-stage investment through to management buy-outs, including industry experts from interstate. The major private equity forum is more general.

Mr HAMILTON-SMITH: What is the cost of conducting the 13 'Turning your idea into a business' seminars and the eight 'Equity Ready' seminars? How have results and outcomes been measured? I am focused on this cost of running the VCB and these seminars as distinct from injecting capital into—

The Hon. K.O. FOLEY: We will get you that information.

The CHAIR: The time agreed having expired, I declare the examination of the proposed payments completed.

Department for Correctional Services, \$142 281 000

Witness:

The Hon. C. Zollo, Minister for Emergency Services, Minister for Correctional Services, Minister for Road Safety, Minister Assisting the Minister for Multicultural Affairs.

Departmental Advisers:

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

Mr A. Martin, Director, Finance and Asset Services.

Membership:

Ms Chapman substituted for the Hon. I.F. Evans.

The Hon. G.M. Gunn substituted for Mr Hamilton-Smith.

Mr Pederick substituted for Mr Pisoni.

The CHAIR: I declare the proposed payment open for examination and refer members to the Budget Statement, in particular, pages 2.12 to 2.16 and the Portfolio Statement, Volume 1, pages 4.130 to 4.143. Minister, do you wish to make an opening statement?

The Hon. CARMEL ZOLLO: Thank you, Madam Chair, I do. Correctional services is a unique and very difficult area of public administration. Staff of the department are required to deal with difficult people who are sometimes dysfunctional in their behaviour and present with high risks and complex needs. In my time as Minister for Correctional Services, I have come to appreciate the commitment of departmental staff to the work that they undertake and, in many cases, the difficult conditions in which they work. For a long time, many people have been highly critical—and rightly so—of the working and living conditions in the Adelaide Women's Prison and Yatala Labour Prison.

For those of you who may not know, parts of Yatala Labour Prison were first constructed in 1854 and are still in use today. Despite the extensive conversions that have occurred over the years, the original design and placement of Yatala inhibit efficient prisoner management and rehabilitation. It was therefore with significant pleasure that I was able to advise the department that this government has taken the decision to construct three new prisons under a public-private partnership model. The private sector will own, finance, design, build and maintain infrastructure that will be operated by the government through the Department for Correctional Services. The project will be undertaken in conjunction with a new youth detention centre for the Department for Families and Communities.

The term of the agreement will be over 25 years and construction is expected to commence in 2008-09, with completion in 2010-11. This decision will mean a \$411 million major infrastructure project for South Australia and it is the biggest prison infrastructure project that has been undertaken in this state's history. The prisons will provide accommodation for nearly 1 000 male and female prisoners, with high and medium security facilities to be built near Murray Bridge and a low security pre-release facility likely to be built at Cavan. This new initiative will provide room for up to 500 additional male and female prisoners. The accommodation will be constructed using ecologically sustainable development principles; that is, solar hot water and lighting, recycled water, energy efficient design and building materials.

The new facilities will replace Yatala, the Adelaide Women's Prison and the Adelaide Pre-Release Centre, and the land on which these facilities currently stand will become available for alternative use. Investment in this new infrastructure will allow the government of South Australia to:

- increase Department for Correctional Services prison bed capacity, providing flexibility in prisoner management and sentencing options;
- replace the outdated inefficient Yatala Labour and Adelaide Women's prisons;
- reduce staffing costs associated with inefficient infrastructure;
- provide appropriate treatment and conditions for prisoners; and
- improve opportunities for the rehabilitation of prisoners, providing safer communities through reduced recidivism.

In addition to the new prison infrastructure, the government has provided the Department for Correctional Services with additional funding to upgrade its other facilities with:

- \$2 million allocated to upgrade kitchens at the Port Lincoln and Mount Gambier prisons and the Adelaide Remand Centre to ensure that they comply with safe food standards;
- \$1.5 million to upgrade the safety and security of prisons other than those that are to be replaced;
- \$1 million to replace obsolete air treatment systems at the Port Augusta Prison and the Adelaide Remand Centre with more energy efficient systems;
- \$0.9 million to address fire safety system needs within the prison system; and
- \$0.8 million to provide additional demountable accommodation at the Adelaide Women's Prison, which can be transferred to another prison when the new women's prison is constructed.

This budget is a landmark for corrections in South Australia, and it will further reinforce South Australia's position as a leader in Australian correctional practices.

The CHAIR: Thank you, minister. Does the member for Bragg wish to make an opening statement?

Ms CHAPMAN: No, Madam Chair.

The CHAIR: Please proceed to questions.

Ms CHAPMAN: I indicate that six omnibus questions may or may not have been brought to the attention of the minister. Also, there is a further question which has been described as the 'base line cost' question. Is it assumed that those questions are already covered?

The CHAIR: Minister, have you already undertaken to provide that information for all your portfolio areas?

The Hon. CARMEL ZOLLO: Yes, we can provide that later.

Ms CHAPMAN: I refer to Budget Paper 1, page 5. Essentially, this is a summary of the Treasurer's budget announcement of \$517 million for the rebuilding of prison facilities in South Australia. It is described as using public-private partnership arrangements. First, is \$517 million the total cost of the construction of the prison or is that just the government's contribution?

The Hon. CARMEL ZOLLO: It is the total budget for construction and it includes the project costs of the Youth Detention Centre.

Ms CHAPMAN: How much of that is being paid by the government?

The Hon. CARMEL ZOLLO: Mr Severin will provide that information.

Mr SEVERIN: Given that it is a public private partnership procurement model, the final cost of the project will not be known until the tenders have been received and evaluated. Provisions were made based on the business case that was developed over the last 12 to 18 months. Those provisions are an indicator of the total budget that may be required over the life of this project. It includes all project costs that the government will incur, and it is provisional in terms of what the estimates are for the construction of those four facilities.

Ms CHAPMAN: How much has been provided as a payment by the government given that it is the private partner who will own, construct and maintain the premises? How much of the \$517 million is government?

Mr SEVERIN: As the minister outlined in her opening remarks, it is likely to be a 25-year service contract, which means that the moneys will be paid over a 25-year period. The total of the indicative sum is there to manage the project and then pay for the infrastructure over a period of 25 years through a service agreement or service contract with a private consortium.

Ms CHAPMAN: How much is the government contributing towards any capital costs and the servicing of the contract over 25 years?

The CHAIR: Minister, is this aspect of this project the responsibility of the Minister for Infrastructure or is it your responsibility?

The Hon. CARMEL ZOLLO: It is a joint responsibility. Mr Severin can add some further information.

Mr SEVERIN: At the end of the day, the government will pay for all the project costs. Initially, it will be funded by the private sector. It will then be a leasing arrangement from the private company back to the government for the use of the facility over a 25-year period. In essence, the cost of the facility to the private sector will be recouped through the leasing agreement. However, there are significant advantages in this procurement methodology when compared with the traditional way of procuring infrastructure through borrowings.

Ms CHAPMAN: I am not raising any issue with the validity of the process or whether or not it is a better option. I think it is clear now that the \$517 million is what the government has budgeted over the next 25 years to pay X company to build, maintain and provide this facility. Is that correct? It is not actually building anything: it will pay a successful tenderer to do it?

The Hon. CARMEL ZOLLO: In essence, that is what a PPP is, yes.

Ms CHAPMAN: That is fine; I just wanted to be clear. So the whole \$517 million is for that. I note that it appears the tender process has not even started, so my next question is, if you do not get a successful tenderer, does that mean that none of these prisons will be rebuilt?

The CHAIR: Mr Severin?

Mr SEVERIN: Under the PPP methodology a public sector comparator has to be established to have a benchmark. If any of the consortia would not come in in a competitive way, as benchmarked against this public sector comparator, the facilities would be procured through a public sector approach, traditional procurement methodology.

Ms CHAPMAN: So that is your understanding, that if you cannot find a tenderer your government will use the money to build it itself. Is that the position?

Mr SEVERIN: Under the methodology of PPPs, that would be the consequence.

Ms CHAPMAN: That is what I am asking, minister, if that is the case.

The Hon. CARMEL ZOLLO: With all due respect, I would be incredibly surprised if we could not find a tenderer for this significant prison infrastructure.

Ms CHAPMAN: I would hope that is the case, minister, but the Marion swimming pool has been sitting in abeyance for the last five years that I have been sitting here and the federal government has offered the money. I simply notice—

Mr Bignell interjecting:

The CHAIR: Order! This is precisely my reason for trying to clarify with the minister whether we were dealing with infrastructure projects or corrections matters. The reference given by the member for Bragg is public/private partnership projects, not corrections.

Ms CHAPMAN: For the Marion swimming pool, no tenderer has been found, and that has not proceeded as a public project. That is why I am asking if your government will do it.

The CHAIR: Order! Member for Bragg, this is not time for a little bit of debate or grievance. Minister, do you wish to respond to that?

The Hon. CARMEL ZOLLO: Yes. I can advise the member we are not relying on any other government, least of all the federal government.

Ms BEDFORD: I refer to page 4.134 of Portfolio Statement, Budget Paper 4, Volume 1, Program 1. Can the minister explain how her department's vitally important emphasis on rehabilitation and repatriation has resulted in the nearly one-third increase in the number of prisoners and offenders enrolled in educational/vocational programs in the past year?

The Hon. CARMEL ZOLLO: I am delighted with the question and I am happy to respond to it. Education and vocational training are critical to the prisoner rehabilitation process. Lack of suitable education and the inability to find and hold suitable employment are generally recognised as two of the main reasons why people offend. It is estimated that a large percentage of prisoners and offenders (about 85 per cent) have not completed secondary education or taken part in any form of formal training. Most have been considered as long-term unemployed prior to their entering the prison system.

One of the main challenges for prison authorities is to address these issues before the prisoner is returned to the community, or offenders complete their community corrections order. The question is: how do you do it? Most prisoners and offenders have a history of failure in formal education and consequently are reluctant to participate in education. Innovative programs need to be developed to encourage them to do so.

The Department for Correctional Services is constantly reviewing its education and vocational programs to ensure that they are attractive to prisoners. This is especially the case with basic numeracy and literacy courses, which, I am pleased to say, were the areas that attracted the most interest from prisoners during the past year. Departmental staff had previously identified that existing literacy and numeracy programs were not meeting the needs and interests of prisoners.

New programs were developed and comprise practical base units that were both interesting for study purposes and which enhanced employment skills. The programs allow prisoners to accumulate credit for education and training undertaken in prison towards further education and training at TAFE when they are released. The new literacy program allows prisoners to complete units of work within a shorter time frame, resulting in more completions.

Importantly, the ability to achieve success is productive in keeping prisoners engaged in the education and training process. Success leads to further willingness to undertake a broader range of study, and it is the intention to capitalise on prisoners' increased interest and direct them into a more formal and advanced workplace training that will assist them to find work when they are released.

The department has recently led a national project to develop a new literacy assessment process for use in Australian prisons, and the instrument has been influential in identifying the extent of literacy deficits amongst prisoners.

Mr RAU: I refer to page 4.131 of Portfolio Statement, Budget Paper 4, Volume 1, entitled 'Targets and Highlights', which refers to Social Inclusion Board initiatives. Social Inclusion Board funding has been provided for a number of worthwhile government initiatives. Can the minister provide

information regarding the initiatives in which corrections have been involved?

The Hon. CARMEL ZOLLO: The government has provided significant funding to the Social Inclusion Board to improve the living standards of people who are on, or are near, the poverty line. The board is, in turn, working closely with government support agencies to ensure that the services they provide effectively reach the market at which they are directed. In the case of corrections, the Social Inclusion Board is working closely with the department to reduce the number of people from targeted lower socioeconomic areas who are admitted to the justice system, and to ensure that those who are admitted to prison have access to a range of opportunities to reduce their likelihood of reoffending.

Within the prison system Social Inclusion Board funding has been directed to reduce the dependence of prisoners on drugs and alcohol and, in particular, a specialised assessment program has been introduced for prisoners identified as having drug and alcohol problems. More psychologists have been appointed to work with prisoners and offenders with serious drug and alcohol dependencies.

The department's prison opioid substitution program has been expanded to ensure that all persons who enter prison with an opioid addiction have access to suitable substitutes, and a through-care team has been established to ensure that the treatment and support for prisoners exiting prison is continued in the community.

It is widely recognised that one of the major reasons for reoffending is the lack of suitable accommodation. In conjunction with the Department for Correctional Services and with funding provided by the Social Inclusion Board, prisoners at risk of homelessness upon release from prison now have access to a housing information and referral service to assist and maintain existing tenancies or access to affordable housing upon release.

In an effort to divert offenders from the Criminal Justice System, the Department for Correctional Services has joined with the Department for Families and Communities, Families SA, the Department of Justice and the Social Inclusion Board in a joint initiative. The initiative Breaking the Cycle is a three-year pilot program for young offenders who reside in or who have significant connections with the north-western metropolitan area. The program targets young repeat offenders aged between 16 and 20 years who are referred to the program through the Port Adelaide Magistrates Court and the Adelaide Youth Court where their participation in the program is incorporated into a condition of their court order.

Case managers will work with individual offenders to address the reasons for their offending behaviour and reduce their chance of reoffending. Successful Breaking the Cycle programs should increase opportunities for some of the community's most disadvantaged people and, by doing so, reduce the number of people admitted to prison. This should result in greater community safety and reduced prison costs. Joint initiatives between the Social Inclusion Board and the Department for Correctional Services have enabled Corrections to address a number of issues that directly and indirectly impact on the reoffending behaviour of prisoners and offenders.

Mr BIGNELL: My question refers to page 4.131 of the Portfolio Statement, Budget Paper 4, Volume 1, labelled 'Targets and highlights'. Last January I was in Port Lincoln as part of the government's recovery team after the devastating bushfires and volunteers came from around the state, and indeed around Australia, to chip in and help rebuild the West

Coast after those fires. There was also some great help from the Port Lincoln Prison which put some prisoners out in teams to repair fences and do other work. Could the minister please advise whether prisoners are still assisting in this work?

The Hon. CARMEL ZOLLO: I thank the member for his question and I am aware of his presence in Port Lincoln after the Wangary bushfires. The simple answer is yes. The Treasurer, the Hon. Kevin Foley, recently approved funding of \$60 000 for bushfire recovery efforts by prisoners under the supervision and leadership of staff from Port Lincoln Prison. A team of five prisoners is still going out five days a week with a Department for Correctional Services supervisor and continuing to remove burnt trees and repair fire-damaged fences. From all the reports that I have been given the prisoners are doing a remarkable job. To date they have repaired more than 200 kilometres of fencing, cut down and removed fire-damaged trees, repaired fire-damaged farm sheds and stockyards, and landscaped and planted trees to replace those destroyed. They have even assisted some farmers with livestock activities when, because of ill health or other reasons associated with the fires, farmers have been unable to manage this themselves.

From the outset, prisoner support for the program was overwhelming. Prisoners who might once have had little regard for community property and the community in general are now working together to help restore a community devastated by fire. In turn, their work has been welcomed by the community. There have been many messages of appreciation and support, and the prisoners have achieved a great deal of personal satisfaction from the work that they have undertaken. The community service program was initially scheduled to end on 30 June this year. However, this government recognised that there was work still to be done and has provided further funding until December to complete outstanding work. All in all, this is a marvellous achievement by staff of the Port Lincoln Prison who have managed the support operation, and many thanks go to all the prison staff and prisoners who have participated in this program. Many thanks should also go to the Port Lincoln Rotary Club that has provided funding for the equipment and vehicles that the prisoners use. This government is truly grateful for their support.

Ms CHAPMAN: Minister, I am going to refer again to the \$515 million project which, for the benefit of the chair, I will point out is also detailed at page 4.131 as clearly identifying your area of responsibility—

The Hon. Carmel Zollo interjecting:

Ms CHAPMAN: Only by one of the members of the committee who, of course, was jumping to your defence, minister, to suggest that it wasn't.

The CHAIR: Member for Bragg! Gratuitous comments are not required. You referred to that page which was headed 'Public-private partnerships'. You did not refer to another page, hence my question.

Ms CHAPMAN: Minister, the \$517 million, we now know, is entirely for the 25-year payments to the successful tenderer to build and manage this facility. Why, if that is over the next 25 years, has there not been taken into account the value of the land that will be delivered up for either sale or other purposes suggested but that it is for sale for housing development, as detailed in Budget Paper 1? Why has that not been taken into account in assessing the total value of this project? Secondly, apart from the \$300 million worth of land

at Northfield, which is disclosed in the budget, what is the anticipated recovered amount from the Magill site when you sell the Magill Training Centre?

The Hon. CARMEL ZOLLO: First, I am not in charge of Magill because that is a different minister.

Ms CHAPMAN: He said that I should ask you, because he did not know.

The Hon. CARMEL ZOLLO: Under the public-private partnership it is an infrastructure project. While I am Minister for Correctional Services and, obviously, the project is built within my portfolio, the lead minister in terms of public-private partnerships would be the Treasurer himself. I am not certain whether the honourable member understands what a public-private partnership is, with all due respect.

Ms CHAPMAN: I have a supplementary question. Budget Paper 1, page 5, which details this project, refers to \$300 million being the value of land costs anticipated to be received for the Northfield site for housing development for 6 200 dwellings. Why in the announcement of the \$517 million—which has been repeated in your press releases—has the \$300 million cost not come off that which you will recover from that site; and, if you do not know, some amount for the Magill site because you will accommodate the children from the Magill site?

The CHAIR: Member for Bragg, you said \$300 million for the value of the land. Can you point to the reference in the budget papers?

Ms CHAPMAN: I beg your pardon: it is 300 acres worth \$200 million.

The CHAIR: The value of this land totals approximately \$200 million and, importantly, equates to the possible construction of 6 200 dwellings.

The Hon. CARMEL ZOLLO: I will ask Mr Severin to respond.

Mr SEVERIN: Even though it is not my area of responsibility, clearly, any sale proceeds resulting from the Northfield site redevelopment and sale would offset the costs of this project to other projects in the overall budget context. It is my clear understanding that the provision for the construction of this facility is made in the state government's budget, so it is not a theoretical provision but, rather, a firm provision of funding in the out years. Of course, the opportunity will exist to redevelop the Northfield site. Some work has been invested into that and the information would be derived from there. My understanding is that the value that is realised will offset the costs of constructing and financing the service agreement.

The CHAIR: Order! The member for Florey has the call.

Ms CHAPMAN: Madam Chair, I have asked one question, with a supplementary. I ask that the member for Hammond be entitled to ask a question.

The CHAIR: You have had nine questions altogether. As you are moving on, I took the opportunity to invite the member for Florey to ask a question. If you want to be pedantic we can go to the member for Hammond for two questions.

Ms CHAPMAN: Thank you, Madam Chair.

Mr PEDERICK: I refer to Budget Paper 1, page 5. Does the \$517 million figure include all the infrastructure, in addition to the construction of new custodial buildings that will result from the relocation, for families, legal services (including video conferencing), counselling, health and transport?

The Hon. CARMEL ZOLLO: My advice is that is not the case.

Mr PEDERICK: I have a supplementary question. Will the minister do everything in her power to ensure that additional infrastructure needs for Murray Bridge are put in place; that is, release of the South Terrace land in Murray Bridge for future development as a shopping precinct and the awaited courts and police station upgrade?

The Hon. CARMEL ZOLLO: I advise the honourable member that the government will be setting up an across-government agency group to look at providing the prison services to Mobilong. I ask Mr Severin to continue the response.

Mr SEVERIN: The associated service provisions and infrastructure requirements in Murray Bridge will have to be separately identified. Obviously, they are not part of the PPP consideration. As the minister outlined, I have been requested to chair an interdepartmental government services group to investigate the effect of the new prison's infrastructure on the community and associated services. That will link in very closely with the work that has been done already by the Regional Development Board and a similar committee that is in place. Certainly, it will include consultation with local government and the community.

Ms BEDFORD: My question refers to page 4.131 of Budget Paper 4, Volume 1. Will the minister give details of the department's need to provide consistent assessments of prisoner and offender risks in order to target offenders with better intervention programs?

The Hon. CARMEL ZOLLO: Currently, South Australia uses an outdated risk assessment tool but is in the process of implementing a new tool—the Offender Risk Needs Inventory Revised (ORNIR)—to improve assessment processes to enable the department to better target resources towards offenders. The ORNIR, which is a general recidivism strict-needs assessment tool, has been developed by the Queensland Department of Corrective Services. The ORNIR is being introduced into South Australia and will be used to assess prisoners' and community-based offenders' risk of general recidivism.

It will also identify relevant programs and interventions. Consequently, ORNIR will provide a base-line uniform tool across prisons and community corrections. The Department for Correctional Services in South Australia has formed a strategic alliance with Queensland corrections to be a partner, along with the Northern Territory corrections jurisdiction, to externally validate the ORNIR assessment tool. The ORNIR is suitable for use with both sentenced prisoners and offenders in community corrections and treats risks and needs together. The tool has been designed to assess an offender's risk of criminal re-offending and match identified criminogenic needs to appropriate interventions or referral for further specialised assessment.

Other more specialised assessment, particularly for violent and sexual offenders, will continue to be used. The department intends first to introduce the ORNIR in a limited capacity in both custodial services and community corrections, with commencement likely to be later this year.

Mr PEDERICK: I refer to Budget Paper 1, page 5, and I am particularly interested in potential increases in prison transfer costs for male and female prisoners and the cost of transporting them to and from court. Does the government have an estimate for the increase in prison transfer costs and are prisoners to reside at the Remand Centre when they are attending court?

The Hon. CARMEL ZOLLO: Yes, prisoners do reside at the Remand Centre when attending court. I will ask Mr Severin to take the other part of the question.

Mr SEVERIN: At this time there is not an estimate on the anticipated increase in costs for prisoner transfers and escorts. There will be two significant initiatives incorporated into the future service provision. One will be the more extensive use of videoconferencing and also the changed use of the Adelaide Remand Centre for people who have to attend court in Adelaide. There is also the potential to look at the establishment of court facilities in one or two courtrooms adjacent to the prison. All that is part of the planning that will be undertaken in order to get the most efficient outcome for the operation of those facilities.

Mr PEDERICK: I was pleased with the CEO's advice that there will be plenty of consultation from here on in, as there was not too much beforehand. When was the CEO of the Department of Correctional Services informed that the prison was to be rebuilt and on what date did he have that information?

The CHAIR: It is the minister's responsibility to answer questions, not the CEO's.

The Hon. CARMEL ZOLLO: Is the honourable member seeking the proposed timetable for the prison?

Mr PEDERICK: No, I am seeking when the CEO was advised that the prison was to be rebuilt at Murray Bridge.

The Hon. CARMEL ZOLLO: The construction of the prison precinct at Murray Bridge was part of the budget process and I am responsible for that, not the CEO.

Ms CHAPMAN: When did you tell him: that is the question.

The Hon. CARMEL ZOLLO: What a pathetic question, with all due respect.

Mr PEDERICK: I refer to Budget Paper 3, table 2.9, 'Justice savings and expenditure initiatives', pages 2.15 to 2.16. Why has there been no funding allocation to support the prison infrastructure project team in 2008-09 and 2009-10? There are allocations for \$555 000 in 2006-07 and \$269 000 in 2007-08 but no funding allocation for this project from years 2008-09.

The Hon. CARMEL ZOLLO: There have been, and I will ask Mr Severin to continue explaining that.

Mr SEVERIN: The project management costs are certainly being incorporated and there are provisions in the Treasury department to cover those in the future. Given the procurement methodology of a PPP, those figures are not likely to appear in published budget papers, because they could influence the outcome of the tender process. That is why there are only two figures, and they were just the known cost for the existing project team in this year and the forward estimate for next year. Additional provisions for all associated project costs are contained in the contingency fund of the Treasurer.

Ms CHAPMAN: I understand from the last question that there is no provision in the 2008-09 and 2009-10 year because that has been provided in the contingency budget, but in terms of this project management team we are talking about, which will be funded for an undisclosed amount in those two years, how many staff are on this prison infrastructure project team, where are they based and what role does the prison infrastructure team have once the PPP has been arranged and work commences on the rebuilding of the prison in the next two years?

The Hon. CARMEL ZOLLO: I will ask Mr Severin to respond to that.

Mr SEVERIN: The project team currently has three members of staff: a project director, a senior project officer and another project officer. A range of internal and external members of staff will be added to this team in the first instance to develop the output specification and relevant tender documents. That is likely to involve external consultants who have the expertise to do that. Over time, the team will change in configuration, depending on the stage of the project. Initially, I do not envisage that the departmental team will be any larger than five to six people plus consultants.

Obviously, when we move in to the commissioning of the facility, with enormous staff training, human resource management, recruitment, and a whole range of other activities that have to happen, it is likely that that project team, for a period of time, will expand. Exact figures are not available at this point in time; they are subject to further planning. However, the team is in place. It is based in 33 Franklin Street, adjacent to the building where the central office of the department is housed. The team is working together with the project team from the Department for Families and Communities, which is responsible for procuring the Youth Detention Centre.

Ms CHAPMAN: On budget day, the Premier announced (and it was reported in *The Advertiser*) that the work would begin near the existing Mobilong Prison within two years. Is it correct then that you anticipate that by 2008 the construction will have started, or are you saying that the tendering process starts at that point?

The Hon. CARMEL ZOLLO: My advice is that in December 2008 we would be finalising the contract. By January 2009, design and construction would be commencing and would be completed, we hope, by 2010. In January 2011, the Department for Correctional Services, hopefully, would be commissioning and relocating prisoners; they will be commencing that. In April 2011 prisons will be commissioned and operational and, hopefully, by June 2011 we can have an official opening.

Ms CHAPMAN: So essentially prisoners will be in situ and operations will have commenced by April 2011; that is your understanding?

The Hon. CARMEL ZOLLO: That is my understanding, yes.

Ms CHAPMAN: I refer to Budget Paper 4, Volume 1, page 4.132. I would like to look at the estimated result for expenditure for the 2005-06 year compared to the actual budget for 2005-06. What is the basis for the 8 per cent increase in rehabilitation and reparation and a 13 per cent increase in costs of community-based services respectively? I hope my question was clear.

The Hon. CARMEL ZOLLO: I need to ask you to clarify which figure you are referring to.

Ms CHAPMAN: Under 'Rehabilitation and reparation' in the 2005-06 budget, it was \$19 281 000. The 2005-06 estimated result was \$20 783 000, an 8 per cent increase on my calculations. In the 2005-06 budget, it was \$15 601 000, with a result of \$17 606 000 for the community-based services which, on my calculations, is a 13 per cent increase.

The Hon. CARMEL ZOLLO: Madam Chair, I will ask Mr Martin to respond to the question.

Mr MARTIN: At the beginning of the 2005-06 budget year, the full supplementation for EB wage increases had not been flowed into the budget. That had occurred by the time the estimated result, or the revised budget, had been completed. So, the difference between the figures of \$19 281 000 and the \$20 783 000 is the EB supplementation for that year.

Ms CHAPMAN: And the other one, \$15 601 000 to \$17 606 000?

Mr MARTIN: For community corrections?

Ms CHAPMAN: Yes, it is described as community-based services.

Mr MARTIN: Same explanation; it is the provision of the EB funding.

Ms CHAPMAN: It is the EB supplement. Thank you.

Mr MARTIN: Correct.

Mr PEDERICK: I refer to Budget Paper 4, Volume 1, page 4.12. This budget estimates the FTE workforce for DCS at 1 435.6, which is an increase of 1.6 per cent from the 2005-06 estimated result. Can the minister explain why the growth would be so different from the 2004-05 actual of 1 351.4 FTEs, where there was an increase of 4.5 per cent?

The Hon. CARMEL ZOLLO: I can advise the member that the reason for the increase is: 17.1 additional Mobilong accommodation staff; 4.7 award compliance positions made permanent in 2005-06; three staff for the bushfire relief funded positions; four staff for intensive bail supervision funding; two WDAs made ongoing; one video-conferencing pilot project officer; and another 26.2—these are really us recruiting more staff needed in our prison system.

Ms CHAPMAN: While we are on workforce issues, I refer to the TVSPs—\$628 000 listed on page 2.43 of Budget Paper 3—for the 2005-06 year just gone. Whilst you have just listed those that you have put on, can you tell us how many you have put off in respect of TVSPs? Expressed in full-time equivalents is fine.

The Hon. CARMEL ZOLLO: Only work-injured people received a TVSP, but I will ask Mr Severin to expand.

Mr SEVERIN: The department did not offer any TVSPs to supernumerary staff; that was the result of those staff electing not to accept a TVSP. A total of 11 staff members who had been absent long-term from work as a result of workplace injury accepted a TVSP which was then offered alongside redeeming the WorkCover claim.

Ms CHAPMAN: I refer to Budget Paper 4, Volume 1, page 4.11, regarding workforce issues. Can the minister explain the difference in full-time equivalents from last year's (2005-06) budget report? In that budget, the estimate for the 2005-06 year was 1 376 FTEs. Yet, in this year's budget, for the same period, the estimate is 1 412.4. Why is there a difference between the two budget papers on the estimate for the same period?

The Hon. CARMEL ZOLLO: With all due respect, I have already explained that.

Ms CHAPMAN: If it is those extra people you have put on that is the explanation for the extra numbers, why was it described as 'actual' rather than 'estimate', given that this budget paper was published in September, after the financial year ended several months before on 30 June?

The Hon. CARMEL ZOLLO: I will ask Mr Severin to explain.

Mr SEVERIN: A range of the additional staff are a result of budget initiatives which were obviously not known when the department provided the estimate of staff as an actual. So, we provided the actual number and, when we looked at the estimate, we factored in additional staff as a result of new initiatives that the government was funding through the budget. However, at that point in time, that decision had not been taken, therefore, we could only provide an estimate rather than a firm figure. The explanation for the difference between the estimate for 2005-06 and the result for 2005-06 plus the estimate for 2006-07 are those positions and

additional staff that the minister referred to in her previous response.

Ms CHAPMAN: Perhaps we are at cross-purposes on this. I was not referring to the 2006-07 year. I was referring to both periods (both documents) which relate to the 2005-06 year. Understandably, when the estimates were given in the middle of last year for 2005-06, they would clearly be estimates because one would not know what they would be at that point. However, this budget was published in September and it shows another figure which is entirely different, but it still describes it as an estimate for the 2005-06 budget. Yet, at the time of publishing these papers, one would have known what the actual was for 2005-06.

The Hon. CARMEL ZOLLO: I will ask Mr Martin to respond.

Mr MARTIN: The budget papers last year were published at the end of May, prior to the 30 June result, so the figures we quoted for the end of year had to be an estimate at that stage.

Ms CHAPMAN: Yes, but I am talking about this year. This year you have published the figures as a budget estimate for 2005-06, yet for the same period—already gone several months before—you have published them at the new figure of 1 412.4. The minister has detailed there is a difference in workforce change, but there is no explanation as to why that is described as another estimate this year when it was three months before.

Mr MARTIN: It is the language that is used right through the budget papers for the 2005-06 result.

Ms CHAPMAN: I understand that but I am asking for your portfolio, minister.

The Hon. CARMEL ZOLLO: I can advise the member that it was the actual figure.

Mr PEDERICK: I refer to Budget Paper 4, Volume 1, page 4.139. Has the government reached agreement with the Public Service Association regarding overtime, incentives for higher duties and staffing levels in the prisons which has led to lockdowns earlier in this financial year? Has this been factored into the salaries, wages, annual and sick leave?

The Hon. CARMEL ZOLLO: Work is continuing with the PSA to ensure that we manage our budgets responsibly, but I am happy to ask Mr Severin if he wishes to add anything.

Mr SEVERIN: There is a continued dialogue with the union at all of our correctional facilities to ensure that we manage within our appropriately approved means. That includes the fact that we are looking at modifying some of our regimes in terms of short-term absenteeism. That is a matter that has obviously resulted in a level of dispute, and we are working through that, in some instances, with the assistance of the Industrial Relations Commission.

Mr PEDERICK: Referring to the same page (4.139), have workers' compensation claims increased? What sort of claims are they? Can we have some analysis?

The Hon. CARMEL ZOLLO: I can advise the honourable member that the workplace safety management strategy was introduced to all government agencies in 2004 to provide a framework of accountability for the safety management system and to set targets around injury management outcomes. Since the introduction, the Department for Correctional Services has implemented a reporting system specific to the WSMS targets, which is examined and monitored by executive, senior managers and various departmental occupational health and safety committees and forums; conducted internal reviews of the implementation of the

WSMS; provided additional resources at the corporate level in safety and injury management; implemented the requirements of the WSMS through the direction of the executive; and participated in reviews of the implementation of the WSMS as generated by the Department for Administrative and Information Services.

In relation to the outcomes for 2005-06, the department achieved improvements in the average days lost to workplace injuries and rehabilitation and return to work outcomes through the implementation of various early intervention strategies; achieved savings in income maintenance for new claims in each successive year of the WSMS; continued to address all the requirements of a WSMS through all business units, as driven by the executive; and implemented corporate systems to improve both workers compensation and human resource outcomes, including: the introduction of a corporate induction program; reviewing and revising the policy and procedure framework for the safety and injury management system; integrating safety in business plans; and various management training programs, which incorporate understanding of risk management requirements.

The CHAIR: Thank you, minister. The time agreed for examination of this payment having expired, I declare the examination of the proposed payment completed. Thank you, advisers.

Ms CHAPMAN: I indicate my appreciation to Mr Severin and Mr Martin for their attendance today, thank you.

The Hon. CARMEL ZOLLO: Thank you, Madam Chair. I also add my appreciation to all those here today and who have assisted.

Department of Transport, Energy and Infrastructure,
\$361 951 000

Administered Items for Department of Transport,
Energy and Infrastructure, \$4 200 000
South Australia Police, \$466 918 000

Administered Items for South Australia Police, \$346 000

Membership:

Mr Hamilton-Smith substituted for Ms Chapman.

Departmental Advisers:

Mr J. Hallion, Chief Executive Officer, Department of Transport, Energy and Infrastructure.

Mr P. Allan, Executive Director, Safety and Regulation Division, Department of Transport, Energy and Infrastructure.

Mr J. White, Acting Commissioner of Police, South Australia Police.

Mr M. Palm, Acting Manager, Budget and Investment Strategy, Department of Transport, Energy and Infrastructure.

Mr D. Patriarca, Director Business Service, South Australia Police.

Mr T. Delaney, Chief Finance Officer, Department of Transport, Energy and Infrastructure.

The CHAIR: I declare the proposed payments open for examination and refer members to the Budget Statement, in particular, pages 2.17 to 2.19 and the Portfolio Statement, Volume 2, pages 6.37 and 6.38; and also the Budget Statement, in particular, pages 2.17 to 2.19 and the Portfolio

Statement, Volume 2, pages 6.37 and 6.38. Minister, do you have an opening statement?

The Hon. CARMEL ZOLLO: My appointment as Minister for Road Safety—a South Australian first—is testament to the value the Rann government places on reducing the state's road toll. Road safety is a major social issue. It is a major health issue. It affects not only drivers and passengers but also the community as a whole. Road trauma, whether it be a fatality or serious injury, is a significant social and economic concern for our society. From the moment this government was elected in 2002, it recognised that the issue of road safety needed strong and decisive action.

The government has supported an ambitious national target of a 40 per cent reduction in fatalities—which South Australia has also decided to apply to serious injuries—by the end of 2010. This means that South Australia is aiming for fewer than 88 fatalities and fewer than 995 serious injuries by 2010. The government has actively implemented a series of road safety initiatives, including the establishment of the Road Safety Advisory Council, chaired by Sir Eric Neal. The council, through its task forces, has been very active in considering a range of issues. As a result, the state government has introduced several road safety reforms, including:

- full-time mobile random breath testing demerit points for using a hand-held mobile phone whilst driving;
- immediate loss of licence for high level drink driving and speeding;
- random roadside drug testing; and
- the graduated licensing scheme for novice drivers.

Other action the government has undertaken includes:

- establishing the Community Road Safety Fund to ensure that revenue from speeding offences is committed to road safety;
- releasing the first Road Safety Strategy for many years in 2003;
- providing ongoing funding for the Centre for Automotive Safety Research at the University of Adelaide;
- introducing the Safer Local Roads Program as part of the Black Spot Program specifically to target local road black spots;
- continuing to invest in road safety infrastructure through programs, such as the Black Spot Program, the Overtaking Lane Program and the Shoulder Sealing Program. Most of these programs have been applied to rural roads;
- applying smart use of technology, such as an advanced traffic management system on the South Eastern Freeway;
- releasing motor cycling and cycling strategies;
- developing targeted road safety campaigns and messages and linking these with enforcement.

This is a snapshot of what we have achieved in our first term in government, which we will continue to implement. Despite heading towards the lowest road toll on record, more still needs to be done. As of midnight last night, this year 97 (compared to 117 this time last year) people have been killed on the state's roads in the 12 months to the end of May 2006, and approximately 1 300 people have been seriously injured. This is unacceptable. We need to make a greater effort as a government, as a community and as individuals.

Improving road safety requires a collaborative and concerted effort. Government departments, including health, education and transport, along with the Motor Accident Commission (MAC) and SAPOL, are key players. MAC supports road safety advertising and funds research and a number of road safety projects. SAPOL, which has its own road safety strategy, plays a major role through its various

prevention, education and enforcement activities. I am pleased to be able to encourage further collaborative efforts and have clear accountabilities in terms of issues and initiatives within the Department of Transport, Energy and Infrastructure (DTEI).

These include infrastructure programs, such as the Black Spot, Overtaking Lanes and Level Crossing Upgrade programs, along with the development of new road safety policy and its subsequent implementation. In addition to MAC and SAPOL's funding, expenditure under my responsibility within DTEI will be \$76.1 million in 2006-07, a \$4.9 million increase on 2005-06. Since becoming Minister for Road Safety, there are a number of issues about which I am passionate and keen to progress. These include:

- encouraging the community to be more involved in road safety—through community road safety groups, local government schools and businesses;
- seeking to have safer vehicles on our roads, including high Australian New Car Assessment Program (ANCAP) ratings and added safety features, such as electronic stability control and side air bags;
- ensuring that we have consistent and appropriate speed limits for our roads;
- introducing measures that remove our worst drivers from the roads. Drivers who endanger themselves and other road users do not deserve the privilege of a driver's licence; and
- targeting infrastructure improvements to roads with a poor crash history.

I intend to continue to bring forward new initiatives, work with the key players and, most importantly, the community to cut the road toll. It is a challenge in which we must all play a part.

The CHAIR: Does the member for Waite wish to make an opening statement?

Mr HAMILTON-SMITH: I will make some brief opening remarks before asking my first question. I commend the minister's sentiments in regard to road safety. I thank the police and the officers here today for the work they have put into this estimate. Also, I make the point that, in the last year or two, the DTEI portfolio has seen some of the worst cost blow-outs not only in government but also in the recent history of the state. It has also done its part in extraordinary revenue raising. I assure the minister that I will be asking questions directly within this very portfolio about the government's plans to increase fines and penalties on motorists from a startling \$74 million in the year just ended to \$133 million within three years.

It is fine to talk about road safety, but it is also appropriate to bring to people's attention the fact that tens of millions of dollars are being raked off motorists in fines and penalties, on occasions in the most questionable of circumstances. As well as that, red light camera programs worth \$40 million have gone belly-up, with cameras back in Germany being repaired, and Rider Safe fees have gone through the roof in some of the most remarkable revenue-raising initiatives that this state has seen in recent times; all from the so-called Road Safety portfolio.

It is an absolutely outrageous amount of money to be raising, and there is a real danger that the government will lose faith with people if—hiding behind the banner of road safety—it goes about implementing a series of fines and penalty provisions which are perceived by the public to be nothing more than revenue raising. I caution the government

about going down that line. My first question strikes to Budget Paper—

The CHAIR: Order! Member for Waite, I have not called you yet. I need to ask the camera operator to repair to the southern gallery now.

The Hon. CARMEL ZOLLO: I think I should also add that speeding is against the law in this state and country.

Mr HAMILTON-SMITH: I refer to Budget Paper 3, page 3.21. It is pointed out that the revenue from fines and penalties upon motorists will rise to \$133.3 million by 2009-10, compared with an estimated result for 2005-06 of \$74.5 million. What is the expected breakdown for this increased revenue in 2009-10, and why does the government expect this revenue to rise so significantly over the next three years? Are they expecting a lot more people to break the law? It is an almost 80 per cent increase in revenue from fines and penalties from last year's result to that expected in three years' time. What is the breakdown of that \$133 million—

The CHAIR: Three questions in one is enough, member for Waite. Minister?

The Hon. CARMEL ZOLLO: I have to advise the member that what he has been quoting is actually the Treasury part of the budget papers, and not ours. Could I refer this matter to the Acting Police Commissioner.

The CHAIR: Commissioner White.

Mr WHITE: There is a projected increase in the budget for expiation fees for this coming year. A lot of that is based on the fact of the increased number of cameras that will be operating within the state, and also taking into account an increase in the amount of the fees for infringement notices as well, as well as increased policing activity. We have (across the state) increased the number of mobile speed cameras. We are increasing, and have increased, our activity and our focus on road safety in an endeavour to bring down serious injury crashes and fatalities.

So it is a combination of an increased number of fixed cameras and increased activity by policing, both in the areas of mobile radars, or mobile detection devices, and hand-held devices as well.

The CHAIR: Minister, anything to add?

The Hon. CARMEL ZOLLO: I would ask Mr Hallion to further explain.

Mr HALLION: I think also when looking at speed detections we are seeing that the measures that the police have taken in enforcement are actually starting to have an effect in detection. So the enforcement measures, the communication activity and the implementation of the changes in speed limits are actually having an effect in terms of detections. Data from 2004-05 to 2005-06 shows a reduction in detections overall. So that is an important sign that motorists are slowing down and taking heed of all the measures that have been taken in this area. It is important to reduce speeds; that is clearly one of the most important road safety initiatives that the government can take.

Mr HAMILTON-SMITH: I refer to the same budget item. Am I understanding correctly that you, minister, as the responsible minister for this portfolio, cannot explain to the committee how much of that money you are going to raise (that \$133 million) is from laser guns, mobile speed cameras or other speed detection equipment? Are you saying that only the Treasurer can provide that information? It is still the same question; I am just wanting an answer, if I may.

The Hon. CARMEL ZOLLO: I will ask Acting Commissioner White to respond.

Mr WHITE: The major issues and initiatives impacting on the 2006-07 budget and projected outcome include: the CPI increase to all expiation fees related to the Motor Vehicles Act and the Road Traffic Act; a part-year impact on the road safety reform, which includes phases 2 and 3 of additional cameras (and there have been some delays relating to the installation of those cameras); and the timing associated with the deployment of fixed cameras scheduled for rolling out during the 2006-07 period. During this period a number of loan cameras had been provided by the manufacturer to December of 2006, resulting in additional cameras being available for deployment.

The major issues and initiatives impacting on the 2005-06 budget were a 2.9 per cent CPI increase to all expiation fees and a 10 per cent increase in expiation fees for speeding and disobeying traffic offences. Further to that, the financial breakdown for the 2006-07 period is for expiation notices issued for speed cameras mobile, and there is an estimated \$30.2 million; for speed cameras fixed, of \$35.7 million; for red-light cameras, \$20.1 million; for traffic infringement notices, \$26.7 million; and others, \$14.7 million. This makes a total of \$127 million. It is anticipated that of those expiation offences issued the expiated returns would be: for speed cameras mobile, \$19.7 million; speed cameras fixed, \$22.3 million; red-light cameras, \$13.3 million; traffic infringement notices, \$16.7 million; and other expiation notices \$4 million, making a total of \$76.3 million.

Mr HAMILTON-SMITH: Thank you, Commissioner. Minister, given that you are raising such an extraordinary amount of money from fines and penalties, going up to \$133 million by 2009, does the government now have plans to broaden the use of camouflaged and concealed speed cameras across the metropolitan area and regional South Australia, and has authority to so deploy and use cameras in this concealed way been delegated to the police as an operational matter, or does it still require ministerial approval or a decision from government? Because it looks extraordinary. We are planning to have massive increases in revenue in speeding fines and penalties, and now we are having cameras concealed and camouflaged with no public consultation.

Mr Bignell interjecting:

The CHAIR: Order!

Mr HAMILTON-SMITH: So is this part of a broader government strategy?

The CHAIR: Order, member for Waite! That is sufficient.

The Hon. CARMEL ZOLLO: I need to remind the member that all monies from anti-speeding devices go into the Community Road Safety Fund, for road safety first of all. Secondly, the location of mobile speed cameras is determined by SAPOL, and the location of fixed cameras is determined by DTEI based on evidence. Given that it is an operational matter—the determination of mobile speed cameras—I think it would be best if I asked Mr John White, the Acting Police Commissioner, to further expand on the member's question.

Mr WHITE: The use of covert mobile speed cameras is very limited, and in fact the use of such devices is only done at the express consent of the Assistant Commissioner for Operations Support Service or myself. SAPOL has currently of recent times—and only very rarely—used covert mobile speed cameras. The speed cameras were used in a covert manner in two selected areas in an endeavour to prevent quite irresponsible driver and rider behaviour in an effort to reduce the road toll. In particular, an increasing number of motorcyclists have died on our roads this year. As of 16 October—in

fact, as of today—19 motor cyclists have lost their lives this year. This statistic represents a 35 per cent increase in the year to date from 2005. Our police intelligence reveals that the roads that have been and will be targeted are regularly used a weekend by motorcycle riders conducting what we commonly refer to as speed runs or timed trials.

Speed cameras were deployed on the Gorge Road near Cudlee Creek on 30 September and 1 October 2006 and on the Lobethal to Cudlee Creek road on Saturday 7 October and Sunday 8 October as part of a covert operation authorised by the Assistant Commissioner to address the high number of fatal and serious injury crashes occurring in this area over the last five years.

The Gorge Road is known by the Department of Transport, Energy and Infrastructure and our Police Traffic Intelligence Section as a fatality and serious injury crash black spot, and since 2001 there have been 157 casualty crashes, 40 serious injury crashes, and seven fatalities on that part of the road. Over the last four days of the particular operation, a total of 475 speeding offences were detected, 85 of those being motorcyclists. Twenty-five of the total number were classed as speed dangerous; that is, they were in excess of 40 km/h over the posted speed limit which was an 80 km/h speed limit, of which 19 were motorcyclists.

Another covert operation was conducted, as I said earlier, on 14 to 15 October on a part of the Adelaide to Goolwa road near Meadows and Strathalbyn. This road is known again as a black spot, and since 2001 there have been 105 casualty crashes, 51 serious injury crashes and four fatalities on that part of the road. As a result of this particular operation, 147 motorists were detected exceeding the speed limit. One motor cyclist was detected speeding at 147 km/h per hour in an 80 zone, and two other motorists were detected exceeding the speed limit by 30 km/h or more.

Mr HAMILTON-SMITH: I thank the Acting Commissioner for his part of the answer, but if I heard correctly, this government has now delegated the decision-making power for use of camouflaged and concealed and covert cameras to the police without any further reference to government or to the minister, because if covert camouflaged and concealed cameras can be used at the discretion of the police in the Adelaide Hills surely they can then be used anywhere in South Australia, on any road, metropolitan or country. First I ask the minister: are you certain that you have the science to show that this will actually save lives; that genuine hoons and vandal drivers will simply not avoid these covert cameras and go elsewhere; is the science solid? Secondly, does that mean that without any consultation with the public or stakeholders the government has now opened the door to camouflaged and concealed cameras right across the state as much as the police feel they want to apply them?

The Hon. CARMEL ZOLLO: I have to advise the honourable member that this is purely an operational matter. It has never been anything different, and the police do have criteria for using cameras in this way. I can go through those criteria. The Police Commissioner issues instructions in relation to the deployment of traffic speed analysers, including speed cameras. In summary, speed camera locations are determined by the traffic intelligence section which, through a process of careful analysis, assesses locations throughout the state for whether or not they are an actual road safety risk or contribute to a road safety risk at a nearby location. In conducting the assessment the following factors are considered: whether a location has a crash history; whether the location contributes to crashes in other nearby

locations; whether the location has been identified by SAPOL's road safety audit as having a road safety risk; whether intelligence reports provide information of dangerous driving practices associated with speeding, especially speed dangerous; and whether the physical condition of a location creates a road safety risk.

When speed cameras are deployed there is no legal requirement for speed camera signs to be displayed. Paragraph 4.2.4 of the Commissioner's Instructions states:

Portable 'Speed cameras save lives' signs are to be displayed at each location where a speed camera is deployed. Before commencing speed detection duties at a site operators will place and secure the portable signs at each exit of a monitored site. The signs should be placed in a prominent position between 50 and 200 metres from the unit to advise motorists that they have passed a speed camera location. However, the Deputy Commissioner or Assistant Commissioner (Operations Support Service) may authorise that signs not be displayed if this is determined to be appropriate in order to improve road safety.

Although the instruction does not refer to the word 'covert', it is an anticipated operational practice for mobile speed cameras to be covertly deployed, with approval from either the Deputy Commissioner or Assistant Commissioner, into black spot areas where normal detection methods have generally proven ineffective. I think the Acting Police Commissioner gave examples of those in his previous response. Covert deployment can include any or all of the following: 'Speed cameras save lives' signs are not to be displayed at or near the camera placement; the camera vehicle can be concealed from sight; the speed camera if used in a tripod mode can be concealed from sight; and the speed camera operator can dress in plain clothes.

Ms BEDFORD: I refer to Budget Paper 4, Volume 2, pages 6.37 to 6.38. I understand that part of the funding outlined on these pages is specifically allocated to the Centre for Automotive Safety Research. Will the minister outline CASR's role, why the government funds this organisation, and how the funds are spent in broad terms?

The Hon. CARMEL ZOLLO: South Australia is fortunate to be home to the Centre for Automotive Safety Research (CASR). CASR was originally established in 1973 as the Road Accident Research Unit. Its current director Professor Jack McLean was the foundation director of the Road Accident Research Unit. Professor McLean has an outstanding international reputation. From 1981 to 1998 RARU's research was largely funded by the National Health and Medical Research Council, and from 1999 to 2002 its research was mainly supported by research project grants from national and South Australian transport agencies.

In order to guarantee continuance of the valuable research conducted by RARU, the South Australian government created the Centre for Automotive Safety Research from the beginning of the 2002-03 financial year through a signed deed involving the Motor Accident Commission (MAC) and the Commissioner of Highways (as the grantors) and the University of Adelaide (as the grantee). Under the deed the MAC and DTEI provide \$1 million shared equally and adjusted for inflation annually for 10 years for road safety research. Each year \$500 000 is core funding for the operation of CASR and for its own research program, while the remaining \$500 000 is project funding for specific research projects determined by MAC and DTEI. CASR also receives research funding from external sources such as the Australian New Car Assessment Program (ANCAP) and the National Department of Transport and Regional Services (DOTARS),

as well as actively seeking research funding from within Australia and overseas.

CASR is normally involved in about 20 research projects at any one time. Current or recent examples include indepth investigations of the causes of serious crashes in South Australia; evaluations of the safety benefits of speed limit reductions; benefit-cost ratios for different ways of implementing alcohol ignition interlock programs; and rollover crashes. CASR's most famous and influential research finding came from an indepth study of speed-related crashes. For urban areas they found that every increase in a travelling speed of 5 km/h above the speed limit doubled the chance of crashing; for example, at 70 km/h in a 60 km/h speed zone a driver is four times more likely to crash than if travelling at the speed limit. Comparable findings were obtained for rural areas. These findings have been influential around the world in justifying some reductions in speed limits and high levels of enforcement of excessive speeding. I know we all value and respect the work of CASR; and this is why the Rann government will continue to support this valuable and world-renowned facility.

Ms BEDFORD: I have a supplementary question. I understand that we are seeing considerable savings in road trauma on roads where the speed limit has been reduced. Is the minister in a position to provide details of what has been achieved?

The Hon. CARMEL ZOLLO: I would have to say that the issue of speed limits seems to be one that engages the community like no other. While people accept that drinking and driving do not mix, that they should wear a seat belt and not speed excessively, there are some who do not believe that speeding is a contributor to road trauma and who choose to drive several ks per hour above the posted limit. However, we do know from research and evidence that lower travel speeds lead to reduced road trauma. There seems to be broad agreement on this. Recently, I announced that an independent study by the Centre for Automotive Safety Research (CASR) at the University of Adelaide had reinforced the state government's view that a drop in speed limits leads to a drop in road casualties.

CASR examined the effects on casualty crashes and speeds on roads where the speed was lowered from 110 km/h to 100 km/h, compared to roads that remained at 110 km/h. The key finding of the CASR report was a reduction in casualty crashes of about 20 per cent on the road sections where the speed limit was lowered above and beyond a smaller general reduction on roads that remained at 110 km/h. The speed limit reductions were put in place in July 2003 on 73 mostly regional sections of road covering 1 100 kilometres, most notably on Yorke Peninsula, where 18 sections of road were rezoned to the default 100 km/h speed limit. The Centre for Automotive Safety Research estimates that the reduction in speed limits has reduced the injury cost for the South Australian community by \$9 million per year.

Obviously, the benefits of reducing the speed limits are felt not only by all who travel on the roads but also by the emergency service workers and police who are called out too often to scenes of personal tragedy on the roads. However, where there is a difference of opinion, as in if we should try to reduce the speed limits at all and if we want to, I guess education is one element and enforcement another. Changes to roads, such as traffic calming measures, can also be used.

Mr BIGNELL: I refer to Budget Paper 4, Volume 2, page 6.37. The minister mentioned briefly the Australian New Car Assessment Program (ANCAP) and that the state government

supports this program financially. What benefits does ANCAP bring to road safety?

The Hon. CARMEL ZOLLO: All new vehicles sold in Australia are required to meet national standards for vehicle design and safety. However, beyond these requirements, manufacturers are able to build into their vehicles higher standards of engineering and safety. Particular attention to detail in design and the introduction of new technology by manufacturers can significantly increase the safety of vehicles during crashes. From small beginnings in the early 1990s, ANCAP now fulfils a key role in improving the safety of new light vehicles sold in Australia. The results of ANCAP crash testing serve two major purposes. They give information to new car buyers on the level of occupant protection provided by vehicles in serious front and side impacts. Buyers are therefore able to seek out those vehicles that have higher levels of safety.

They place pressure on manufacturers to achieve higher levels of safety in their vehicles. The possibility of publicity associated with poor crash tests encourages manufacturers to pay more attention to the performance of vehicles in crashes and to conduct their own crash tests before models are released to the public. During the life of ANCAP, the safety star ratings achieved by vehicles that are crash tested have improved significantly, due in part to this program. Crash test results are now widely available and receive coverage by the media when new groups of tests are released. Results are available on the internet and are widely distributed in pamphlets, and an increasing number of consumers expect that vehicles will have either a four star rating or the maximum rating of five stars.

Indeed, the number of four star and five star vehicles available in Australia has risen significantly in the last few years, since ANCAP began its program. Crash testing protocols used by ANCAP are standardised internationally so that results from the testing programs in other countries are consistent. This means that crash test results from another country are applicable to the particular model if it is sold in Australia, without the need for ANCAP to repeat the testing. ANCAP publicises these results from overseas, along with its own crash test results. In recent years, ANCAP has begun testing the front of vehicles in the event of a collision with a pedestrian. This testing has shown significant differences in the safety performance of vehicles, and manufacturers are now placing increasing importance on the design and testing of the front of their vehicles in the event of pedestrian impacts.

No crash between vehicles and pedestrians is acceptable, but the latest crash testing by ANCAP is encouraging safer vehicle design and increasing the chances of reducing the seriousness of injury in the case of a crash. ANCAP is funded jointly by the Australian state and New Zealand road authorities as well as the Australian and New Zealand motoring authorities and the international FIA Foundation. The Rann government is playing its part in contributing to this very important road safety initiative through financial commitment to and involvement in ANCAP.

Mr HAMILTON-SMITH: I want to pursue more detail on the question asked by my good friend the member for Florey in relation to Budget Paper 4, Volume 1, page 4.25. Do I take it from the minister's response to an earlier question that the government is deliberately knocking down 110 kilometre speed zone sections of road to 100 kilometre limits? What is the process being used to select those roads for downgrading and is this part of a broader government

strategy to eliminate almost all 110 kilometre zones? I cite as an example the section of road between Bordertown and the Victorian border along the Dukes Highway, which has recently been refurbished to a high standard and which has been knocked down from 110 kilometres to 100 kilometres without reinstatement once the work is completed.

The Hon. CARMEL ZOLLO: This government will continue to review speed limits in consultation with the experts. Clearly, the Road Safety Advisory Council has made some recommendations to me (as Minister for Road Safety) in relation to speed limits. Speed limit reductions have reduced the level of fatalities and, indeed, there have been three very good examples reported for South Australia.

The first one, as I have already mentioned, involves the introduction of the 50 km/h speed limit for built-up areas. CASR, at the University of Adelaide, investigated this and found that:

After 12 months the number of casualties, as we mentioned, fell by 20 per cent, 330 fewer casualty crashes. The number of people injured in crashes fell by 24 per cent, 495 fewer casualties. The number of people needing treatment at a hospital fell by 29 per cent, 352 fewer cases. The number of people fatally injured fell from 14 to eight.

The second example—as I have already mentioned—involves the lowering of 1 100 kilometres of rural arterial roads from 110 to 100 kilometres. Again, CASR analysed crashes and speeds for these roads—compared to the almost 9 000 kilometres of rural arterial roads that remained at 110 km/h—and found a 20 per cent reduction in casualty crashes on the roads where the speed limit was reduced relative to the comparison roads.

Finally, there has been a similar level of decrease (around 20 per cent) on Adelaide Hills roads where the speed limit was dropped from 100 km/h to 80 km/h in 2002. These results are consistent with other states and other countries where changes in speed limits have led to corresponding changes in fatal and serious casualty crashes.

In Victoria, speed limits were raised to 110 km/h and then lowered back to 100 km/h while casualty crash numbers correspondingly rose and fell. In the USA the maximum speed limit was lowered and later raised when a correspondingly similar effect on fatal crashes was exposed. The results also follow, to a large extent, the earlier in-depth case study research of the Centre for Automotive Safety Research which directly linked the effects of higher speed travel and increased casualty risk.

I am awaiting advice from DTEI in regard to speed limits and, until I receive that advice and decide what should be done on a state-wide basis, I am not prepared to raise speed limits on the section of road in the South-East that the honourable member was talking about.

Mr HAMILTON-SMITH: I thank the minister for her answer. I refer to Budget Paper 4, Volume 2, page 6.14—targets. Minister, as of today, how many of the 48 red-light cameras, promised in May 2005 as part of a \$40 million road safety package, have been provided and are in operation? How many of those were provided by Robot Pty Ltd in Germany; what went wrong with this whole acquisition; and were liquidated damages or other penalties required of the supplier?

The Hon. CARMEL ZOLLO: Could I ask the member to repeat his last point?

Mr HAMILTON-SMITH: Yes. I am just wondering what went wrong with the whole project and how many of the cameras are now in service, if any? How many are still in

Germany being repaired, and has liquidated damages or any other sort of penalty been imposed on the provider?

The Hon. CARMEL ZOLLO: I can advise the honourable member that the fault was a technical one, and all costs are covered by the manufacturer in relation to these cameras. The cameras are part of the broad strategic approach taken by the government to improve road safety in South Australia. Crash statistics show that almost half the casualty crashes in the state occur at road junctions. Of particular concern is the number and severity of crashes that occur at major intersections with traffic signals in the metropolitan area and in rural cities.

Crash research shows that the running of red lights and excessive speed at these intersections are factors in many of the crashes; hence, the government's expansion of the red light and speed camera program is an important move aimed at improving road safety. The expansion program, which involves the latest digital technology cameras, commenced last financial year and is scheduled over the four years 2005-09. Unfortunately, major faults were discovered with the initial batch of 19 cameras received from the German manufacturer and the Australian supplier. On-site testing and modification of the cameras were not successful, and the manufacturer recalled all the cameras for further testing and repair. I repeat: it was at their own cost.

These technical problems were beyond the control of either the Department of Transport, Energy and Infrastructure, which organised the contract for the supply of cameras, and the South Australia Police, which operates the cameras. None of the cameras has been paid for under the contract and, as I said earlier, the responsibility for fixing them is entirely in the hands of the contractor. Recently, the contractor began returning the cameras after modification. Rigorous testing by the police has shown that the cameras are now performing satisfactorily in accordance with the specifications. The initial batch of returning cameras has been accepted and is now in operation and enforcing compliance with traffic signals and speed limits.

I also make the point that, during the protracted period in which the new cameras have not been in operation, the German manufacturer loaned 20 wet-film red light and speed cameras to DTEI. These are currently in operation by police at camera sites. At this stage, subject to the satisfactory testing of all the new cameras, and their final acceptance, it is expected that all new cameras scheduled for installation by the end of the current financial year will commence operation during the financial year.

Mr HAMILTON-SMITH: I have a supplementary question on that issue before my third question—and I promise to be nice. I refer to Budget Paper 3, page 3.21, which talks about a shortfall of \$21 million in traffic infringement fine revenue connected to contract failures for the purchase of the red light cameras. Was this the reason that we were \$21 million short? I wonder whether the door is open for any claim by us on behalf of the taxpayer for compensation of that revenue shortfall.

The Hon. CARMEL ZOLLO: I advise the member that the shortfall of \$21 million from the 2005-06 budget is due mainly to traffic infringement fines of \$15 million. This reflects the impact of technical difficulties incurred during the implementation of combined red light speed cameras, changes in driver behaviour (which I am sure we all agree is a good thing) and a reclassification of the victims of crime levy of \$6 million to sales of goods and services.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 4.26. What is the minister's view of proposals from local government about roadside memorials? Does the government have any plans to introduce new laws or regulations to restrict floral tributes, cards, notes or favourite toys and other memorabilia to commemorate a person's life?

The Hon. CARMEL ZOLLO: Since 1999, the government has assisted, and will continue to assist, local road safety groups, local councils and service clubs with the installation of roadside crash markers on rural roads. The markers, comprising guide posts painted red or black, mark locations where fatal or serious crashes have occurred within the previous five years. No similar crash marker scheme is intended for urban areas due to difficulties with both restricted space and the potential for creating a roadside hazard.

On the issue of roadside memorials, as opposed to the crash markers, the Department for Transport, Energy and Infrastructure views roadside memorials, which are often erected by families or friends of crash victims, to be primarily a local government issue, as councils often have care, control and management of the verge or footpath. The Local Government Association is currently finalising a uniform statewide policy for the location of roadside memorials. The policy will address appropriate placement, form and duration for the memorials, and it will also balance the sensitivities of the broader community and members of the emergency services organisations who do not all support the memorial with those of the families and friends of the victims and those in the road safety community who do support the memorials.

The department has provided input into the LGA process to ensure that memorials do not themselves create a traffic hazard either through their size or placement location or through people visiting them, placing themselves in danger on the roadside. I recognise the enormous impact road trauma has on people and I appreciate that the loss is devastating. I also appreciate that there are various ways in which people recognise that loss.

The Hon. G.M. GUNN: My question concerns the portfolio of road safety, and I refer to page 3.14. A few weeks ago I saw the minister with great gusto on television, by way of demonstration, dropping a watermelon (which I thought was a bit unrealistic) on bull bars. Does the minister have any plans to restrict, curtail or prohibit the use of bull bars?

Ms Bedford interjecting:

The Hon. G.M. GUNN: If you drove where I drove this morning through the kangaroos, you would be damn pleased to have had them on the car. Let me explain why I thought it was unrealistic. Minister, you did not drop it on the bonnet of the car, but you would have got the same result as if you had dropped it on the bull bar. If you had dropped it on the bonnet or thrown it against the grille, you would have got the same result. I personally thought it was an unrealistic stunt.

The Hon. CARMEL ZOLLO: This certainly was no stunt on anybody's part. CASR undertook some very strict research and the decision certainly was not mine as to what was used to demonstrate the impact of metal bull bars as opposed to polymer bull bars. I believe the research was fairly unique. It was the first undertaken in the world, and I guess it would simply be commonsense in relation to the effect that a metal bull bar would have compared to a polymer one. I will ask the CE of DTEI to make some comments.

Mr HALLION: Firstly, let me say that we are obviously looking very differently at rural areas, compared to metro-

politan areas. We do understand that in rural areas there is a greater concern about the impact of vehicles on wildlife and, therefore, I can assure the member that we will take a different stance in this process between rural and remote areas, as compared to urban areas. We do know that there are a large number of vehicles that are used in urban areas that do not necessarily travel into rural areas and so we would be looking at a different process between the two. I can also add that we are not at a very advanced stage yet in terms of our considerations of this matter. We have a lot of work to do in looking at the interaction between vehicles and pedestrian safety, not only with bullbars but also with the design of vehicles. Some of that research will feed through to new car design in the future, through the Australian design rules. It is very much early days yet in relation to our research in this area. We have not come to any conclusions at this point, as to what, if any, measures we may take in this area.

The CHAIR: The time agreed for examination of matters relating to road safety having expired, I declare the examination of the proposed payments completed. The payments relevant are the estimate of payments, South Australia Police, and the estimate of payments, Department of Transport, Energy and Infrastructure and related administered items. Can I thank the advisers who are leaving us.

The Hon. CARMEL ZOLLO: Madam Chair, can I take this opportunity to thank members of the government, the opposition, and all those who have prepared for and appeared before this committee with me today.

Mr HAMILTON-SMITH: Madam Chair, can I, on behalf of the opposition, also thank the staff for their hard work, and the minister. Thank you.

Ms BEDFORD: I move:

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

Motion carried.

Administered Items for the Department of Treasury and Finance, \$898 602 000

Administered Items for the Attorney-General's Department, \$52 884 000

Membership:

Mr Goldsworthy substituted for Mr Hamilton-Smith.

Departmental Advisers:

Mr D. Place, Chief Executive Officer, SAFECOM/SES.

Mr. V. Monterola, Chair, SAFECOM Board.

Mr R. Mathews, Director Finance, SAFECOM.

Mr E. Ferguson, Chief Officer, SA Country Fire Service.

Mr G. Lupton, Chief Officer, Metropolitan Fire Service.

Mr M. Smith, Business Manager, SA Country Fire Service.

Mr A. Norman, Business Manager, Metropolitan Fire Service/SAFECOM.

Mr. T. Boys, Business Manager, State Emergency Service.

Mr A. Lawson, Deputy Chief Officer, SA Country Fire Service.

Mr N. Stephenson, Manager Financial Services, SAFECOM.

The CHAIR: I declare the proposed payments open for examination and refer members to the Budget Statement, in particular, pages 2.12 to 2.16 and the Portfolio Statement, Volume 1, pages 3.29, 3.32, 3.39 and 4.144 to 4.199. Minister, do you want to make an opening statement?

The Hon. CARMEL ZOLLO: Thank you, Madam Chair, I will. In my second year as Minister for Emergency Services, I am pleased to advise the house that this month sees the first anniversary of the establishment of the South Australian Fire and Emergency Services Commission (SAFECOM), following the proclamation of the Fire and Emergency Services Act on 1 October 2005. The act created SAFECOM and the State Emergency Service (SES) as separate organisations and, in this budget, the SES appears in the Budget Papers in its own right for the first time.

The establishment of SAFECOM will ensure emergency services are better coordinated to meet the needs and expectations of the community so our agencies can better prepare and respond to risk. I have an obligation to ensure that the intention of the legislation passed by the parliament is supported by action. Real and tangible changes will continue to be made to the administrative and strategic arrangements that govern the emergency services sector.

As minister, I aim to deliver a more efficient and effective sector, which will allow the emergency services agencies to concentrate their resources on operational responses and risk management. For example, I have spearheaded a push to consolidate the corporate communications functions from across the three services. I can report that the new arrangements have commenced. Also, I am determined that policy development, community education, procurement, asset management, ministerial liaison, information technology and communications and training are centrally coordinated.

It is my intention that these be overseen by SAFECOM. While I want to achieve the streamlining on an administrative level, I am committed to supporting the operational independence of the chief officers and the individuality of the agencies. This leadership is underpinned by strong community support and a volunteer base that is second to none in our state. I recognise that our chief officers have good relationships with other jurisdictions. This collaboration between the commonwealth and the states is vital in emergency services.

The Bushfire Cooperative Research Centre (CRC), the Australasian Fire Authorities Council (AFAC) and the Augmented Australasian Police Ministers Council (A/APMC) are important forums for developing a national approach to managing emergencies and creating best practice to improve our capacity to deal with threats. Another important national approach is in the area of aerial firefighting. I totally support the work of the National Aerial Firefighting Centre, the board of which is chaired by Mr Euan Ferguson, Chief Officer of the Country Fire Service (CFS).

Decisions about the location of particular aircraft should be governed by risk and conditions and based on expert advice. I assure members that, if additional firefighting resources for extreme weather or major incidents are needed in South Australia, we will get them here. I will not allow politics to interfere in decisions about the safety of South Australians. Borders are not barriers to protecting people's lives. I take advice on operational matters from my chief officers, and I act on that advice. In the government's 2006-07 budget, I am pleased to advise that a number of initiatives have been approved for the emergency services sector.

Many people are not aware that the emergency services levy funds approximately only half the costs of providing emergency services. As minister, my role in the budget process is therefore essential to ensure that priorities identified by the sector are recognised. Budget initiatives include:

- expansion funding of \$3.6 million for 2008-09 (in addition to \$2.9 million previously approved for 2006-07 and \$3.9 million for 2007-08) for the annual capital program of the CFS, which will enable the replacement of an additional 42 heavy fire appliances at a cost of approximately \$10.5 million over the period 2006-07 to 2008-09;
- an additional \$1.6 million per year indexed has been allocated to the South Australian Metropolitan Fire Service (MFS) in recognition of pressures in the employee expenses budget, including rising overtime costs. The MFS will begin to address the high level of recalls by employing an additional 18 relief firefighters to reduce fatigue arising from firefighters working additional shifts.
- funding of \$231 000 has also been approved for the CFS to meet the cost pressures arising from the extension of the coronial inquest into the Wangarry bushfires;
- in 2006-07, \$390 000 has been allocated to the emergency services sector agencies in recognition of the rising cost of fuel—a key cost in responding to emergency calls, including the running of vehicles, pumps and rescue equipment.

Earlier this year I had the pleasure of opening and attending the Australasian Road Crash Rescue Challenge, the first time it has been held in South Australia. As the minister for both emergency services and road safety (this government was the first in Australasia to appoint a Minister for Road Safety), I was able to witness first-hand the level of skill required to extricate people safely from vehicles. These skill levels were recognised recently with the outstanding first place achieved by the Laura Road Crash Rescue Team in the Rapid Extrication category at the World Road Crash Rescue Challenge in South Africa.

While the weather continues to be dry this year, last November we had significant rains in a short period of time that generated many calls for assistance. These heavy rains led to the Gawler River flooding, and it was pleasing to see the cooperation and coordination between the MFS, the CFS and the SES during this emergency.

From the Virginia flooding in November last year to the early commencement of the fire danger season this year, South Australia has experienced nature in its extremes. We are committed to managing and responding to risk and conditions. As a result, the CFS community education and bushfire awareness programs have commenced earlier than they did in 2005, and we have brought forward our aerial firefighting arrangements to meet this season's expected conditions.

As minister, I have enjoyed travelling around regional South Australia visiting brigades and units and meeting staff and, more importantly, volunteers, who dedicate their time to protecting their communities. I look forward to meeting many more people in the community in the coming year so that I can thank them personally for their efforts and commitment to our society.

The CHAIR: Thank you, minister. Does the member for Kavel wish to make an opening statement?

Mr GOLDSWORTHY: Yes, thank you, Madam Chair, just a brief one. I acknowledge the outstanding contribution that personnel in the emergency services sector make to the safety and security of our communities. I particularly want

to congratulate the volunteers within the emergency services sector who at all times are prepared to provide their time and effort for the wellbeing of the state.

The CHAIR: Thank you, member for Kavel. Do you wish to proceed to questions now?

Mr GOLDSWORTHY: Most certainly, Madam Chair. Before I ask my first question, I seek leave to table the omnibus questions.

The CHAIR: Nothing can be tabled. However, I understand the minister has already undertaken to answer the omnibus questions for all her areas of responsibilities in all portfolios. Is that correct, minister?

The Hon. CARMEL ZOLLO: Yes; we will take them on notice. Can we do that?

The CHAIR: They have been included in the record of your previous hearing.

The Hon. CARMEL ZOLLO: Thank you.

Mr GOLDSWORTHY: My first questions relate to the Country Fire Service.

The Hon. CARMEL ZOLLO: Madam Chair, I thought we were doing this in the way they appear in the budget papers, with SAFECOM first. Which way are we going?

Mr GOLDSWORTHY: We have a series of questions on the CFS, the MFS and SAFECOM, but I would like to ask questions relating to the CFS first.

The Hon. CARMEL ZOLLO: Okay.

Mr GOLDSWORTHY: I refer to Budget Paper 4, Volume 1, page 4.177, Program 1, Country Fire Service, description/objectives, which states:

Key result areas for CFS include:

... ensuring that CFS personnel are equipped, trained and competent to safely combat emergencies effectively and efficiently.

Considering the recent controversy in relation to the delivery of 11 new 34 units approximately two years ago, when did the minister first become aware of the problems with these trucks and what advice did she receive in relation to this very important matter?

The Hon. CARMEL ZOLLO: My advice is that there is not a problem or an issue with 11 trucks at all but with two trucks. The CFS is working through some issues with them. My initial advice was that there was nothing technically wrong with those trucks. However, since that time, I have learnt that the CFS is working through some issues with the trucks. I will ask the Chief Officer of the CFS to expand on that.

Mr FERGUSON: Thank you, minister. If I understand it correctly the two questions were: when was the minister advised; and, what was the advice. Initial advice to the minister would have been around early October 2006; however, the CFS has been working with the two brigades concerned—and I want to reinforce the minister's comments that there are only two brigades that have identified concerns over the handling of these trucks—for a number of months. The advice we have provided to the minister was simply that the members of the brigades had identified some handling issues with the two appliances. Because of the nature and strength of the complaints by the brigades, the CFS elected to, effectively, offer a stand-in appliance to those two brigades—and we are talking about the Kangarilla and McLaren Flat brigades.

In the meantime, the CFS has sought expert advice from a number of parties, including the drivers of the appliances, Isuzu (the company that manufactures the cab chassis), and the manufacturer of the vehicle. We have also sought independent advice from a company involved in providing

consultancy advice on transport engineering and management, and the minister was provided with a summary of that advice. I might add that much of the media reporting has not been based on fact.

The CFS has met with brigade members and identified a series of steps to be undertaken: first, to identify what the problem is; and, secondly, if there is a problem, to try to rectify it. The last personal contact I made with brigade members was about 10 days ago, and the brigade members and brigades are supporting the process. One appliance has been selected to go back to the manufacturer of the vehicle and there have been some alterations made to its weight distribution. I also understand that some alterations have been made to the suspension of the vehicle. I believe that vehicle was returned to the brigade two nights ago. There is still some concern about the suspension seat, and we will be returning the vehicle to have the front wheels aligned and balanced. We believe that after doing that work the vehicle will be acceptable to the brigade.

I would like to add that the alterations that have been made to that vehicle have been done at no cost to the CFS; they have been done at the cost of the manufacturer and the supplier of the cab chassis. If all those actions meet the needs of the brigade, we will then be making similar alterations to the second vehicle.

The Hon. CARMEL ZOLLO: I would like to add that the CFS has provided three or four back-up appliances to each brigade as the appliances in question were being assessed, and that the balance of the appliances in the same program remain in service with no reports of adverse handling characteristics being received by CFS infrastructure and logistics.

Mr FERGUSON: If I can just reinforce that: there have been reports about the trucks being unroadworthy and undriveable. They are incorrect. Both the cab chassis manufacturer and the independent transport engineering expert have certified that the weight distribution is well within the acceptable tolerances of the vehicle and CFS policy for manufacture of these vehicles, and there is no question that the trucks are unsafe to drive. Notwithstanding that, the volunteers are reporting unusual handling characteristics, which is what we are trying to resolve.

Mr GOLDSWORTHY: Have you made any inquiries of the volunteers themselves, either directly or through the VFBA, in relation to their concerns with the shortcomings of the performance of these vehicles?

The Hon. CARMEL ZOLLO: The issue of appliances and their performance is an operational issue which generally, as minister, I do not get involved in. I rely on the expert advice of my CFS officers, as I have on this occasion. I have full confidence that if volunteers have any concerns or issues they will be worked through with the CFS and they will be resolved. I am very mindful of the time that our volunteers give to their community and it certainly is important to me as Minister for Emergency Services that, if they have any issues, they are resolved. I am obviously updated on a regular basis.

Mr GOLDSWORTHY: So obviously the answer to that is no.

The CHAIR: Member for Kavel, you are not entitled to interpret the minister's answers. The minister's answer stands for the *Hansard* record.

Mr GOLDSWORTHY: Can the minister provide details of the other nine brigades that have received these 3:4 units?

Kangarilla and McLaren Flat are two, but we would like to know the other nine brigades that have received them.

The Hon. CARMEL ZOLLO: This is an operational issue. I think that we probably need to take this on notice, but I will just confirm that. We do not have those lists with us so we will provide that information to you.

Mr BIGNELL: My question relates to Budget paper 4, Volume 1, page 4.175, 'Targets and highlights', and it relates to the CFS. Minister, through you I would like to pass on the thanks from the people of Mawson for the wonderful protection that the CFS gives the people of the southern suburbs. I was at Morphett Vale CFS last Monday night for their training, and our thanks go out to them, and the people at Blewitt Springs, McLaren Vale, McLaren Flat, Willunga and the rest of the Mawson brigade.

My question is: what safety features are incorporated in fire appliances to better protect CFS volunteers in the event that they are subjected to a burnover whilst fighting a fire?

The Hon. CARMEL ZOLLO: I thank the member for Mawson for his important question, and I appreciate his interest in Country Fire Service volunteers. With a commitment to the principle of safety first, the CFS has introduced an annual safety message. The current focus is 'Safety first, come home safe'. In addition, the CFS Chief Officer Standing Order 12—Appliance and crew protection at bushfires—aims to provide a procedure for minimising the risk to crews and appliances when attending bushfires and for taking defensive action when a crew is trapped with their vehicle in a bushfire situation.

CFS operates in a continuous improvement environment and new fire appliances have been steadily improving, with particular emphasis on volunteer health and safety. The latest model appliances include features such as: internal cabin blinds to reflect high radiant heat loads; easy and quick deployment of a fire curtain on the working deck of appliances; cabin water sprays; fresh water breathing system for cabin occupants; a communication system between cabin occupants and crew on the rear working deck; pump controls accessible when crew are taking refuge under the rear fire curtain; and improved emergency lighting to make appliances more visible in poor light or thick smoke.

To further reinforce the protection of volunteers, a safety drill based on chief officers' standing order 12 was deployed and launched prior to the 2005-06 fire danger season. CFS volunteers across the state will be required to complete the safety drill, and each CFS brigade will record the details of members who undertake the burn-over drill, and it will be included in the CFS training records. In 2006-07, this commitment to safety first is being further reinforced with the development of a pocket guide, which will be provided to all operational CFS personnel. Thank you; we do have a pocket guide in the chamber. The member for Kavel and I have actually been inside one of these new trucks and, indeed, we were both very impressed with the safety features that were included.

Mr RAU: I refer to Budget Paper 4, Volume 1, page 4.175, 'Objective for CFS community awareness'. With an early start to the fire danger season this year, can the minister advise the committee what the government has done for community education and bushfire awareness programs?

The Hon. CARMEL ZOLLO: I am pleased to advise the committee that the government approved funding of \$571 000 in 2005-06 and \$612 000 in 2006-07 for the Country Fire Service to expand its current community education and bushfire awareness programs. The expansion of these

programs includes a targeted community awareness campaign on the upgraded bushfire information and bushfire warning system; bushfire preparedness, prevention and safety; and promotion of the 'Stay and defend or go early' message. This is consistent with South Australia's strategic plan, in particular, objective 2: 'Improving well being', where one of the key points is to improve the safety of South Australians.

The expansion of the CFS community education and bushfire awareness programs will lead to a greater level of community safety through increased understanding and adoption of bushfire safety and practices across the state, therefore assisting to minimise the risk on life, property and the environment. The \$1.183 million provided over the two years has enabled the CFS to appoint three part-time CFS community education officers. The officers have been appointed to three different locations: the Eyre Peninsula, the South-East, and one is based centrally. With the earlier start to the fire danger season this year, the CFS community education program commenced in September, which was two months earlier than 2005.

The CFS has also restructured its community education program to enable programs to be tailored to suit community needs. CFS community safety brochures are currently being developed for distribution to all local councils this month, which is one month earlier than 2005. Plans are underway to run a higher profile television, radio and news media campaign commencing next month, which is, again, one month earlier than 2005. To further increase individual and community awareness and readiness, a government community awareness campaign for bushfire prevention, preparedness and safety will be delivered in 2006-07.

I am pleased to advise that, last week, the government approved an additional \$225 000 for its community awareness campaign for bushfire prevention, preparedness and safety. This is in addition to funding approved for CFS community education and awareness programs. The new campaign includes additional television coverage and support materials that extend on the current advertising campaign, including information about the bushfire information and warning system. Bushfire awareness and safety is a high priority issue for the community, and this priority will be reflected in the campaign strategy through the use of metropolitan and regional television.

It is anticipated that the government campaign will commence as soon as possible and finish in late March 2007. With the early onset of the fire danger season this year, I take this opportunity to urge members of the community to ensure that they are bushfire ready. One of the most critical tasks that home owners can do in preparing for bushfires is to reduce the amount of fuel on and around their property. This includes cleaning gutters and removing dead branches, leaves and undergrowth from around their home. It is important to remember the onus is on people living in fire-risk areas to take responsibility for their own safety and security.

Mr GOLDSWORTHY: I would like to pursue issues relating to the three or four units delivered to those 11 individual brigades. I understand that the government is saying that the trucks are not unsafe and that they are quite serviceable as they have been delivered. The opposition understands that recommendations have been made to add up to 500 kilograms of counterweight on the front of the vehicle, reposition the water tank on the chassis and/or reduce the capacity of the tank to 2 000 litres.

The Hon. CARMEL ZOLLO: I will ask the Chief Officer, Mr Euan Ferguson, to respond.

Mr FERGUSON: The advice we have from the expert transport engineers, with the full endorsement of both the manufacturer and the manufacturer of the cab chassis, was that the handling could be modified by changing the weight distribution from the back axle onto the front axle, bearing in mind that they are both below the GVM for the axle. But redistributing the weight may have an effect on the handling characteristics of the vehicle. Indeed, that is what we have done. The vehicle is back with one of the brigades, as we speak, and the feedback as late as a meeting on Monday night is that the handling has improved.

In relation to the two points you raise about the water tank being moved and a reduction in the water carrying capacity, I do not believe they are based on fact. Certainly, that has not been the briefing which has been provided to me by our engineering people. I believe that is not founded in fact. My advice this morning was that the vehicle handling has been improved. We do want to do an alignment and rebalancing of the front suspension and front wheels. There is still an issue with the suspension seats. I am not sure whether the honourable member is aware, but modern vehicles have suspension seats and they have a shock absorber which determines the amount of travel and play. On a rough road at a particular speed sometimes you can get excessive bounce up and down; I have experienced this myself. One can move to minimise this further by putting a stronger shock absorber in the seat. At this stage we have not moved to do that; that is likely to be the next area that we will be looking at.

I want to reinforce that the feedback we had from one of the brigades when the vehicle was returned late last week and from a meeting which occurred on Monday night is that with the balancing and alignment of the front wheels the vehicle would then be acceptable.

Mr GOLDSWORTHY: In view of that response, does the minister agree that there was a problem with the handling of these trucks when they were first delivered as a consequence of the work subsequently carried out on them?

The Hon. CARMEL ZOLLO: I will ask Mr Euan Ferguson to respond to that as well.

Mr FERGUSON: Perhaps it might help if I quote directly from the report of the independent transport engineering company. It states:

It was not evident that the vehicle was unsafe whilst being driven. . . The vehicle on off-road loose gravel and severe gradient performs well from a standing start and was successfully retarded on descents. . . The on-road performance tended to indicate that the vehicle under certain conditions tended towards over and under steering into bends.

That is a handling issue, but at no time has either the manufacturer of the cab chassis or the independent transport engineering company indicated that this creates a safety problem. However, the transport engineer has suggested a number of improvements which would, in his words, 'enhance the handling of a vehicle in regard to the oversteer'.

One could take as an analogy a motor vehicle which performs as a motor vehicle does and, by adding additional suspension and playing around with the weighting of the vehicle, the tyres and so on, one can improve the performance. I think that is where we are at with this vehicle. We are trying to improve the performance, but our advice is that the existing performance is not unsafe and, indeed, that the vehicles perform normally for this size and class of vehicle.

The CHAIR: You have nothing to add, minister?

The Hon. CARMEL ZOLLO: No.

Mr GOLDSWORTHY: The independent advice, from the chief officer's outline of it, gives a description of a practical driving test, but does that report give some specific recommendations on how the handling of the vehicles can be improved?

The Hon. CARMEL ZOLLO: Again, I will refer that question to the chief officer.

Mr FERGUSON: Yes, it does. The independent report suggests a number of improvements which would enhance the handling of the vehicle, and there are five. They are:

1. increase the front axle mass to 4 700 kilograms, and the existing axle mass on the front axle is 4 140 kilograms;
2. relocate as much equipment as far forward as possible;
3. load front axle using water-filled ballast bars;
4. move the rear axle rearward by approximately 400 millimetres to increase front axle mass by approximately 500 kilograms; and
5. confirm wheel alignment geometry.

Not all of those recommendations have been carried out, because a number of them are fairly substantial engineering modifications. In fact, our approach has been to follow through on a number of those recommendations, and it would appear, in the view of the brigade, that they have had the desired effect.

Mr GOLDSWORTHY: In the minister's opinion, why would those recommendations have been made if there was not a problem with the handling of the trucks?

The Hon. CARMEL ZOLLO: Again, I will ask Mr Ferguson to respond.

Mr FERGUSON: Again, I will highlight the sentence leading into those recommendations. It states that there are several improvements that would enhance the handling of the vehicle in regard to the oversteer. It is identified that there is a tendency to oversteer, and I guess oversteer can be a problem, but this is about enhancing the handling of the vehicle. I think one needs to be careful about referring to it as 'the problem', because there would appear to be an oversteer handling issue with respect to the vehicle. If that is the problem, we are moving to reduce that problem by taking these actions. We have not taken all those actions, but the feedback we have received is that the problem of the oversteer has been significantly improved from the modifications that we have done to one vehicle. If that is the case, the problem has been rectified. I am fairly cautious about these matters, and we would probably spend a little more time field testing the vehicle to make sure that the drivers are satisfied with it before we say that this issue has been properly rectified.

Mr GOLDSWORTHY: I refer to Budget Paper 4, Volume 1, page 4.178, in relation to supplies and services. With respect to the recent media comments about the Elvis sky crane, can the minister advise the costs relating to that aircraft if it was based here during the fire season? I asked that question because there appears to be a difference of opinion in the advice out there with respect to the cost to the state.

The Hon. CARMEL ZOLLO: I will ask Mr Ferguson to respond to that question.

Mr FERGUSON: During a normal contracted three-month period for a type one rotary aircraft such as an Elvis, or an air crane, the standing charge is in the order of \$2.5 million. That standing charge includes the freight by sea of that aircraft from North America. That is the base standing charge, but there are a number of other considerations that lead to some variations. If the aircraft is air freighted over,

that is an additional cost. Air freighting these air frames over can only be done on an Antonov aircraft and, if we are talking about air freighting from North America, that costs of the order of \$700 000. You can actually fit two air cranes onto an Antonov, so if you happen to have two on the one Antonov the air freighting obviously is half that. If one is air freighting from Europe, because there are a number of these air frames currently in Europe, then the cost of the air freighting is around \$900 000. That gets the aircraft in the country with the appropriate infrastructure, and one would then need to consider the operating cost of the aircraft, which is of the order of \$11 000 per hour of operating.

However, there are other costs that could be associated with the operation of the aircraft, which include the provision of a ground-based bulk fuel carrier and the provision of a small helicopter that would be providing what we call air attack supervision. You may hear various quotations for the cost but, essentially, that comes back to a standing charge of \$2.5 million. If you air freight them over, there is between \$700 000 and \$900 000, then an operating cost of around \$11 000 per hour.

Mr GOLDSWORTHY: So, the state has to pick up all that cost: \$2.5 million plus \$11 000 an hour, plus, plus?

Mr FERGUSON: No. In an ordinary fire season such as last fire season, through the National Aerial Fire Fighting Centre there were two type 1 helicopters in Australia. For each of those aircraft, 50 per cent of the standing charge was funded by the commonwealth government and 50 per cent funded by the state or territory where the aircraft resided. If, for example, last fire season we had brought an air crane from Sydney to Adelaide, for the period for which that air crane was in South Australia we would then pay 50 per cent of the standing charge of that aircraft. Per day that is around a \$25 000 standing charge. For example, if we had it here for 24 hours our proportion of that last year for that air crane would have been about \$12 500, just to sit it on the ground here for the day.

That was last fire season. This fire season there are a number of changes, and excuse me if I give you a long-winded answer but it is not straightforward. For this fire season at the moment there are going to be four type 1 helicopters in Australia. Helicopter no. 1 and helicopter no. 2 are on the same basis as in previous years, which is fifty-fifty between the state or territory and the commonwealth government. In relation to helicopter no. 3, on last Monday week, 16 October, the Victorian government announced of its own volition that it would fund 100 per cent of a type 1 helicopter for Victoria but using a National Aerial Fire-fighting Centre contract.

We can still access that helicopter in the same way as with helicopters 1 and 2, but because it is 100 per cent funded by the Victorian government, if we accessed helicopter 3, when it came across into South Australia we would be liable for 100 per cent of the standing charge—effectively \$25 000 a day—while it was in South Australia, because it does not attract any commonwealth contribution. The following day, I think Tuesday 17 October, the Minister for Transport, Jim Lloyd, acting on a recommendation from the National Aerial Firefighting Centre, announced a further funding package for the provision of a fourth air crane under the National Aerial Firefighting Centre.

With the fourth air crane, the funding was for 100 per cent of the standing charge and also for the air freighting of the air crane from the northern hemisphere. If we sought helicopter 4 to come into South Australia, 100 per cent of the standing

charge would be paid by the commonwealth and South Australia would be liable only for the operating charge and ancillary charges of bulk fuel, transporter and air attack supervision. At the moment the National Aerial Firefighting Centre has not finally resolved (there are discussions going on) the placement of that fourth aircraft. All of these four aircraft are procured under the National Aerial Firefighting Centre arrangements and all of them are technically available to be located in South Australia should a need arise and should the aircraft not be on an operational employment. That is an important point.

Prior to the advent of the National Aerial Firefighting Centre, there was strident criticism, particularly by the federal government, of our existing arrangements because it identified that each state was equipping its own state and there was not a lot of sharing or collaboration; in fact there was not a national view in respect of the provision of aerial firefighting resources. Since the advent of the National Aerial Firefighting Centre, the commonwealth government and every state government have increased funding for this arrangement. Within South Australia the commonwealth contribution is just shy of \$500 000—I think it is \$497 000 this financial year.

The state government has provided additional funding of \$670 000 for this arrangement, which is for aircraft pre-positioned within South Australia. However, it needs to be understood that the total resources of the National Aerial Firefighting Centre fleet are technically available to South Australia if we have a call on them. There are then operational considerations as to what the best type of aircraft might be, given our particular tactical or strategic problem. It is also dependent on the risk involved and what fires might be burning interstate. For the 2006-07 financial year, the total aviation budget for the Country Fire Service is \$2.555 million and, of that, \$1.9 million relates to standby charges. The remainder, which is \$0.655 million, relates to operating charges.

Our aerial firefighting fleet is derived from a number of sources. We have the state fixed wing contract through Australian Maritime Resources, which is a longstanding, very effective, very efficient and very cost-effective arrangement for South Australia. We have the additional resources of the National Aerial Firefighting Fleet and we also have access to the Adelaide Bank Rescue Helicopter Service. In December last year, the Adelaide Bank Rescue Helicopter Service moved to a new contract provider and we now have a three-helicopter service. Not all of those helicopters are suitable for aerial firebombing, but they are all used and they all have a particular use for aerial firefighting, both for supervision and for crew transport. There is also an underslung bucket for two of them.

We also have access to the SAPOL fixed wing fleet through a memorandum of understanding. We have used those aircraft on a number of occasions for strategic reconnaissance and transport of incident management personnel. We also use a number of call-when-needed aircraft. Some of those are engaged casually, some are on call-when-needed contracts and some are engaged indirectly through forest owners in the Lower South-East.

We have a very comprehensive and, I believe, a very cost-effective aerial firefighting fleet. We have very cost-effective arrangements for enhancing our existing capacity with the smaller and medium aircraft and the very large rotary wing aircraft, such as Elvis.

Mr RAU: I have a supplementary question, and this might seem a bit out of left field. Minister, is Elvis just a pet name or is that an acronym for something?

The Hon. CARMEL ZOLLO: It is a pet name.

Mr RAU: So it could have been Roy Orbison or anybody; it just happened to be Elvis.

The Hon. CARMEL ZOLLO: I would have probably preferred Roy Orbison.

The Hon. G.M. GUNN: My question comes under the heading of community fire warnings. Minister, I understand there are a number of known persons who are likely to light fires. They are known to the police and to the fire authorities. Has any consideration been given to ensuring that those people are not only monitored but have some electronic device fitted to them, like people who are on home detention? Can some other course of action be taken on days of extreme fire danger so that these people cannot go out and light fires and completely upset the whole community?

A few weeks ago on the television I heard Mr Ferguson rightly describe these people as criminals. I think we would all agree with that. I know that what I am suggesting is an extreme measure, but, if these people are let loose on an extreme day, they can cause havoc in the community. I think we need to be a bit proactive with some of these people.

The Hon. CARMEL ZOLLO: I agree with the member that people who purposely light fires in our community are criminals. The police launched FireWatch several weeks ago. The Acting Chief Commissioner, John White, mentioned that those people who are known to them—they have a list—are under surveillance and are regularly visited. In relation to anything else, obviously one needs to first catch somebody and go through the criminal justice system. As the Minister for Correctional Services, I can say that home detention is used. We cannot put people on electronic monitoring unless they are caught and, obviously, convicted, and I do not know whether we have any people who have been through the court system. Intensive bail supervision is another way of using the electronic monitoring system. I do not know whether that is happening at the moment. I understand the sentiment that those who purposely light fires in our community are criminals.

I have some background information. Overall, crime prevention advice and strategy should involve a combination of applying commonsense preventive measures, targeting hardening and improving security, and building design. As to schools and education, literature indicates that, regrettably, the majority of deliberately lit fires is often undertaken by children, juveniles and others who may not have considered or be unaware of the possible consequences of their action. As an example of an Australian initiative to tackle bushfire arson, in Western Australia the Fire and Emergency Services Authority has implemented a targeted campaign to significantly reduce the incidence of bushfire arson.

As I have mentioned, we have Fire Watch, which was launched in South Australia several weeks ago. Obviously, we have school education, and we often have displays in centres. As I said, the police also doorknock those who are being surveyed.

I will provide some information that was asked of us earlier in relation to the appliances. There are 12 in total: McLaren Flat, Kangarilla, Summertown, Iron Bank, Brukunga, Penola, Glencoe, Naracoorte, Cowell, Paskeville, Cleve and Tumby Bay.

Mr GOLDSWORTHY: Are they going to receive the same build?

The Hon. CARMEL ZOLLO: Yes; they will receive the same build as the two trucks about which the honourable member has asked questions today.

The CHAIR: Can I clarify with the member for Kavel whether there are any areas on which he is not going to ask any questions?

Mr GOLDSWORTHY: Well, it depends on how we go for time. I have questions prepared for SAFECOM, MFS, CFS and SES. However, we may not get to the SES. I can only guess.

Ms BEDFORD: We have a question, and I have my first question on the MFS. So, if we are to have a turn, I would be grateful if I could ask my question.

Mr GOLDSWORTHY: At this stage, we still have more questions for the CFS.

The CHAIR: As I understand it, there was no agreement as to the breakdown of the time relating to the various aspects of the portfolio.

Ms BEDFORD: But the agreement is three questions from either side, Madam Chair.

The CHAIR: We have the advisers at the table for the CFS, so we will continue with the CFS.

Mr GOLDSWORTHY: I have a few more questions I would like to ask in relation to the Elvis helicopter air crane.

Mr BIGNELL: Air brain!

Mr GOLDSWORTHY: That's you, mate.

Ms BEDFORD: Could we speed it up a fraction?

Mr GOLDSWORTHY: If you keep talking, Frances, you will just slow things up.

The CHAIR: Order, the member for Kavel! You have been greatly indulged. You can hear that members on my right are almost rioting.

Mr GOLDSWORTHY: What has been the calculation of the cost to the state if that fourth helicopter were to be based here in South Australia over the summer fire season? Has some work been done on calculating the cost, given the different scenarios that the Chief Officer presented to the committee?

The Hon. CARMEL ZOLLO: If we have extreme weather in our state or a major incident, obviously, we have the ability to bring in an air crane or, indeed, any other type of aircraft or support in our state. In 2003, it cost the state in excess of \$300 000 plus an operating charge, as I understand it, of \$11 000 per hour. It stayed here for one day in 2003; so, it cost \$300 000 to bring it here for one day. Of course, we know that it was at an operating charge of about \$11 000 per hour. I will refer your question to the chair of the National Aerial Firefighting Centre, Mr Euan Ferguson.

Mr FERGUSON: To supplement the minister's response, for a 90-day period, completely excluding any freighting, we are looking in the vicinity of \$2.25 million. This is if an air crane is in the country. If it were for a shorter period of time, our estimate is that the relocation cost, say, from somewhere on the eastern seaboard—Canberra, for example—would be about \$100 000 to bring it over, and Sydney would be another \$50 000 on that, thus the minister's advice that, the last time it came over and went back, it cost about \$300 000. That \$100 000 would include the refuelling of the vehicle, an aero tax, a supervisor and the helicopter.

Mr GOLDSWORTHY: Given that answer and the figures presented of about \$2.4 million, plus the \$11 000 an hour operating cost, the minister stated on the radio last week that about \$7 million is still in the Community Emergency Services Fund (CESF). Some information was presented at the Economic and Finance Committee a few months ago,

stating that there was \$13.5 million surplus in that fund, but that has obviously been drawn down, and I think that the minister made an explanation on the radio of where some of that funding has been allocated. However, given that \$7 million is still in that fund that is surplus to requirements, as the budget has been set and the money has been allocated to various areas, we can look at the budget lines and see where it is all going. So, setting that scenario, does the minister then agree that ample funds are available to the state to meet the costs associated with having the Elvis helicopter based here in South Australia for, at the very least, this summer?

An honourable member interjecting:

Mr GOLDSWORTHY: I am talking about now.

The ACTING CHAIR (Ms Bedford): Do not be diverted by interjections, please, member for Kavel.

Mr GOLDSWORTHY: Interjections are out of order, Madam Acting Chair.

The ACTING CHAIR: I know, that is why I am saying not to be diverted by them.

The Hon. CARMEL ZOLLO: Have you finished asking your question?

Mr GOLDSWORTHY: Yes, I finished asking the question.

The Hon. CARMEL ZOLLO: The member was correct. The earlier amount of money (\$13.5 million), was the amount given to the Economic and Finance Committee on 24 May, and subsequently drawn down at 30 June was \$10.4 million, but the cash balance in the Community Emergency Services Fund is estimated to be \$6.7 million by 30 June 2007, and this consists of \$3 million in working capital and \$3.7 million in uncommitted cash reserves. Of course, decisions in respect of that \$3.7 million are a budget impact.

The CFS has not asked for extra funding for aerial fire-fighting support, but we also need to understand that the portfolio of emergency services lends itself to a great amount of between budget funding—that is the nature of the portfolio. We have already announced, of course, that we are going to bring forward the aerial fire-fighting contracts that we have by at least one month in most cases; in respect of some, a bit more. So, we know that we will already have a drawdown on the budget for that reason. I think, if my memory serves me correctly, between the last budget and this one for the CFS alone we approved some \$4 million. It is very much the nature of the portfolio.

I also place on record that I have full confidence in the operational decisions of the CFS and I support our membership of the National Aerial Firefighting Centre and the strategy that we work with. Obviously, the CFS is a board member and we value that partnership with the federal government and other states which sees us being able to draw on any additional reserves if and when they are needed. Since 2004 funding for CFS aerial support activities has increased by \$670 000 per annum. This incremental funding was approved during the 2005-06 budget process and has funded geographical expansions in aerial support for the South-East, Lower Eyre Peninsula and general statewide operations. We now have three primary response zones for aerial support throughout our state, and it is strategically placed to allow good coverage should a bushfire occur.

Mr GOLDSWORTHY: I have a supplementary question.

The CHAIR: Is it?

Mr GOLDSWORTHY: I think it is. That was a very detailed answer, minister, but you actually did not answer the question. It is a yes or no answer really. Do you agree that

there are sufficient funds there to pay for Elvis over this summer or not? There is no need to refer to any advice received from the CFS; it is whether you think there are sufficient surplus funds in the CFS to cover the cost?

The CHAIR: Member for Kavel, I remind you that the minister is not required to answer the question to your satisfaction. She gives the answer she considers appropriate.

Mr GOLDSWORTHY: Sure.

The CHAIR: Minister, do you have anything to add?

Mr GOLDSWORTHY: I can ask another question, though.

The Hon. CARMEL ZOLLO: Thank you, Madam Chair, for pointing that out to the honourable member. The uncommitted cash balance creates a buffer that would allow the fund to continue to make payments if, in any year, actual receipts fall short of the budget expenditure level for that year. As I mentioned previously, we brought forward the fire season and also the contracts that we have in South Australia, and we know that we need \$1.6 million contingency for expansion of that area of operations already. In addition, the uncommitted cash balance would allow the fund to make approved payments in the event of a protracted major incident without requiring additional funding. It is good fiscal management and good governance to have a sum of money in the emergency services portfolio as uncommitted cash balance. As I said, to 30 June 2007, it is estimated to be \$3.7 million in uncommitted cash balances and \$3 million working capital.

Mr GOLDSWORTHY: In relation to the CFS supplies and services, I refer to Budget Paper 4, Volume 1, page 4.182. Under the supplies and services line the figures are listed respectively for the 2004-05 actual, the 2005-06 budget, the 2005-06 estimated result and the 2006-07 budget. I understand from the financial commentary on the major variations on page 4.186 under the heading 'Income Statement—Controlled', that the reduced operating expenditure in 2006-07 is primarily due to approved 'once-off' expenditures in 2005-06 relating to personal protective equipment upgrades (\$1.9 million) and the elimination of cross-charge agreements between CFS and the former ESAU. Cross-charging arrangements have ceased since 1 October 2005, with the establishment of SAFECOM. What was the actual amount of money involved in the cross-charge arrangements between the CFS and the former ESAU? What was the dollar figure?

The Hon. CARMEL ZOLLO: I will ask Mr Martin Smith to respond in relation to that question.

Mr SMITH: The full year for 2004-05 was \$5.6 million, and the part year for 2005-06 was around \$1.4, \$1.5.

Mr GOLDSWORTHY: Can you repeat that?

Mr SMITH: For 2005-06, SAFECOM commenced from 1 October, so there was only one quarter of cross-charge to pay, and the cross-charge paid in that period was 1.4 or \$1.5 million.

Mr GOLDSWORTHY: The full year.

Mr SMITH: The full year in 2004-05 was \$5.6 million.

Mr GOLDSWORTHY: From CFS to ESAU.

Mr SMITH: That is right.

Ms BEDFORD: I refer to page 4.161 of Budget Paper 4, Volume 1 of the Portfolio Statement for the MFS, dealing with objectives relating to emergency services preparedness. Considering that the world has changed significantly post 11 September, what actions has MFS taken in order to be able to respond to the new and emerging threats we face? This relates particularly to occupational health and safety issues

involving workers throughout the state, as well as your own personnel.

The Hon. CARMEL ZOLLO: In today's world, our emergency services must be prepared to respond to a wider range of threats than in the past. In addition to responding to fires, road crashes, and flood and storm damage, emergency services also respond to chemical, biological and radiological (CBR) incidents, and structural collapse urban search and rescue (USAR) incidents. The MFS is the lead agency in South Australia for both CBR and USAR. All MFS firefighters are trained in CBR response, and the MFS has developed specialist on-call CBR officers who have had additional training in CBR detection and response.

The MFS has recently purchased a Hazmat ID analyser (at a cost of \$97 000) to ensure that the MFS is at the leading edge of hazardous material identification. The device will reduce delays, anxiety levels and resources required in the identification of hazardous materials, especially white powder substances. A decontamination pod from the commonwealth CBR cache has been placed at the Lyell McEwin Hospital for deployment when faced by mass casualties self-presenting at the hospital. The MFS, CFS and SES utilise hook-lift trucks with interchangeable pods to carry specialist response equipment. A second decontamination pod has been placed at Brukung for state training and is available for response if required. The state and federal governments committed matching funding (\$1.5 million each over three years) to establish a USAR task force in South Australia.

The majority of MFS career firefighters and a significant number of SES volunteers are trained to category 1 USAR—surface search (combined total of 850 trained to category 1). Training is in progress for a number of personnel to be trained to category 2 USAR—cutting and shoring for rescue in structural collapse. A structural collapse USAR training site is currently being constructed at the MFS Angle Park Training Centre. The federal government commenced providing the South Australian USAR task force equipment cache in 2006. The medical cache will be located at the Royal Adelaide Hospital.

The specific preparations for CBR and USAR incidents are additional to other significant equipment replacement within the MFS to maintain levels of preparedness to respond to emergency incidents. All MFS firefighters have been issued with a new set of personal protective clothing that provides the best possible protection to firefighters. Also, breathing apparatus sets used by MFS firefighters are being replaced with new sets that incorporate the latest safety technology. The MFS continues to replace fire appliances with six new appliances being commissioned in 2005-06. In addition, all metropolitan MFS appliances are having new mobile data computers installed that provide crews with details of incidents. Also, they will incorporate GPS technology ensuring that the closest available appliance responds to incidents. The MFS has developed a State Control Centre—Fire to coordinate large scale or long-duration incidents, and in 2006-07 it will be replacing its Mobile Incident Unit for deployment at the incident site. The State Control Centre—Fire has already been activated for large incidents to coordinate the MFS resources involved in the Virginia floods and the MFS crews assisting in large bushfires. The MFS continues to plan, train and have the equipment necessary to respond to a growing range of emergency incidents.

Mr GOLDSWORTHY: I refer to Budget Paper 4, Volume 1, page 4.161, under '2006-07 Targets' and '2005-06

Highlights'. I am sure that this issue is regarded as extremely important as the minister also has portfolio responsibilities for road safety. Will the minister advise what programs are being put in place as a result of the trial of the Road Awareness and Accident Prevention Program (RAAP)? The 'targets' indicate that the government will continue to deliver RAAP to 45 per cent of South Australian youth. Where are these programs to be delivered; is it only in the metro area or is it to be statewide?

The Hon. CARMEL ZOLLO: The MFS Road Awareness and Accident Prevention Program is a road safety program aimed at year 11 students as this is the age group that becomes eligible to drive a motor vehicle. RAAP is also aimed at year 11 students because people aged between 17 and 19 years of age are over-represented in road fatalities 3½ times compared to the general population. The MFS has a target of increasing delivery to 45 per cent of year 11 students in 2006-07. This equates to 9 900 young people. Last year (2005-06) the MFS delivered RAAP to 8 204 students, which was 37 per cent of year 11 students.

The majority of presentations were in regional South Australia as 60 per cent of road fatalities occur in regional areas. Also, I place on record that RAAP is a collaborative effort between the MFS, SA Police, CFS, SES and other partners, including several community-based road crash groups, AAMI Motor Insurance and the South Australian 2006 Australian of the Year recipient Dr Bill Griggs' Roads to Survival program. RAAP is funded from within the existing MFS budgets and, as I mentioned, it is supported by AAMI Motor Insurance (which has supplied a vehicle to transport presentation equipment) and Mitsubishi Motors Australia, which has supplied a number of prototype vehicles in practical extrication demonstrations. Mr Lupton, do you have anything further to add?

Mr LUPTON: To follow up on the minister's comments, the RAAP program was initially piloted two years ago, I believe, and we have worked to extend this program to as many students as possible, with year 11 students being the target group. Last financial year the program was presented to 37 per cent of all year 11 students, and this is a significant achievement. It is a very poignant program, which is supported by Ryan Scott, a teenager who is confined to a wheelchair as a result of a motor vehicle accident. He can relate to the year 11 students, and he donates his time to come and speak to them. They also seem to be able to relate very well to the firefighters, as they are the ones who have to rescue trapped people; there seems to be an affinity because they present a no-nonsense, hard-hitting approach. We have received very positive feedback and aim to increase last year's figure of 37 per cent to reach 45 per cent of year 11 students this year.

Any response to road safety is multi-faceted and we do not have all the answers, but we can bring a very poignant message about what it is like to go out in the middle of the night, crawl under vehicles and have to get out people who have been seriously injured. The students seem to relate to that and to the fireys, for whom they have some respect.

Mr PEDERICK: I refer to Budget Paper 4, Volume 1, page 4.168. In the 2005-06 budget under 'General supplies and services', \$13.58 million was budgeted for; however, the 2005-06 estimated result was \$10.859 million. Will the minister explain the reduction of almost \$3 million and advise the reason for the underspend?

The Hon. CARMEL ZOLLO: I will ask Mr Norman to respond to that question.

Mr NORMAN: The movement from 2005-06 to 2006-07, in a rather similar way to that of the CFS, primarily reflects the removal of a cross-charge for administrative services. This cross-charge ceased on 1 October 2005, and therefore that also reflects the removal of that charge. In the case of the MFS, the annual cost of the charge is \$3.9 million, and in 2006-07 it was one-quarter of that.

Mr GOLDSWORTHY: I refer to Budget Paper 4, Volume 1, page 4.168, and the South Australian Metropolitan Fire Service Income Statement. In the 2006-07 budget, under Employee benefits and costs, \$57.021 million has been budgeted under the line 'Salaries, wages, annual and sick leave'. What figure has been budgeted for overtime and recall payments within that \$57 million?

The Hon. CARMEL ZOLLO: We do not have the total breakdown with us but I will ask Mr Grant Lupton to comment.

Mr LUPTON: As stated, we will have to get the exact amount on notice, but there is some science that goes into estimating this amount to allow us to budget for it and to provide some controls, or amounts, to work towards. The issue of overtime and recalls is a challenge for the fire service because we have to keep firefighters on shift 24 hours a day. In the greater Adelaide area we have 130 firefighters on shift at all times.

Now, as employees, especially on shiftwork, they have access to various provisions, such as sick leave and long service leave. They are also in a high risk occupation so there are injuries that occur frequently and they need to take time off for medical leave. So, for each employee who is on shift, or each employee who is on establishment, we work to a factor of approximately 1.37. That means we need another .37 of an employee to make sure that we can maintain that shift coverage. So that is our amount, and we can provide that information, but that is how it is achieved. That is consistent with most operational fire services in the western world that operate on a 24-hour shift period.

Mr GOLDSWORTHY: Referring to the same page, and basically the same budget line, can the minister advise what the FTE is of the MFS?

The Hon. CARMEL ZOLLO: In 2007 it is estimated at 823.5, and in 2005-06 it was 817.5. The increase of six FTEs from the 2005-06 estimated result to the 2006-07 budget figure reflects the six firefighters who will commence as day staff at the Mount Gambier fire station. In 2005-06, five additional training positions have commenced—part of the expansion of the MFS training activities announced in the 2003-04 budget. An additional fire investigator FTE was added following the review of the fire investigation area, as part of the enterprise agreement. Five administrative staff were also transferred from SAFECOM to the MFS in 2005-06 as part of the creation of SAFECOM.

The additional 18 relief firefighters announced in this year's budget to reduce the impact of recalling firefighters for duty have not yet been included in the FTE numbers. The MFS recruits personnel to replace those lost through retirement or to respond to increases in operational staffing levels; thus, actual FTEs as at 30 June will vary from year to year, depending on the timing of retirements and the timing of new recruits.

The actual number of people employed by the MFS is around 1 000; however, around 250 of these are part-time retained firefighters in regional fire stations. When converted to full-time equivalents, the number of retained firefighters

equates to around 25 FTEs, bringing the total FTE number to the 2006-07 budget estimate of 823.5.

Mr PEDERICK: I refer to Budget Paper 3, page 2.15 and the MFS table on savings initiatives. In this table, figures increase approximately \$150 000 per year. Can the minister explain how these efficiency dividends are to be achieved?

The Hon. CARMEL ZOLLO: A one-quarter of 1 per cent efficiency dividend has been applied to most government agencies, including the MFS. The efficiency dividend for the MFS equates to \$1.476 million over four years; \$0.144 million in 2006-07; \$0.292 million in 2007-08; \$0.443 million in 2008-09; and \$0.597 million in 2009-10. The MFS will develop an implementation plan to determine how it will achieve the efficiency dividend. In achieving the efficiency dividend, the MFS will attempt to minimise the impact on the public and will maintain an effective emergency response service for the residents of Adelaide and its regional fire stations.

Mr GOLDSWORTHY: I refer to Budget Paper 3, page 2.14: Savings Initiatives, and the table at the bottom of the page. It gives a description of the savings initiatives for the 2006-07 budget and the forward estimates for the next three years to 2009-10, and it lists the respective figures in the schedule. Can the minister explain how these savings initiatives will be achieved? There is a range of efficiency dividends, IT efficiencies, and SEMO—reduced support.

The Hon. CARMEL ZOLLO: I will ask Mr David Place to respond to that question.

Mr PLACE: As you quite rightly pointed out, there are several items within those savings strategies. I will take them one at a time, if you want some more information. The first one is the corporate communication—consolidation and centralisation—across the sector of that function. Currently, each of the Emergency Service agencies has its own media and public relations unit. By creating a sector-wide communications unit, this sector will generate savings through the better use of resources and economies of scale in corporate communication activities, such as the ability to negotiate larger contracts with printing suppliers, graphic design, etc.

A corporate communications unit will also provide consistency across the sector in responding to the media and the general public by utilising the total number of staff to support each agency during a major incident. An ongoing saving of \$170 000 is expected to be generated by the sector by the year 2009-10. A share of this saving has been allocated proportionally to each agency according to its total operating expenditure budget. The breakdown is as follows: SAFECOM's share is \$12 000 over the four years; the SES share is \$12 000 over four years; the CFS share is \$51 000 over four years; and the MFS is \$95 000 over four years.

The second item of saving is the greening of government operations cost reduction. This is a sector-wide savings strategy, based on savings generated by adopting more energy efficient practices, such as the use of more fuel efficient vehicles in our corporate fleet—for example, moving from six cylinder to four cylinder vehicles—and implementing sensor lights in our buildings to save energy consumption. I point out that some initial capital outlay may be required to achieve that. An ongoing savings target of \$300 000 is expected to be generated by the sector by the year 2009-10. Again, a share of the saving has been allocated proportionally to each agency, based on its total operating expenditure budget. The SAFECOM share is \$22 000 over four years; the SES share is \$20 000 over four years; the CFS share is

\$90 000 over four years; and the MFS share is \$168 000 over four years.

I move to asset management and the rationalisation of asset management across the sector. Currently, each agency in the emergency services sector has its own capital project management staff. Efficiencies will be sought by pooling project management activities and resources across the sector and eliminating processes which are duplicated by each agency. The total number of staff dedicated to capital project management will also be reviewed as part of this process. An ongoing saving of \$500 000 is expected to be generated by the sector by the year 2009-10. A share of this saving has been allocated proportionally to each agency, based on the size of its capital program. The SES share is \$62 000 over four years; the CFS share is \$300 000 over four years; and the MFS share is \$138 000 over four years.

Mr BIGNELL: I refer to Budget Paper 4, Volume 1, page 4.145, 'Highlights 2005-06'. Will the minister inform us what has been achieved in the 12 months since the establishment of SAFECOM and provide an overview of improvements we can expect to see in emergency service delivery and community safety in the years ahead?

The Hon. CARMEL ZOLLO: As the honourable member would know, 1 October 2006 marked the first anniversary of the establishment of the South Australian Fire and Emergency Services Commission (SAFECOM). As all members would be aware, SAFECOM was created to provide effective governance, strategic direction and organisational support to the emergency services sector in South Australia. One of the SAFECOM board's first priorities was to develop a strategic plan to highlight priority objectives and strategies for improving community safety through to 2015. The plan is aligned to the South Australian State Strategic Plan and its approach is consistent with that of the Justice portfolio's strategic plan. The first stage of the strategic planning process was redefining the SAFECOM vision, mission, guiding principles and goals. The vision is for a safer community through integrated services; the mission is leading a unified approach to community safety and delivery of emergency services; the guiding principle is safety for our people in the community; and SAFECOM's goal is improved community safety. The SAFECOM strategic plan is guided by four strategic themes: sustaining corporate governance; engaging communities and aligning services to needs; integrating service delivery; and developing our capacity.

I have just referred to SAFECOM's goal of improving community safety. One of SAFECOM's targets in achieving that will be to reduce fire-related injuries and deaths by 20 per cent by 2015. Strategies and actions already under way, or planned to commence shortly, to reach that target include:

- identifying communities vulnerable to structure fires and emergencies,
- increasing community awareness of human and natural hazards to help more communities adopt fire and emergency safe practices,
- further development, testing, implementation and review of community fire safety and response plans, and
- further development of emergency recovery plans to help individual, business and community reconstruction.

As further examples of the work SAFECOM is currently undertaking, I would like to briefly describe two significant SAFECOM projects. First is the development of an emergency services resourcing service delivery standard that will look at issues such as duplication of resources. The standard will

include a risk-based strategic framework for planning, managing and evaluating emergency service resource investment, allocation and service delivery provided by the MFS, the CFS and the SES.

SAFECOM is also conducting a coordinated approach to emergency planning and management activities in remote and indigenous communities in South Australia, and as part of this approach three community emergency risk management assessments (or CERMs, as we call them) have been completed in Nepabunna, Dunjiba and Munda and Wanna Mar, with several more in progress. The risk assessments identify and prioritise items for action using the Prevention, Preparedness, Response and Recovery (PPRR) model.

SAFECOM's business planning processes are currently actioning the strategic plan to ensure the sector stays focused on its areas of prime responsibility. SAFECOM will continually communicate these priorities to its stakeholders, its staff and volunteers, and work with the emergency services to align joint business activities with the government's expectations for enhanced community safety. In regard to other achievements in SAFECOM's first 12 months, SAFECOM has:

- restructured the SAFECOM office into three directorates, being finance and assets, strategic services and human services;
- established an advisory board with representatives from the volunteer associations, firefighters union and local government;
- reviewed OH&S risks across the sector and established a risk and audit committee; and

- reviewed payroll systems.

Key priorities for the months ahead are consolidation of the sector's media and public relations activities; policy planning; community education and safety; capital procurement and management; ministerial cabinet liaison; strategic planning, including strategies to reduce duplication of resources; information technology and communications technology; training and education; and asset management.

Mr GOLDSWORTHY: As we did not start until 20 minutes to 6, I think we should be able to keep on with the line of questioning for another 10 minutes.

The CHAIR: In view of the fact that the members on my left have had 20 questions, most of them with at least three components, compared to four questions for members on my right, I think the time allowed for a brief break has been more than made up in terms of the amount of time available to members on my left to ask questions. The time having more than expired, I declare the examination of the proposed payments completed. Thank you to all the advisers who have been so patient this evening.

The Hon. CARMEL ZOLLO: Madam Chair, can I take the opportunity to thank you, members of the government and the opposition, all those who have appeared before your committee and all those who have assisted in the preparation for this committee examination.

THE CHAIR: Thank you, minister.

ADJOURNMENT

At 7.35 p.m. the committee adjourned until Wednesday 25 October at 11 a.m.