

HOUSE OF ASSEMBLY

Wednesday 27 June 2007

ESTIMATES COMMITTEE A**Chairman:**

Ms. M.G. Thompson

Members:

Ms V. Ciccarello
 Ms C.C. Fox
 Mr S.P. Griffiths
 Mr M.L.J. Hamilton-Smith
 The Hon. S.W. Key
 Mr A.S. Pederick

The committee met at 9 a.m.

House of Assembly, \$7 296 000
 Joint Parliamentary Services, \$9 285 000
 Legislative Council, \$4 609 000

Witness:

The Hon. M.D. Rann, Premier, Minister for Economic Development, Minister for Social Inclusion, Minister for the Arts, Minister for Sustainability and Climate Change.

Departmental Advisers:

Mr M. Lehman, Acting Clerk, House of Assembly.
 Mr K. Nelson, Chief Finance Officer, Legislature.
 Mr P. Spencer, Leader, Hansard.
 Dr C. Stanley, Parliamentary Librarian, Parliamentary Library.
 Mr C. Grantham, Catering Manager, Catering Division.

The CHAIR: I have an opening statement to read as is the tradition before we commence proceedings. The estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of proposed payment to facilitate changeover of departmental advisers. The Premier and the Leader of the Opposition have indicated that they have agreed on a timetable for today's proceedings.

Changes to committee membership will be notified as they occur. Members should ensure 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 7 September. I propose to allow both the Premier and the Leader of the Opposition to make an opening statement 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—and I advise the committee that that will be an absolute requisite at all times for this committee. 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, it is purely statistical and limited to one page in length.

All questions are to be directed to the minister, in this case the Premier, and not to advisers. The minister may refer questions to advisers for a response. I also advise that for the purposes of the committee there will be some freedom allowed for television coverage by allowing a short period of filming from the northern gallery. I declare the proposed payment open for examination and refer members to the Budget Statement, in particular Appendix C. Premier, please make a short opening statement, if you wish.

The Hon. M.D. RANN: Because we are dealing with a number of issues, for instance, the Governor's establishment, if I could make opening statements seriatim in terms of those areas. Obviously I would like to pay tribute to Her Excellency and so on. I want to say how much all of us—and I am sure the leader would be the first to agree—appreciate the sterling service of the people who work at Parliament House, right across, whether it is research in the library or whether it is the assistance we get from attendants and a whole range of parliamentary officers, including the tremendous work done by Hansard staff over the years. I know that I speak more slowly (some say it is my New Zealand Kentish drawl) than some of my predecessors, namely, Lynn Arnold (who I think was the fastest speaker in the Western world), but we do appreciate the work that Hansard does. We also appreciate the work that the people in the catering areas do for us. Most of all we appreciate your patience and dedication to service. We could not work and this parliament could not serve the people of this state without your excellent services.

Mr HAMILTON-SMITH: Can I indicate under these two lines—Legislative Council, House of Assembly and Joint Parliamentary Services and State Governor's Establishment—that the opposition also commends the excellent work of the Governor. She will be missed when she goes. She has done a wonderful job. We look forward to seeing Admiral Scarce assume the role. He will have big shoes to fill. I note that we will be—

The CHAIR: Does the leader have a question?

Mr HAMILTON-SMITH: Yes. I refer to Budget Paper 4, Volume 1, page 1.29. Does the government intend to have a regional sitting of parliament before the next election and, if so, when and where?

The Hon. M.D. RANN: Obviously, this is something that needs to be considered. The first time we did that (which was the first time in South Australian history) was the Mount Gambier parliament, which was held at the Sir Robert Helpmann Theatre. I think that was appreciated by the people in the South-East of the state. It was tremendous to see school kids coming through the theatre and watching question time and seeing how legislation works. I think it was part of a very good educational program. I also believe that it was good for both sides of politics to have open access to the people of the South-East of the state. I think it was a clear indication that we were a parliament for all the people of the state, not just for Adelaide. We knew that, anyway, but I think it was symbolically as well as actually important.

I would like to see either the upper house or the lower house sit again in a region. I think that at one stage we talked

about the upper house (and, obviously, it was subject to its agreement) or the lower house going to Port Augusta. A member of the opposition, Ivan Venning, has been to see me and has suggested that a parliament in the Barossa would be appreciated, and I understand there are plenty of other ideas as well. My answer to the question is: yes, I would like to see it happen. However, I think we need to talk some more about seeing how we can make it work best for everyone.

Mr HAMILTON-SMITH: I refer to the same budget line and reference. Last year, the Premier indicated during estimates that he would get back to the house on the date for the release of a discussion paper on reform of the upper house. Does the Premier intend to proceed with those measures and, if so, on what date will the discussion paper be released, and what are his intentions?

The Hon. M.D. RANN: My intention is as I announced, that there should be a referendum at the next election on the future of the upper house. My view is that a choice should be given to the people of this state: it is their choice about whether or not the upper house should be abolished, reformed or, in fact, stay the same. As I mentioned before, if it were not to stay the same, one option would be for the upper house to have a reduced number of members of parliament and have four-year terms rather than eight-year terms. Eight years just seems to me to be bizarre. It also it seems to me bizarre that the composition of the upper house is out of sync with the will of the people in terms of electing a government. So, if we were to retain the upper house, I would like to see four-year terms. The other option, of course, is total abolition, as has been the case in Queensland and New Zealand. However, that is something for the people to decide. Obviously, when we reach the point of looking towards the next election, we will announce how it will be arranged.

Mr HAMILTON-SMITH: I am happy to move on to the Governor's establishment.

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

State Governor's Establishment,
\$2 909 000

Departmental Advisers:

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

Mr T. Goodes, Executive Director, Services Division.

Ms R. Read, Director, Corporate Affairs Branch, Services Division.

Ms M. Griffiths, Principal Financial Consultant, Corporate Affairs Branch, Services Division.

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

The Hon. M.D. RANN: I take this opportunity to pay tribute to the retiring Governor, Her Excellency Marjorie Jackson-Nelson. When she formally leaves Government House on 31 July, she will have spent more than 5½ years in office. In Her Excellency, South Australia has truly had a people's Governor. She was, is and will remain greatly loved by the people of this state. She builds bridges between young and old, between city and country, and she has substantially opened up Government House to the people. Throughout her

period in office, Her Excellency has been approachable, she has demonstrated generosity of spirit and she has embraced the interests of people right across the state.

Her workload as Governor has been simply extraordinary. She is patron of nearly 200 organisations. In one year alone, she attended 667 functions, and almost 26 000 visitors entered Government House or the grounds. Over the past year, the Governor has been extremely busy. Besides her hectic round of engagements at Government House and across Adelaide, she has undertaken in the past year 12 visits to the country and represented the state at the October 2006 funeral in London for South Australia's agent-general, Maurice de Rohan, escorted a group of high school students (inaugural recipients of the Anzac Spirit Study Tour prize) to Western Front battlefields in Europe and went on to represent South Australia at Anzac Day services at Gallipoli on 24 and 25 April.

As patron of the 2007 World Police and Fire Games, Her Excellency played a particularly important role in Adelaide's recent hosting of that event. She was given a fantastic reception, and the games were a huge success. There can be no doubt that the Governor's efforts contributed enormously to the event's high profile, given that she herself had 13 world records, I understand, and nine Olympic and Commonwealth gold medals.

Her Excellency will be farewelled at a state dinner on 14 July to which all members of parliament will be invited. I know that the Leader of the Opposition has been invited to attend. On 8 August, Rear Admiral Kevin Scarce will be sworn in as South Australia's 34th Governor. I was delighted to announce Mr Scarce's appointment on 3 May. Over the past year or so I considered a number of fine, eminent and talented people for the role of Governor, including Maurice de Rohan. Obviously, all of us were deeply saddened by his passing shortly after I had invited him to allow me to contact Her Majesty the Queen to suggest his appointment as Governor. Sadly, that was not to be the case.

But, in recommending the right person to Her Majesty, it was very difficult to then look beyond Kevin Scarce. He was born in Adelaide, raised in Woomera, educated at Elizabeth East Primary and Elizabeth High schools. He went on to head the Defence Materiel Organisation in Canberra, and then to lead the team that put together South Australia's ultimately successful bid for the \$6 billion air warfare destroyers contract. I am very confident that Mr Scarce and his wife Liz, with their long experience in public life and their continuing association with the defence community, will make their own positive impact on South Australia.

I would also like to warmly thank the retiring Lieutenant-Governor, Bruno Krumins, an appointment of the previous government. I want to acknowledge him here today for his fine service over the past seven years. He and his wife Dagmar have both lent their own gracious style and charm to the vice-regal office, and their dedication and dignity have been greatly appreciated. Mr Krumins will retire on 31 August, the same day that Mr Hieu Van Le is sworn in as South Australia's first Lieutenant-Governor of Asian descent; in fact, I think, the first vice-regal appointment anywhere in Australia of Asian descent.

Mr Le is one of the first Vietnamese boat people to come to Australia, arriving on our shores in 1977. His is a story of courage, bravery and hard work, all in the face of huge disadvantages and obstacles. He is Chairman of the South Australian Multicultural and Ethnic Affairs Commission, a

position that I have asked him to continue while he is Lieutenant-Governor of South Australia.

It is not expected that there will be any major upgrades of Government House associated with the transition of the new Governor to his post. The incumbency of the Governor with a spouse, however, may require an adjustment to staffing resources, depending on the extent of the vice-regal program. Over recent years, Government House has been meticulously maintained. The current focus of work is on security as well as on a reduction of water and energy consumption. A number of improvements were made to Government House in 2006-07, including a refurbishment of the guardhouse to accommodate the latest technology and a conversion of the gardener's garage to a safe chemical store and emergency wash-down area. A number of studies are being undertaken, including the feasibility and cost effectiveness of insulating the ballroom roof or installing air-conditioning and the conversion to solar hot water systems. There is more that I can say, but all I want to say today is thank you to Governor Marjorie Jackson-Nelson and welcome to Admiral Kevin Scarce and Hieu Van Le.

Mr HAMILTON-SMITH: I endorse the comments made by the Premier; they enjoy the full support of the opposition. As I indicated earlier, I am happy to ask a couple of questions and then move on. I refer to Budget Paper 4, Volume 1, page 1.29. What is the total cost to government for services provided to the Governor? It does not seem to be spelt out in the papers.

The Hon. M.D. RANN: It will be \$2.749 million next year. In addition to open days, obviously, Government House, as the leader knows, is used constantly for entertainment of visitors, as well as fundraisers for voluntary organisations. It is an incredibly active building.

Mr HAMILTON-SMITH: Does that cost include, in full, the running costs of Government House? Is that the all-up total cost to government for the whole establishment and the building?

The Hon. M.D. RANN: As I understand it, yes. It just excludes the Governor's salary.

Mr HAMILTON-SMITH: I refer to the same budget line and paper, page 16. Can the Premier advise whether the contract has been let in connection with security treatment for Government House; and, if so, what are the details?

The Hon. M.D. RANN: Obviously, extra security has been put in progressively over the years with new technology. I know that further security upgrades are intended. There are a number of projects under way which have been let, I am advised.

Mr HAMILTON-SMITH: What will be the remuneration package for the incoming Governor?

The Hon. M.D. RANN: I imagine that it will be exactly the same arrangement as for Her Excellency. It is set out and established. I understand that it is 75 per cent of the salary of a Supreme Court judge. Just as Sir Eric Neal assisted South Australia during the time of the former government in leading trade missions internationally, given his international eminence in business in both mining and banking, I envisage—and I have certainly spoken with the Governor-elect—that he will play a continuing role in leading delegations in relation to the defence industry. I think it would be a very powerful symbol to have a former admiral and a former head of the Defence Materiel Organisation leading defence industry delegations, and so on, to the United States and Britain where, I know from having travelled with him, he is

extremely well known. I have some more information for the leader: the salary is \$287 000.

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

Department of the Premier and Cabinet, \$152 701 000
Administered Items for the Department of the Premier
and Cabinet, \$31 964 000

Additional Departmental Advisers:

Ms M. Evans, Senior Parliamentary Coordinator, Services Division, Department of the Premier and Cabinet.

Mr T. O'Loughlin, Deputy Chief Executive, Sustainability and Workforce Management, Department of the Premier and Cabinet.

Mr S. Ashby, Deputy Chief Executive, Departmental Affairs, Department of the Premier and Cabinet.

Ms T. Smith, Deputy Chief Executive, Cabinet Office, Department of the Premier and Cabinet.

Ms P. Martin, Director, Commercial Advice, Department of the Premier and Cabinet.

Mr D. Waterford, Executive Director, Social Inclusion Unit, Departmental Affairs, Department of the Premier and Cabinet.

Ms G. Adams, Principal Policy Adviser, University City Project Team, Departmental Affairs, Department of the Premier and Cabinet.

Ms B. Kuhr, Director, Adelaide Thinkers in Residence, Departmental Affairs, Department of the Premier and Cabinet.

Mr C. McGowan, Acting Executive Director, Office of ExComm.

Mr M. Brine, Director, Federal/State Relations, Cabinet Office.

The CHAIR: I declare the proposed payments open for examination and I refer members to the Portfolio Statement, Volume 1, part 1.

The Hon. M.D. RANN: There have been substantial departmental rearrangements. These include, for instance (whilst I am not the minister for Aboriginal affairs), a whole range of departmental functions for Aboriginal affairs that are housed within DPC and executives, including a range of functions in respect of industrial relations from the former department of administrative services. So, DPC, in a sense, has grown because other departments are now under it although they have separate ministers, so that needs to be taken into account. I would like to make an opening statement if that is in accordance with the wishes of the Leader of the Opposition.

The CHAIR: Certainly, Premier, you may make an opening statement.

The Hon. M.D. RANN: One of the key purposes of the social inclusion initiative is to bring together resources from across government and the community to create a joined-up solution. In May 2006, Monsignor David Cappo was appointed Commissioner for Social Inclusion. In mental health, the Social Inclusion Board's 'Stepping Up' report provided the government with a comprehensive review of the current system and a clear vision for the future. The report was the result of 18 months of consultation involving more than 1 400 people. The government supports all the report's

recommendations in principle and it has adopted 33 of the 41 recommendations, with an immediate injection of \$43.6 million over four years. They were adopted in February 2007.

The 2007-08 state budget allocates a further \$50.5 million over four years, including \$36.8 million to all important non-government organisations (NGOs). This is a big increase in mental health and it has flowed directly out of the Social Inclusion Board's 'Stepping Up' report. Soon Monsignor Cappo will deliver a report to the government on the juvenile justice system, including recommendations on how to address the issue of serious repeat offenders. In relation to homelessness, in 2002 the government identified that a large number of people had lived on the streets for as long as 15 years, many with multiple and untreated physical, mental, drug and alcohol problems. A program has been instituted to provide housing for rough sleepers living in the inner city, and over the past year this has placed more than 70 people in long-term, stable housing. As of February 2007, 1 611 people have been assisted into housing as a result of the government's homeless initiatives run through the social inclusion initiative.

The new South Australian Aboriginal Sports Training Academy has worked with 48 young indigenous people in 2006: 12 students completed SACE Stage 1 and one student completed Stage 2; 18 completed VET Certificate II in Sport and 17 completed VET Certificate II in Outdoor Recreation. In school retention, 13 936 students were involved in government retention programs from July 2004 to December 2006, 2 604 of whom were Aboriginal. Innovative Community Action Network (ICAN) teams are working in the northern, north-western, southern metropolitan and Spencer Gulf areas. At the end of term 3 in 2006, 81 per cent of those taking part had been retained in a learning or earning activity, with 67 per cent returning to school. That is just a fantastic achievement.

Also, 2006-07 was a landmark year for climate change policy. South Australia became one of the first jurisdictions in the world and the first in the Southern Hemisphere to introduce climate change legislation. South Australia's greenhouse strategy was released. The foundations were laid for Australia's first feed-in legislation. We continued to lead the nation on renewable energy, with South Australia being home to 47.5 per cent of Australia's wind power capacity and 46.6 per cent of the nation's grid-connected solar energy. I read something recently that this is making use of a federal scheme, and that is dead right, but the sun shines on Western Australia, New South Wales, Queensland, the Northern Territory and even Victoria and Tasmania. However, I think the difference is leadership.

In March 2007, Professor Barry Brook was appointed the Chair of Climate Change at the University of Adelaide, which is jointly sponsored by the state government. We are setting up the Premier's Climate Change Council in order to involve business and the public in the development and implementation of policy responses to climate change. Nationally, South Australia has led development of the COAG Climate Change Action Plan, and is continuing to push for a national emissions trading scheme where we have been one of the lead states. We did further work in preparation for Adelaide's hosting in February next year of the Third International Solar Cities Congress.

The 2007-08 budget includes \$3 million to be committed by SA Water to conduct a full environmental base study into the construction of a desalination plant in Adelaide; \$4.1 million over four years to develop 19 new marine parks

across SA; and a one-off allocation of \$675 000 for a behaviour change initiative designed to inform South Australians about what they can do to reduce greenhouse emissions.

The Adelaide Thinkers in Residence program is now in its fifth year, and it is sparking interest all around the world from governments in Estonia, Italy, Manitoba (in Canada) and Wales, as well as Oxford University and even local government in New Zealand. The program has hosted 12 thinkers so far. The 13th thinker, a US expert on family businesses, Dennis Jaffe, starts his residency this week. I am scheduled to meet Mr Jaffe this afternoon, and I will formally welcome him at a reception tonight. That program has been strongly supported by the business community. Since the inception of Thinkers in Residence, 52 organisations have become partners in the program—universities, business, industry, and local, state and federal government agencies. In the past 12 months four new private sponsors have come on board—Haighs, Adelaide Airport, Prescott Securities and businessman Ray Michell.

A recent review of the impact of the thinkers program found that it is achieving a great deal and that it is leading to both direct and indirect change. Recently, the government released Stephen Schneider's report on his residency, as well as our climate change strategy. We are awaiting Fraser Mustard's report on early childhood development. Ilona Kickbusch has completed the first half of her residency on preventative health. World social justice leader Geoff Mulgan is about one-third the way through his residency on innovation, particularly innovation in social policy. I can talk about economic development, perhaps, in an introduction later.

The CHAIR: Leader, do you wish to make a statement?

Mr HAMILTON-SMITH: Yes, I do, Madam Chair. Premier, your announcement today of backflips by the government on education cuts brings to a conclusion six years of missed opportunity. If ever there has been a government that has surfed the wave of buoyant national economic times while contributing little, this is the government. The fact that you are now under siege in health and education, two areas about which Labor often crows, I think, signals where we have come and the point at which we have arrived.

The CHAIR: Order! Leader, your remarks must be addressed to the chair, not directly to the Premier.

Mr HAMILTON-SMITH: Very well. I described this budget as one of debt, disappointment and delay. You have ratcheted up state debt extraordinarily to \$3.4 billion. You have state strategic plans and state infrastructure plans that you do not follow—in fact, they do not even mention some of your health or tram initiatives. These things seem to fall out of the sky. You talk about buoyant state economic times, and quite rightly. Times are good in South Australia—they just seem to be better everywhere else.

When you look at any of the measures, our share of the national economic cake is either static or in decline: our share of national gross domestic product, down; our share of state final demand compared to national domestic demand, down; our share of private new capital expenditure, down; construction work, down; our share of national engineering activity in construction, down; our share of national employment, down; our share of exports, down. It is right to say that things have improved in South Australia, and they have. However, when you look at it, our share of the national economic cake has continued to decline.

In this budget, the Premier claims credit for a number of things, which are not the doings of his government. He claims

credit for a mining exploration boom, which has everything to do with global commodity prices and very little to do with this government. Certainly, this government has continued with programs introduced by former governments, but commodity prices are driving the exploration boom. BHP is making decisions about what it will do at Roxby Downs, not this government. For example, the government claims credit for the air warfare project. That decision was made by the federal government, which included four South Australian cabinet ministers. Certainly, the state government did help and I give it credit for that; but, of course, every state government that was competing for the project made a similar effort.

The Hon. M.D. RANN: And we won.

Mr HAMILTON-SMITH: And the ASC did win. Every state government had a contribution on the table, similar in size, quantum and quality to ours. The ASC did win the federal government's contract. The government claims credit for population growth. Again, it is largely the result of changes to federal immigration rules and visa requirements that have given us special status; and creditably they have led to growth. All these things are good, but when one looks for signs in this budget of the things which the government can claim as its own and which are driving economic growth, one struggles to find them.

I want to get back to the issue of education and health cuts. In this budget we have the astounding about-turn on the findings of the Generational Health Review. For five years we have been working on getting health out into the community, on rebuilding the Queen Elizabeth, Modbury and Lyell McEwin hospitals and Flinders Medical Centre, on primary health care and on taking health care out to the regions, and decentralising in accordance with the recommendations of Generational Health Review—reinforced in the State Strategic Plan and the State Infrastructure Plan. There is no mention in there—

The CHAIR: Order! Your statement is a budget statement overall, suitable for the budget debate, not for estimates committee. Could you bring yourself back to the matters under substance. The rules are that this is not a budget debate—which is held in the house. This is an examination of specific payments. You are very welcome to make a statement in relation to the specific payments under consideration. I have given you considerable latitude.

Mr HAMILTON-SMITH: I get your point. I am talking about page 1.7 of the budget, Strategic Policy Initiatives and the State Strategic Plan. All these things are there. It is the Premier's budget line, which refers to the whole budget. If I can go on, the strategy you have taken through the State Strategic Plan and the strategic initiatives do not measure up with the content of the budget. It raises questions about whether the State Strategic Plan or the strategic initiatives hold water. You are downscaling the QEH—removing renal services, removing surgical procedures and removing ICU—and scaling down Modbury Hospital. It does not measure up with what is in your budget line under the State Strategic Plan.

The education cuts are the most striking. I will have a question or two for you shortly on that. You announced in the last budget you were taking \$165 million in cuts from schools over four years, and now there is a stunning backflip from you today on the WorkCover compensation scheme designed to extract \$17 million from schools. I simply ask whether those costs will be shovelled off into other cuts in education. I will get to that shortly.

You are seeing your budget unravel in the industrial relations area, with psychiatrists, nurses, emergency services workers and teachers all up in arms. You are seeing your budget now unravel in education, where you are having to backflip on decisions that have gone through the bilaterals process. You have signed off on them, the Treasurer has signed off on them, ministers in cabinet have signed off on them. They have gone through the whole budget process. They have been announced and championed, and the Premier has stood up in the house and backed them in and said that he has had no complaints from any backbenchers, including the member for Bright, who is here.

The CHAIR: Order! Leader, I have reminded you of the context of this debate. You have challenged that. I have taken advice from my advisers. The matters to which you refer are not covered in this area. Debate is also not permitted. Please confine yourself. There are other opportunities for statements to be made on other portfolio areas. Please confine yourself.

Mr HAMILTON-SMITH: Your budget is under challenge, Premier, in the industrial area, the education area (from which you are now stepping aside) and the health area (which has attracted considerable criticism). It was a considered budget process. You are responsible for guiding it. Your office and the budget lines before us are the budget lines under the office that brought us this budget. It has been under your leadership. I will be going straight to questions on education, but I have to say that it has been a shaky start to a budget which, given the amount of revenue you have, should be delivering some strategic improvements for South Australia—but which, simply, is not. I am happy to move questions.

The Hon. M.D. RANN: A number of questions were asked by the leader.

Mr HAMILTON-SMITH: Are we going to respond to each other's remarks?

The CHAIR: Order! Leader, I will discuss the Premier's proceedings with him, not you. I acknowledge that the leader transgressed the rules of an opening statement, which does allow me to give you, Premier, the opportunity to respond, as he entered into debate. Do you wish to make a further response?

The Hon. M.D. RANN: What we have just seen is a reprise of the leader's budget reply speech, which *The Advertiser* rated a one or two or something.

Mr HAMILTON-SMITH: Did you hear it, Premier? Thank you for coming.

The Hon. M.D. RANN: I remember how many people turned up at mine. As for questions you have raised about health and the economy, I am very happy for a comparison to be made of the South Australian economy under this government compared with your government.

Mr HAMILTON-SMITH: And the debt levels, too, thanks Premier.

The Hon. M.D. RANN: I am more than happy for a comparison of the state finances of our government and continuing surpluses to be compared with your deficits. In terms of \$1 billion extra in health compared to your government per year, \$180 million even in rural health, and employment growth compared to your government. If you want to put up your government against the achievements of this government, I will meet you any day of the week.

Mr Hamilton-Smith interjecting:

The CHAIR: Order! Will you please confine yourselves to proper process. This process is informal but that does not mean to say it is without manners. Questions please.

Mr HAMILTON-SMITH: I move straight to education, and in so doing I seek leave to ask a question in regard to Budget Paper 4, Volume 1, sub-program 1.2. It is the whole of government strategic policy.

The CHAIR: Can you please repeat that?

Mr HAMILTON-SMITH: Budget Paper 4, Volume 1, sub-program 1.2: Whole of Government Strategy. Madam Chair, let us get this sorted out from the start. If you refer to pages 1.7, 1.8 and 1.9 of this budget line, the targets and highlights under this budget line refer to virtually everything the government is doing. If you run through the 13 programs listed, there is nothing the government is doing that is not covered in this budget line. If you can just bear with us as I ask questions, rather than pulling me up every five seconds, I point out that everything the government is doing is here.

The CHAIR: That may be your interpretation, it is not the interpretation of others. Indicate your question. I remind you that there are examinations of other portfolios. This is not for the examination of the whole of the budget.

Mr HAMILTON-SMITH: Madam Chair, I am going to ask questions of the Premier about what the government is doing, if you do not mind. That is what budget estimates are about.

The CHAIR: Order!

Mr HAMILTON-SMITH: Is that all right with you?

The CHAIR: Order! This is—

The Hon. M.D. RANN: Just try and—

Mr HAMILTON-SMITH: We have only just got started, Premier, and we are already having the government running interference on our questions.

The Hon. M.D. RANN: The rudeness here is something I have never seen before in an estimates committee. I am sure we will see a Craig Bildstien article about it.

The CHAIR: Leader, if you would indicate the exact nature of your question, then it is possible for me to indicate whether or not it is confined within this line. If you insist on taking liberties, the Premier will have the same liberties.

Mr HAMILTON-SMITH: Over the next three years the budget indicated that it intended to extract \$17 million worth of cuts to education in the form of workers compensation, school management, and devolution to schools. I am seeking to explore why it is that that has been reversed today and, in doing so, I seek leave to have inserted in *Hansard* a statistical table from last year's budget—to which I intend to refer—which explains the \$165 million worth of cuts the Premier has approved as part of his state strategic policy initiatives for schools.

Leave granted.

Department for Education and Children's Services
State budget 2006-07—Budget cuts

	2006-07 Budget	2007-08 Estimate	2008-09 Estimate	2009-10 Estimate	Total
\$'million					
Savings initiatives					
Education Works—operational efficiencies from new investment	-	4 689	10 953	16 072	31 714
Efficiency dividend	3 522	7 124	10 807	14 573	36 026
Energy efficiency measures	-	750	1 800	1 800	4 350
Interest—remove benefit of earnings on unspent state funds	-	3 083	7 400	7 400	17 883
Small programs—efficiencies	1 750	4 200	4 783	5 600	16 333
Grant payments to schools—review	833	2 000	2 000	2 000	6 833
State and district office efficiencies	3 000	4 000	5 000	5 000	17 000
Unattached teachers—school funding	-	2 917	7 000	7 000	16 917
Water efficiency measures	-	292	700	700	1 692
Workers compensation—school management	-	2 917	7 000	7 000	16 917
					165 665

Mr HAMILTON-SMITH: I am referring to the 2006-07 budget papers, and it indicates, Premier, that there was money to be taken from education under education works: \$31 million over four years; an efficiency dividend of \$36 million over four years; and an energy efficiency dividend of \$4.3 million. There was interest coming out. Small programs: efficiencies—I think that included music and aquatics, about which there have been some announcements by the Premier today—\$16.3 million; grant payments to schools, \$6.8 million being extracted there; state and district office efficiencies, another \$17 million coming out of schools; unattached teachers, \$16.9 million over the four years; water efficiency measures, \$1.6 million; and workers compensation, \$17 million over the four years. That amounts to \$165 million.

I am referring to the Premier's announcements today that the workers compensation components—aquatics and music sections—would be, if you like, gotten rid of. I just want an assurance—and this was raised this morning on radio by

Andrew Gohl of the Education Union—that those savings are not simply going to be shifted to these other savings budget lines; that you are not simply going to switch the \$7 million from workers compensation to one of the other reduced lines that you have identified for education.

The CHAIR: Premier, that question is not in order. Given that the leader has made his point, I will allow you to make the point, but you are not required to; it is not part of this budget examination.

The Hon. M.D. RANN: Basically he is reading from the extracts from the education estimates budget. He cannot find a line, a clause or a paragraph relating to WorkCover and education. However, I will mention a couple of issues that have been raised by way of rhetorical questions. He talked about the air warfare destroyer project; somehow we did not have anything to do with it. We are building Techport's ship lift—all of those things. We ran a campaign which ultimately was us pitched against Victoria in which national commentators believed Victoria was going to win, and we beat Victoria

to get the air warfare destroyers project. That has been acknowledged by so many people, apart from the leader. I was prepared to acknowledge John Olsen's seminal work in terms of winning support from the federal government to build the Adelaide to Darwin railway. I do not see why you cannot be as gracious.

I am very pleased to announce that a local firm has been selected to develop a \$100 million air warfare destroyer shipyard—this is as of right now—following last week's announcement of the selection of Navantia's existing design for Australia's air warfare destroyer program. I quote as follows:

Shipbuilder ASC will today award its first major contract for the program's \$100 million shipyard to South Australian firm Hansen Yuncken. The new shipyard will become ASC's construction and consolidation site for the multi-billion-dollar Hobart-class air warfare destroyer program. It is ASC's biggest infrastructure program since the 1987 establishment of the Collins Class submarine facility at Osborne. The South Australian firm Hansen Yuncken has today been selected by ASC to design and construct the shipyard, which will be located adjacent to Techport Australia's common-user facility.

The ASC's shipyard will include the development of dedicated air warfare destroyer production facilities, new office accommodation for 400 employees, a wharf support building with office space and workshops, and a significant upgrade of existing facilities. The development of the shipyard, of course, holds unique challenges not often found in local construction programs. The shipyard production facilities and infrastructure will need to be capable of handling and transporting ship components weighing up to 1 200 tonnes each.

That is a good announcement being made today: \$100 million contract let to local South Australian firm Hansen Yuncken.

On the issue of schools, the leader could not find this in the estimates, but I can say that the government has listened to teachers and parents and decided against imposing costs on schools for workers compensation claims. I have been told that since late April more than 17 meetings have been held with interest groups including parent and school principal organisations and teachers to discuss the impact of reallocating money across the state's education system. When a government embarks on a reform of the state's education system of the size and scale that we are undertaking at present, there will always be those who object to change.

It is still our belief, leader, that the way in which workers compensation is run in our schools needs urgent reform. We acknowledge that a financial cost will negatively impact on school communities. We have listened and we have overturned the cabinet decision. This will save schools having to find nearly \$17 million in their budget over the next four years. However, we remain committed to reducing the number of staff claims for workers compensation in schools. We want to see greater local responsibility being taken by school principals in administering the scheme. In the dialogue, schools have said that they acknowledge that there needs to be reform and that they can reform it without the impost of these costs. So the challenge now is for that to occur.

The leader talks about cuts. This government is reinvesting in education like never before. We are building six new superschools; we are reinvesting \$82 million to deliver more specialist subjects, choice and opportunities for students; we are implementing a new South Australian Certificate of Education; we are establishing 10 hi-tech trade schools; we are creating 10 more children's centres to bring the total to 20; we are spending more to support children with disabilities and additional learning needs; and we are mandating healthy foods in canteens.

Most importantly, as the leader cannot find this statistic in the budget payments for the Premier's department, what he needs to take on board is that this government has spent an extra \$3 606 on average per student since coming to power. That is an average of \$3 606 per student since this government came to power. The leader was a member of the cabinet that cut hospital beds, that wanted to privatise our hospital system, that did not invest in education, that ringbarked the system. When it comes to the economy and state finances, education and health, we will put our record up against yours on any day of the week.

Mr HAMILTON-SMITH: I refer to page 1.7 of this budget line. Under Cabinet Office it states:

Reform the Cabinet Office to provide government with an expanded central policy capacity.

On the same page, under Strategic Policy Initiatives, it states:

Develop improved action plan for pathways from school to further education. . .

What went wrong with both strategic policy initiatives and Cabinet Office processes that we could see such a significant cut to schools in the form of \$7 million per annum for WorkCover? This cut was progressed through the bilaterals and the Cabinet Office process, it was progressed to cabinet in the form of budget submissions, it was signed off by the Premier and all the ministers, then I presume it went to the party room and it was all given a big tick, with all the consultation, but then we find that within two weeks of the budget the Premier is doing acrobatics in the Balcony Room apologising and scrapping everything that has been through this process.

Premier, you are responsible for this process, you signed off on it every step of the way. Is this your backflip? Did you lose it in the caucus room? Did the Treasurer get rolled? What went wrong with the process?

The CHAIR: Order! The leader asked several questions. The matter to which he referred, particularly under the Strategic Policy Initiatives, relates to 'pathways from school to further education, employment and training for young people with disabilities'. This is a social inclusion initiative. That question is outside the area for examination, but the Premier is welcome to respond.

The Hon. M.D. RANN: It is interesting that the Leader of the Opposition chose to ask a question about another issue, but the bit he pointed to in the budget papers was about disabilities. Clearly, he cannot read the budget papers. That is the key point: the leader cannot understand what is before him. He does not know which estimates committee he is in. As for being rolled, we always remember that the leader is famous for one thing, that is, for swearing loyalty to his previous leaders. When he swears loyalty to his leaders you know he is about to garrotte them.

He referred to the restructure of the Cabinet Office, and I am happy to answer that question. In December 2006 I announced that we would reform the Cabinet Office, expand it from 24 staff to 60 and turn it into a much more effective policy engine for government. Cabinet made this decision after considering the recommendations of the Government Reform Commission. The office had been doing well in supporting the business of cabinet, but I wanted to see a team of people operating from the centre who were able to engage actively with other agencies to canvass policy ideas and lead their implementation.

A larger, stronger Cabinet Office will equip us better to progress whole-of-government issues, including the pursuit

of our ambitious strategic plan targets for economic growth, tackling climate change and ensuring that our young people have the skills needed for the future. Obviously, people have asked about the implications for ExComm, the Executive Committee of Cabinet. ExComm will continue but will be supported out of Cabinet Office, rather than by its own separate office. That office, the Office of ExComm, was established in August 2005 and has performed well. With its mandate to drive implementation of the Strategic Plan, it has been able to assert itself around the system and be proactive. I want to bring a similar approach to the way we run Cabinet Office. To that end, the Office of ExComm will merge into the larger Cabinet Office. We have embarked on a national search to find the best person to head up the new Cabinet Office, someone who could lead the reform and drive high level policy coordination.

The former director of the Office of ExComm, Tanya Smith, won a selection process and was appointed on 18 May as the new Deputy Chief Executive, Cabinet Office in the Department of the Premier and Cabinet. Tanya Smith has developed a new structure for the office and is now in the process of staffing the positions. I am sure the leader would be aware that Tanya Smith used to work at the Embassy of Australia in Washington and she was a very senior person in the Australian diplomatic core.

The leader asked about the functions of the new office. The new office will take on some additional functions or areas of focus including:

- monitoring of cabinet decisions to ensure effective implementation and follow-through;
- strengthening the state's ability to pursue its interest in national fora—notably COAG and the Council of the Australian Federation, which I currently chair;
- leading whole of government initiatives and bringing them to cabinet in a well coordinated, timely fashion; and
- improving coordination in a range of policy areas, including the area of our dealings with other countries.

The enlarged office will not impose new costs. Some of the positions will be filled through agency secondments, while the balance of the cost will be met through a reallocation of resources within DPC. The new office will have 60 staff—Victoria's cabinet office has 90 and New South Wales has around 120.

A small number of positions have transferred into the new office mainly from Cabinet Services and the Office of ExComm. Others are competing for positions in the usual way. I want the cabinet office to be a magnet for the most talented of our public servants. I see it as a dynamic place in relation to which people can move in and out, hence the desire to maintain a contingent of agency secondments. I can see the leader is interested in that from his response. What we are doing is basically saying, 'Let's bring in some of the best and brightest officers, young and maybe not so young—that is not the key question—but energised from the various departments. Bring them into cabinet office, maybe for two or three years as a secondment, in order to add to the policy grunt at the centre of government.'

We have talked to people such as Wayne Goss, Nick Rowley (who was an adviser to Tony Blair—and I acknowledge that this is Tony Blair's final day as Prime Minister of Great Britain) and also others—Mr McCann and Sue Vardon—in the process. Of course, the leader would be aware of the work of Sir Michael Barber, who was at 10 Downing Street. Sir Michael's book came out two weeks ago. It is interesting that, in his survey of policy initiatives

relating to achieving delivering on targets, South Australia is mentioned. It mentions the Strategic Plan, the committee of ExComm and the fact that it includes both a business leader and advocates for social inclusion.

The leader asked about the process of the Cabinet Office. We are wanting to strengthen that: this is all part of continuous improvement. The Cabinet Office had been run in much the same way as it had under the previous government—sort of marking the cabinet submissions that come before cabinet and providing advice to cabinet on other ministers' cabinet submissions. I want the cabinet office to be much more a fulcrum of ideas. That is why I want to bring in people from other departments in that process.

Mr HAMILTON-SMITH: I refer to page 1.12 Cabinet Office—and there is a \$5.5 million budget line; under 'Description/Objective' it states:

Provision of expert advice and support to Premier, Cabinet, Executive Committee of Cabinet and other Cabinet Committees; leadership in the whole of government policy development, coordination and integration; implementation of South Australia's Strategic Plan.

What went wrong with those processes for which you are responsible in regard to the budget backflips that you have announced? If a rigid process is in place and if these issues were thoroughly consulted and analysed during the cabinet office process, why is it necessary within two weeks of your budget to be backflipping on some central key issues in your savings plan within your budget? What went wrong in the process?

The CHAIR: Again, the leader has not identified the detail, so you may respond as you wish.

The Hon. M.D. RANN: I know that the other day—and I am reliably advised—there was an issue in your own shadow cabinet when, I am told, a number of your shadow cabinet ministers confronted you about getting your facts right and your response was to walk out and slam the door. Anyway, the difference is—

Mr HAMILTON-SMITH: Can I say that is total hogwash, and you know it.

The CHAIR: Order!

The Hon. M.D. RANN: Someone in your party is putting that around.

Mr HAMILTON-SMITH: That is total hogwash. When did you dream that one up?

The CHAIR: Order!

The Hon. M.D. RANN: Someone is putting it around.

The CHAIR: Leader, you may ask a question later.

The Hon. M.D. RANN: My point is that we have listened. On one day you and some of your friends in the media say that we are a populist government. Now what is the definition of 'populist' in politics? The definition of 'populist' is someone who is not arrogant and out of touch. Then, the next day, we are arrogant and out of touch. You can't have it both ways. We have been a government that has been bold but also a government that is prepared to listen. We have listened to parents, teachers, school communities and backbenchers. We have listened to everyone—although I must say that no backbencher has raised it with me. My point is that it is vitally important that, if the leader is to stay in his position as Leader of the Opposition, he listens. I have listened to people. I have admitted today that I have done something that I cannot imagine the Leader of the Opposition ever doing: I said that we made a wrong decision, and we are correcting it. The leader wants me to stick to the policy of imposing the impost on workers compensation; that is quite

clear from his anger. The leader's anger is about the fact that we have reversed the decision. That is why he has come in here red-faced—

Mr HAMILTON-SMITH: No, we are very pleased about that.

The Hon. M.D. RANN: Oh, he supports our reversal of the position?

Mr HAMILTON-SMITH: We are very pleased about it.

The Hon. M.D. RANN: He was angry about it a few moments ago—

Mr HAMILTON-SMITH: No.

The Hon. M.D. RANN: —but then we have seen his inconsistency over recent months.

The Hon. S.W. KEY: I refer to the Portfolio Statement, Budget Paper 4, Volume 1, page 1.19. This question is with respect to the Premier's capacity as the Minister for Sustainability and Climate Change. What is South Australia doing to combat climate change?

The Hon. M.D. RANN: This government has fully recognised the danger that climate change poses to our planet. Because of that, we have stepped up as a leader in combating climate change and promoting environmental sustainability. The days of sitting idly by and doing nothing while continuing our contribution to a future catastrophe are over. The time to act upon this issue is now. I constantly hear people saying, 'Why should Australia take action on climate change when the real problem is in the United States or China or India?' It was the same when it came to the River Murray debate; we had to be the exemplar in terms of the River Murray in order to convince other states to do the right thing. The bottom line is this: we will have absolutely no traction in international fora on climate change, we will have absolutely no credibility in asking others to do the right thing, unless we are prepared to do the right thing. That is why it is so shameful that this nation's leadership has not signed up to Kyoto. So, at the local level, that is why we have committed to cutting our greenhouse gas emissions in South Australia to 60 per cent of 1990 levels by the year 2050.

In order to meet this goal, we have taken bold action to ensure that South Australia reduces its carbon footprint, working collectively as a government with business, individual households and other states to reduce our impact upon the planet and to ensure that the natural beauty of South Australia is preserved for our children. We have committed to ensuring that government itself reduces its carbon usage through the use of green power in government facilities. Green power is clean renewable energy that has been sourced from the sun, wind, water and biomass waste. I announced last October that this government would make sure that 20 per cent of its energy needs for things such as government departments, schools and hospitals would be met by green power. At that time this commitment was double the next best commitment to green power by any state or territory in Australia.

It is a testament to the leadership that we have provided in this area that, following our announcement that we would double any other state, in terms of 20 per cent of our power coming from green power, Victoria came out and announced that 25 per cent of its government usage would be met by green power. Other state governments have also announced that they will buy a much bigger proportion of their energy from certified green power. Local governments have followed suit and, following my challenge, I was advised that 38 out of 66 South Australian councils that are on the national electricity grid have agreed to having 20 per cent of their energy needs met with green power.

Mr Griffiths interjecting:

The Hon. M.D. RANN: I am sorry, I said 66, and I have been corrected by an expert in this area—someone who was a leader in local government and who, I predict, will be the next leader of the opposition. So, it is 38 out of 68 South Australian councils.

Mr HAMILTON-SMITH: You said the same thing to me in 1997, and it came true.

The Hon. M.D. RANN: I predicted these things.

Mr HAMILTON-SMITH: There you go; a crystal ball. It's just incredible, really.

The Hon. M.D. RANN: Thank you. And I am right about this fellow, am not I? Those 38 councils comprise 80 per cent of the total government electricity usage in South Australia. To do this, we have taken steps such as installing solar panels on major buildings, among which are the South Australian Museum, the State Library, the Art Gallery and Parliament House. We are about to put \$1 million worth of solar panels on the roof of the Adelaide Airport. We have also made a commitment to install solar panels at the zoo. In May this year, minister Lomax-Smith announced that we would commit \$800 000 to the establishment of an environmental education centre at the Adelaide Zoo, which is scheduled to open in April 2008.

This government's commitment to making sure that its own energy usage comes from clean, renewable sources of energy extends into our schools as well, and we have instituted the Solar Schools program. We have installed solar panels on 112 public schools across the state and, ultimately, 250 solar schools will be integrated into the curriculum. Our commitment to reducing South Australia's carbon footprint has seen numerous benefits in private sector investment in renewable energy in our state as well. South Australia is home to six operating wind farms, with two more due in 2008, and we have nearly half of Australia's total wind and solar generation capacity.

Again (and I keep saying this), people say, 'But you are only taking advantage of these national schemes.' Well, why are the others not taking advantage of these national schemes? They apply to every other state. Why is it that a state with 7.6 per cent of the population has nearly 50 per cent of the grid connected solar power and nearly 50 per cent of the wind power? It is bizarre to say that it is because we have more wind or more sunshine. We have also become a centre of geothermal exploration. It is expected that we will see \$500 million in investment in geothermal exploration between 2002 and 2012. Of hot rock renewable energy exploration in Australia, 90 per cent has occurred in our state. Individual households also play a huge role in curbing greenhouse gas emissions in South Australia. That is why we have committed \$675 000 in this year's budget to the climate change, community awareness raising and behaviour change program. We are planting 3 million trees through the city; we are also planting 2.5 million trees as part of our River Murray reforestation initiative.

The results of this behaviour change program include that we will be more capable of raising awareness of the threat that climate change poses, and what individual households and communities can do to reduce their environmental impact. This year, we will be the first state to introduce a feed-in law, which will reward households that install solar panels by paying them up to double the standard retail price for returning surplus electricity to the grid. Of course, the leader would be aware that we did things such as making sure that all new houses built in the state are required to have five-

star energy ratings, that all new homes in this state are required to have rainwater tanks installed, and that all new homes in this state are required to have either solar hot water systems or gas, rather than straight electricity.

In spite of the refusal of the commonwealth to participate in any kind of an emissions trading program, we convened an emissions trading summit in 2004 to come up with an agreement between the states and territories of Australia. That summit yielded a discussion paper entitled 'Possible design for a national emissions trading scheme'. Soon thereafter we announced our support for the paper, along with the New South Wales Premier Maurice Iemma and the Victorian Deputy Premier John Thwaites, at a news conference at Bondi Beach in Sydney. We released our plan for a national emissions trading scheme, and we were denounced by the Prime Minister as going to somehow wreck the economy. Since then, the polls have convinced him otherwise.

We look forward to instituting a carbon trading program along the lines of the suggestions offered by the discussion paper, and hope to work with the commonwealth government in Canberra now that it has had a change of heart on emissions trading. As chair of the Council of the Australian Federation, all of the states and territories are prepared to introduce complementary legislation and have it passed by the end of 2008 or early 2009 at the very latest. Every state and territory has agreed to that. We will have a national emissions trading scheme in operation by the end of 2010. I would like commonwealth to be involved in that, but if the commonwealth will not be involved, we will go it alone.

We have made a full commitment to reducing the greenhouse gas emissions of South Australia to combat climate change, and to investing in clean, renewable energy. Recognising that the problems do not stop with our commitment today, we have established the Chair of Climate Change at the University of Adelaide. In March, Barry Brook was appointed to that position. Professor Brook is recognised internationally for his contributions to the fields of conservation biology, population modelling and extinction theory. The leader would be aware that he is the youngest ever recipient of the Fenner Medal for distinguished service in plant and animal science, and has also received the Australian Floral Foundation Prize, and the Kyoto Professorial Fellowship. I understand that he has been described as one of the top 1 000 scientists in the world in the 21st century.

The establishment of the Chair of Climate Change and the appointment of Professor Brook to that position is part of our commitment to continued research into this field so that we may gain a greater understanding of the causes and impact of climate change, and continue to adapt our public policy to new information. For this reason, I have legislated to establish the Premier's Climate Change Council to replace the Premier's Round Table on Sustainability. The Climate Change Council will provide the government with an independent stream of advice on the impact of climate change on business and the wider community and on the effectiveness of policy responses, as well as taking a leadership role in consulting with business, conservation groups, and the wider community, about the issues associated with climate change.

In recognition of this most urgent of the world's problems, we have stepped up as a state to become an international leader in renewable energy to reduce South Australia's dependence upon fossil fuels, and to reduce our emissions of greenhouse gases. We have announced and we have put in the legislation that 20 per cent of our power produced and

consumed in South Australia will come from sustainable means by 2014. We have taken a collective approach, involving all sectors of the community, into the solutions to this problem and set an example for others across Australia and, indeed, around the world. People have said time and again that we will not reach our target—the 20 per cent consumption target and the 20 per cent production target. Well, let me tell this estimates committee that we will.

Ms CICCARELLO: I refer to Budget Paper 4, Volume 1, page 1.21. Premier, given what was said before about your predictions about the leadership in the opposition that you have always been a great thinker yourself, what has been the impact of the Adelaide Thinkers and Residence program?

The Hon. M.D. RANN: Thank you to the member for Norwood for her kindness. I am sure she would agree that there are thinkers in this parliament in both parties. Now in its fifth year of operation, Adelaide Thinkers in Residence has created global interest as a new and innovative way to bring the world's best knowledge and practice to directly inform our strategic development and growth. With the governments of Estonia, Italy and Canada—particularly Manitoba, and I have also had discussions with the Premier of Quebec, Jean Charest—Oxford University, Wales in the United Kingdom and local government in New Zealand (and we just recently had the visit of Raewyn Stone here), the program has sparked interest across the world. The spark has been ignited because of the breadth and depth of achievement from this very innovative program. Having global leaders come to stay with us for a period of two to six months means that they get to know us—our challenges, goals, problems, aspirations and needs.

The program has hosted 12 thinkers to date, and the 13th thinker, as I mentioned earlier, Dennis Jaffe, has just commenced this week focusing on small business, particularly family businesses, and I am sure the leader will understand why the business community so supports this. So many businesses are family run, often passed down through several generations. Often there are problems in the third generation of a family business, and it is about succession planning, and so on. I am very delighted to be welcoming Dennis to South Australia tonight.

Since its inception, 52 organisations have become partners to the Thinkers in Residence program, and these include universities, business and industry, as well as local, state and federal government agencies. In the past 12 months sponsorship from business has increased, involving four new private sponsors to the program. Business is very much coming on board. A recent review of the impact of the Thinkers in Residence program has shown that it is achieving everything we had hoped it would and more. The work of our thinkers is being integrated and promoted by government, not-for-profit organisations and business alike in ways that we never expected. It is changing the way we think and approach the issues we face by challenging us and opening us up to new ideas.

Sometimes these challenges and changes relate directly to recommendations made by our thinkers in their reports, but what has become apparent is that just as important have been the conversations, both formal and informal, that have occurred across government and the on-the-ground hard work of our thinkers. The conversations, hard work and reports together have helped change our thinking and resulted in tangible benefits for the state.

Last year I was able to report on some of the great work being undertaken by our thinkers. I detailed information

regarding such areas as the Bragg initiative from Susan Greenfield's residency. Members would be aware that the Bragg initiative was chaired by Robert Champion de Crespigny. Maire Smith's bioscience incubator is currently under construction at the Thebarton Bioscience Precinct, which is being tripled in size. Peter Cullen is a thinker in residence who has had enormous influence on water policy, particularly in regard to the River Murray. These are just a few examples, and the past year has seen a tremendous amount of work being undertaken as a result of our thinkers, and I will give some more examples.

On the policy front, the Girardet report—and everyone would remember the visits by Herbert Girardet, a world-famous urban ecologist, and everyone from across the political spectrum recognises Mr Girardet's world leadership—formed the blueprint for the state's sustainability agenda. It set a new pace for sustainable development and a new precedent for future decision makers. A lot of the work we have done in solar and wind energy about getting planning right and the Three Million Trees process came out of Herbert Girardet's residency. Herbert Girardet's recommendation to implement a zero waste policy has meant that our recycling infrastructure and programs have increased considerably, and they continue to grow. Over the 2004-05 and 2005-06 financial years, grants for over \$3.3 million have been given to local councils for enhanced kerbside recycling systems and almost \$2.5 million has been given to the recycling industry for infrastructure and equipment.

Charles Landry's report focusing on creative cities included a recommendation about reversing the culture of restraint in Adelaide. The Metropolitan Fire Service has advised that it responded directly to this by taking calculated risks in order to seize opportunity. Examples include the successful hosting of the establishment of a Pacific Islands Sustainable Development Program. The South Australian Tourism Commission has responded to Landry's recommendations that the new Adelaide Airport be made an effective gateway to South Australia for visitors. This has led to a series of photo-mural panels of South Australian scenes and icons in the arrival and departure lounges.

Most of all, I think Charles Landry encouraged us to embrace even further our commitment and investment in the arts. He reaffirmed how investing in the arts is very important in terms of fostering creativity and increased confidence in this state. Of course, the Fringe and WOMAD festivals have become yearly events. We have the Guitar Festival at the end of the year. Also, we have invested substantially more in the film industry. We have set up the Adelaide Film Festival, and so on.

In responding to Dr Maire Smith's recommendations, Bio Innovation South Australia raised a \$35 million biotechnology venture capital fund for early-stage companies in South Australia and it has been instrumental in doubling the number of bioscience companies in South Australia to 90, with expenditure capital rising and job numbers increasing. On average, 100 jobs have been created in the industry every year over the past four to five years. Maire Smith recommended that we develop a new policy on intellectual property, and this is being completed under the leadership of Dr Jurgen Michaelis, and it has been effective as of July 2006. I should say that Maire Smith played a critical role in the decision that we had to make about investing millions of dollars in the bioscience incubator in that she convinced me of how important it was in terms of spin-out companies from universities.

The Blast Theory residency—perhaps the most unusual residency—stimulated the Mobile Entertainment Growth Alliance (mEga/SA), which was launched in 2006 to build the local mobile content and applications industry. This work recognises that mobile and portable devices are the fastest growing distribution platforms globally. The Mobile Entertainment Growth Alliance supports South Australia to be at the front end of this rapidly developing area. Part of that, of course, is that we then went and got the Entertainment Technology Centre (ETC) of Carnegie Mellon University which is established here in South Australia and which, I understand, is its only establishment outside the United States.

A direct outcome of the residency has been the development of the PODMO initiative—a new downloadable mobile phone application, which allows access to event information, for example, special offers and ticket prices and which was developed by the Adelaide company Kukan Studio. This is an area where we are gaining real pre-eminence. People only have to see the results of the Sydney Film Festival awards at the weekend, let alone last year's AFI awards and the AFI awards of the year before that. I mention the work being done by Kojo, Rising Sun Pictures, as well as the People's Republic of Animation.

The results of Baroness Professor Susan Greenfield's residency include 10 initiatives championed by exceptional individuals. The Bragg initiative coordinates the collaboration with the Royal Institution of Great Britain (which is over 200 years old), sharing and advancing scientific and historic research, science events and projects, media and public health and wellbeing activities. People would be aware of the Australian Science Media Centre which has been established and which is supported by Rupert Murdoch, Fairfax and the ABC. In fact, I am delighted that Robin Williams is on the board of that, along with *The Advertiser's* Editor, Mel Mansell, and others.

In addition, it has support from a range of major businesses nationally. It is all about increasing and improving the scientific literacy of the media. When the media have a breaking story in Adelaide or Wollongong about stem cell research, nuclear power, climate change or genetically modified food, rather than going to the protagonists, the extremists, on either end of a debate, they can ring the Australian Science Media Centre and be put in touch with the database of about 1 000 scientists and talk to the acknowledged experts in the country. I think it is very significant because its scientific advisory panel is a very distinguished group of scientists, including Nobel Prize winner Sir Gus Nossal.

Most recently, the old Adelaide Stock Exchange building has been purchased as a venue for the Royal Institution Australia (RI) at a cost of \$3.8 million. Establishing the RI as the national science centre in Adelaide will place our state on a world stage and will reinforce the contribution the state must play in the development of science through exchanges in global interactions. There will be debates between scientists at the RI in London and the RI in Australia, based in Adelaide. There will be online debates, televised debates and conferences. It will be a real centre for science interaction. I can announce today that the Australian Science Media Centre will be established to service the national media in the RI Australia building in the old Adelaide Stock Exchange building.

Another thinker, Peter Wintonick, recommended that media literacy should be forefronted in all our state schools

and any impediments to pathways for senior secondary schools wishing to study screen studies should be removed. A task force has completed its work to redesign the curriculum and assessment framework to meet this need. The new framework goes to the senior secondary board this month and to the Higher Education Subject Status Committee in July, with the expectation that it will achieve the desired result.

Rosanne Haggerty's residency resulted in the establishment of the Business Leaders Steering Group to manage the newly formed Common Ground Adelaide Limited. This group is committed to solving the issue of homelessness in our community. In March this year I was pleased to announce that the former Sands and McDougall building in Light Square would be redeveloped to provide 60 long-term units for homeless people and low-income earners—the first capital project by Common Ground Adelaide Limited. Rosanne Haggerty's residency also informed a number of other strategies aimed at identifying the extent of homelessness and associated issues. These strategies include regular counting of rough sleeper populations in the inner city as a tool to measure the effectiveness of programs. These counts have also recently been implemented in the Riverland region.

I am trying to cut this short, but Professor Stephen Schneider provided vital expert advice on the development of our climate change legislation and the finalisation and implementation of the draft greenhouse strategy. With the release of Professor Schneider's report, the government has announced the establishment of an Adelaide network. This body will forge strategic international links with other states, cantons and provinces around the world, as well as regions, such as the Italian region of Puglia, which have leadership and legislative ability to work collectively on climate change issues. The network will profile the state's leadership in the international area.

To put that into perspective, people would be aware that Kyoto links a group of nations, but unfortunately not Australia. There is also a World City Alliance which includes mayors and which was started in the United States. This is a world alliance which will be based in Adelaide and which will bring together subnational jurisdictions on climate change issues.

Dr Fraser Mustard's recent residency focused on early childhood development, and we await his report with great interest. Obviously, he has already had an influence on things that the Hon. Jane Lomax-Smith is doing in terms of bringing childcare, kindergartens, schools and associated child health services onto the same site.

Professor Ilona Kickbusch from the World Health Organisation has completed the first half of her residency, which addresses preventative health. She will return later this year, and has already stimulated some major work through her interim report. On her return, the state will host a Health in All Policies conference to bring together key sectors to address this important area of policy. The Kickbusch residency strengthens the program's reach to local government, involving Onkaparinga and Marion councils as partners. As the above indicates, the Adelaide Thinkers in Residence program sustains a reputation as a credible and accessible program which delivers real on-the-ground reports. We have been delighted with its work. We are delighted with the support of the universities, local government and other partners, including business, for this program.

Ms FOX: My question refers to Portfolio Statement, Budget Paper 4, Volume 1, page 1.18. Will the Premier

discuss the success of the Social Inclusion Unit in the past year?

The Hon. M.D. RANN: I will try to keep this as short as possible. The Social Inclusion Unit has provided new policy initiatives to address problems ranging from mental health to school retention and homelessness by bringing together resources from across government and across the community. The Social Inclusion Unit has provided new solutions to tackle these difficult areas of social policy. On mental health, it issued the Stepping Up report this year from which the government has adopted three of its 41 recommendations, all of which we support in principle. We provided \$43.6 million this February for the implementation of those recommendations. Additionally, we will provide through the Department of Health \$36.831 million in the next four years, including \$5.9 million in 2007-08 for non-government organisations, and \$12.08 million over the next four years for the establishment of community mental health centres.

I can announce today that we have invited Dr Thomas Bornemann to visit Adelaide to look at our progress in the promotion of mental health care and our policies. He is here this week and I met him for the first time yesterday. He will be providing us with his advice on what we are doing well and what we can do better. Dr Bornemann is an expert in mental health care with the Carter Centre, established by former president Jimmy Carter and his wife Roslyn in Georgia. He has served as a senior adviser for mental health in the World Health Organisation, as well as serving as Assistant Surgeon General of the United States. We are happy to have him here and hope that he can provide some suggestions to continue to improve the delivery of mental health care to South Australians.

A great deal of the Social Inclusion Unit's work is focused on improving the wellbeing of Aboriginal young people. Through the work of the Social Inclusion Unit we have created programs such as the South Australian Aboriginal Sports Training Academy, which has been extremely successful. Students have entered this program, both as a transition from their previous school or as re-entry students. As I mentioned before, we have been getting substantial results. Through programs such as this the Social Inclusion Unit has provided strong policy initiatives to ensure that more South Australian young people stay in school and acquire the literacy and skills necessary to be productive contributory members of society.

In 2004 the Social Inclusion Board issued its four-year School Retention Action Plan. The School Retention Action Plan is our key strategy towards improving educational outcomes and increased engagement of young people in learning. It involves a range of cross-agency initiatives to address the many factors that influence young people's engagement with education. An evaluation of the programs that we have implemented under the action plan has been undertaken and it shows that these programs have contributed to improvements in school retention rates. As I mentioned before, we have set up ICANs (Innovative Community Action Networks), which seek to provide local solutions to school retention problems. So far more than 2 500 young South Australians have been involved in ICAN programs. The programs have been a huge success. Through the ICAN programs we have taken students who are either chronically disengaged from the school or at risk of disengaging from school and seen 69 per cent of them returned to school, with 81 per cent of participants on a learning or earning pathway.

In the area of homelessness we have housed 130 chronic rough sleepers in the past two years through a new government program called Street to Home. Some 40 of those individuals had previously been sleeping rough for between five and 15 years. The Social Inclusion Board has provided us with a blueprint to address this issue. In 2002 the Social Inclusion Unit found that many of these individuals suffered from untreated drug and alcohol problems and sleeping on the street was not a choice. Street to Home is just one of the recommendations of the Social Inclusion Board to deal with this problem, and we are committed to continuing to address this issue through their work.

Mental health, school retention and homelessness are important social issues that require our attention, and we have committed to provide comprehensive solutions to them which integrate government actions with community actions. We are committed to working in the community with all parties involved in order to make South Australia a better place to live for all South Australians. The idea of the social inclusion initiative, I have to say, I borrowed in part from Tony Blair's initiative. He had a social exclusion policy: we have a social inclusion policy. We have worked in collaboration with them in a number of areas. They are not identical but certainly it came from that area. It is proper on his last day in office in the United Kingdom to recognise the help that his social exclusion group gave to us. I was very pleased to personally thank him during my recent visit to the United Kingdom.

Mr HAMILTON-SMITH: After half an hour of Dorothy Dixers one would get the impression the Premier does not want to answer opposition questions. Premier, I refer to targets on page 1.7 in regard to the State Strategic Plan, program 1—it is a highlight; and also your target to embed the State Strategic Plan. There is a lot in the State Strategic Plan about law and order and a safer community. Will you agree to sit down with a mediator, perhaps a retired judge, and resolve the personality clash (or whatever it is) between you, the Attorney-General and the DPP so that the negative relationships (which are having a detrimental effect on prosecutorial services) can be resolved? Will you champion the need for him to receive an extra \$3 million to hire 30 more prosecutors so that paedophiles, bikies and villains are effectively prosecuted, and not walking free because of a lack of prosecutorial services? In particular, I refer to the mediation. Can we resolve this between the three of you and move on?

The CHAIR: Premier, again, the question does not relate to the budget line under question. You may answer as you choose.

The Hon. M.D. RANN: I just make a general comment. I cannot see funding for the DPP in the estimates committee program in front of me. However, I have met with the DPP on several occasions. I am probably the first premier anywhere to actually go down to the DPP's office and not only meet him—he met with me in my office at a later stage—but also to go into a room with I think all the DPP staff (there was a large number of lawyers there) and receive questions and answers. The first question came from the DPP about his own pay and status, which surprised me—and it probably would have surprised a number of his staff as well, I guess, but that is up to him. I could not understand that, given that we had just appointed him; he must have been aware of the contract he had signed. I was told by one person with an American accent—apparently a very fine lawyer—that her five or six year old child had a better understanding than I of the criminal law. I think she must be very lucky to

have such a talented youngster. I just went down there and took it on the chin and, as a result, increased their funding; they have had a big increase in funding. I guess my message is that we want to see them stop whingeing and get on with the job of prosecuting. I am talking about the DPP. I like the guy, but it seems a hell of a lot like attention seeking.

Mr HAMILTON-SMITH: Same page, same State Strategic Plan: targets. Why has the Premier not developed a state water infrastructure plan that actually spells out the investment priorities? Is that now not urgent? How does that sit with his decision to extract \$1.6 billion out of SA Water over the last six budgets and not to reinvest that money in infrastructure but, rather, to take it into general revenue? When will we see a genuine infrastructure investment plan for water?

The CHAIR: Similarly, Premier, the question is tangential to the area under examination.

The Hon. M.D. RANN: First, I will deal with the issue where you talk about a plan. Referring to your previous question, I have enormous goodwill towards Stephen Pallaras. You can only but like the guy when you meet him. He is a colourful character, there is an element of mischief and fun in the things that he says, but—

Mr HAMILTON-SMITH: Mediation? Will you accept the mediation?

The Hon. M.D. RANN: No, I do not need a mediator. You need to mediate with the two former—

Mr HAMILTON-SMITH: You're refusing mediation?

The Hon. M.D. RANN: Yes. You need to mediate with the two former leaders you pledged support to and then knifed in the back. Then things might be a bit improved on your side, and members would stop leaking to us. On the issue of water security, the agreement reached between the Prime Minister and the first ministers of New South Wales, Queensland, South Australia and the Australian Capital Territory at the national water summit on 23 February 2007 represents a milestone for the River Murray, South Australia and the nation. It is time to be bipartisan. For the first time since federation, the way is now open to a truly unified and non-political national approach to the management of the Murray-Darling Basin, with the final necessary step being Victorian accession to the agreement. In agreeing to refer our constitutional powers to enable the commonwealth to manage water in the Murray-Darling Basin, the South Australian government achieved a number of important outcomes for the River Murray and the state.

First, I refer to an agreement to South Australia's proposed model of governance in which decisions about water management will be made by an independent commission of experts whose decisions will be based on science rather than politics. That, leader, was a critical decision for the future of this state and the future of the River Murray. It was a press release announcement, just like we have seen over the invasion of the Northern Territory, and there were no details—it took them a week to get the details. I did not want to see the River Murray being handed from one group of politicians to another group of politicians, particularly ones at the federal level who will be under the influence of the cotton farmers and the rice growers—and those people who, in my view, are doing all the other things that should not be done in Australia. I was condemned, and I remember *The Australian*, which is a publication I like—and we have Jeremy Roberts here; he is a good fellow, although he looks a bit like Gerry Adams at a distance, which is starting to make me nervous. However, there was a picture of me like

a shag on a rock in the middle of the River Murray with a boat going by. I then saw on various television stations that I had been left isolated in my plan to get an independent commission to run the River Murray. But there was a bit of shuttle diplomacy going on; a bit of late-night talking going on between me and Malcolm Turnbull; there were talks in Brisbane with me and Peter Beattie; and there were talks in New South Wales with Morris Iemma—

Mr Pederick interjecting:

The Hon. M.D. RANN: And there were talks with Steve Bracks. As a result, rather than being a shag on a rock, I was able to go into a meeting—ably supported by Karlene Maywald, who knows more about water and the River Murray, by the way, than anyone in the national fora that I have attended—and get a concession from the Prime Minister that there would be an independent commission, and a concession that where a federal minister to whom that commission reported went against the advice of the independent commission, then the advice had to be published in the federal parliament. We received guarantees on environmental flows that we are going to insist upon. We got guarantees on minimum allocations and so on, and this was very important.

At the start, members here, commentators and people in politics were calling on me to cave in. If I had done what my critics had said I should, I would have sold South Australia down the river. I stitched up a deal with Peter Beattie, and I want to praise him. It was the power of having the upstream and downstream states walk into the equivalent of a COAG meeting and say, 'We are united and no-one will divide us; we will not sign this deal unless these guarantees are in' that won the day—and I will apologise to no-one for sticking to my guns.

In addition, there was agreement that these new arrangements (including the qualifications of the members) be reflected in the legislation so that they could not appoint a bunch of bunnies and their mates; they had to be genuine experts with qualifications established by statute. There also was an agreement that any decision by the relevant commonwealth minister to overrule the new Murray-Darling Basin Authority be tabled in the commonwealth parliament and a commitment by the commonwealth to a strategic reserve for the River Murray as a contingency for South Australia and other states in the current drought and in years of extremely low flows.

There was also a guarantee by the commonwealth to preserve the state's existing entitlement flow of 1 850 gigalitres per annum, and an acknowledgment by the commonwealth that a return of 1 500 gigalitres to the River Murray for environmental purposes by the year 2018 could be achieved under the national plan. There was a commitment by the commonwealth that new funding would be directed on an objective and scientific basis to areas of greatest need within the Murray-Darling Basin, as well as an agreement to a review of the new arrangements in 2014.

That was a critically important point because, as I said on that day, 'You say this is going to be good for us; trust us. We want a right of review so that if we don't get what we were promised, we can pull the plug on the deal.' There was a lot of resistance to that from the leader's Liberal colleagues nationally. I said, 'If you're going to deliver what you're promising to deliver, why would you be worried about a review after a few years to see if it's working to the benefit of the river, because what's good for the river is good for South Australia?'

The commonwealth is now seeking a text based referral following the Corporations Act precedent. Accordingly, the states will draft relatively short legislation that will include provisions set out in a pre-agreed text. Officials from the commonwealth and Murray-Darling Basin jurisdictions are now working through a draft bill to make sure that it reflects what was agreed by first ministers in February. If the draft legislation reflects what we agreed upon, I will sign the deal—and I make that public today.

I met yesterday with Malcolm Turnbull for about an hour and I think we made substantial progress in our understanding of where each other stands. I absolutely reiterated the point that there has to be that guarantee of environmental flow in the deal. If they want me to sign the deal it has to reflect what we agreed upon earlier in the year. Victoria is yet to change its position. I am hopeful that it is closer to signing up to the agreement. I think we have played a very constructive role since that time.

I have already announced this, but I am prepared to say again today that this state government will put a substantial amount of money into a desal plant to be established near Whyalla. So will the federal government. We will not subsidise BHP Whyalla's need for a desal plant to supply water to the Roxby Downs expansion. BHP will have to pay for that. I want to see a massive sustainable energy component in terms of supporting that redevelopment. Because a modular desal plant is being proposed, we will make sure that the amount of investment that we make together with the commonwealth will provide for desalinated water that will be used for Spencer Gulf cities and Upper Eyre Peninsula to supplement the water that is currently being pumped (at an enormous cost in terms of electricity let alone the cost of the water) from the River Murray to those centres.

Since then, we have talked about a second desal plant. We are doing an evaluation of that. You do not announce things on the run, leader, as your colleagues have told you; you have to look at the impact in terms of water prices and the environment. So we are looking at spending \$3 million on a feasibility study into a second desalination plant, and we are also looking at an alternative project which is a five-fold expansion of the Mount Bold reservoir. If the Mount Bold reservoir was increased five-fold, on my estimate that would double the reservoir capacity of the Adelaide Hills.

So, we are doing things properly. I was criticised by your side of politics for not caving in to the federal deal. If any premier of South Australia (Liberal or Labor) had caved in to that deal and signed on the bottom line without getting guarantees of our minimum entitlement flow, environmental flow and an independent commission, they would not be worthy of this office.

Mr HAMILTON-SMITH: I have a supplementary question. First, your comments raise questions about whether or not you would rather have the federal deal or whether you would rather walk away from it and just leave the states to continue with the problem that they have created over the past 150 years. Secondly, if you are so genuine, Premier, about getting this national plan to work and the \$10 billion invested, why have you not used the Council for the Australian Federation (which you premiers have formed) to pressure Premier Bracks to sign the deal? Why have you not shown as much enthusiasm to berate the federal government in regard to berating Premier Bracks so that the final obstacle can be overcome and our irrigators and our water users along the River Murray can benefit from the \$10 billion, or would

you rather the commonwealth walk away from the entire proposition and leave the states to their own devices?

The Hon. M.D. RANN: That is breaking news. That is not what Malcolm Turnbull said to me yesterday. In fact, quite the opposite. You stood behind him, desperate to get in the camera shot about an announcement that you had nothing to do with. You accuse us of not—

Mr Hamilton-Smith interjecting:

The Hon. M.D. RANN: Hang on; no mate, we have already committed it.

Mr HAMILTON-SMITH: No, you have not.

The Hon. M.D. RANN: This is extraordinary. You cannot read a budget paper. The point is that you accused us of taking credit for the air warfare destroyer program where we are committing hundreds of millions and we are involved in a two-year campaign that involved the future Governor, Robert Champion de Crespigny, Kevin Foley, me, Malcolm Kinnaird, Admiral Shackleton and others. If we had done what you would have done (because you said that they would have handed it to us, anyway), that is, to sit on our backsides and do nothing, it would have been handed to Victoria. If that is your approach to government—and it is the same with this, you just went off and said that clearly I am prepared to walk away from the deal. I am not prepared to walk away from a deal. I will stick to the deal that I made with the Prime Minister in February. All I am asking him to do is to ensure that the legislation reflects what we agreed.

If you are into a handshake, and then what you see later in the paperwork and fine print does not reflect your agreement, if you would go ahead and sign, anyway, then you are not fit to hold the office of premier: it is as simple as that. Yesterday, on an issue in which you had no involvement whatsoever, you were desperate to get into camera range. We have already announced our commitment to that process—tens of millions of dollars of commitment. What was announced yesterday was a \$20 million reduction in the commonwealth's contribution.

The CHAIR: The time agreed for examination of these items having concluded, we will now proceed to matters relating to the Economic Development Board. Thank you to all the advisers.

Department of Trade and Economic Development,
\$67 366 000

Departmental Advisers:

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

Ms A. Allison, Director, Corporate Services.

The CHAIR: I declare the proposed payments open for examination and refer members to the Portfolio Statement, Volume 1, part 2.

The Hon. M.D. RANN: In 2007, South Australia's economy is in excellent shape, despite the terrible drought that has been so devastating for our regions. The state's budget is solidly in the black and it is forecast to remain in the black to 2010-11 and beyond. SA's AAA international credit rating has not just been regained but reconfirmed. We have managed to achieve these things while committing record amounts to capital spending and carrying out a program of tax cuts that will be worth nearly \$2 billion when

fully implemented by 2010-11. There are many current indicators of economic success.

State final demand for the March quarter of 2007 was 0.7 per cent, giving South Australia an annual state final demand growth rate of 3.2 per cent, behind only Western Australia and Queensland. Housing finance commitments in South Australia rose by 10 per cent in the year to April 2007 compared with a national rise of 8.6 per cent. The nominal value of South Australia's overseas merchandise exports was \$9 billion in the 12 months to March 2007, an increase of 7.8 per cent on the previous 12-month period. ANZ reports that trend newspaper job advertisements rose by 4.5 per cent in South Australia from April 2006 to April 2007, compared with a national fall of 0.8 per cent. South Australia has the lowest rate of industrial disputation of all mainland states. More than \$34 billion worth of major projects are in the works or on the horizon. We have won \$10 billion worth of defence contracts over the past two years. We are leading Australia in the field of renewable energy, with the establishment of wind farms across the state and the lion's share of national investment in geothermal energy.

We are seeing a mining exploration boom and the prospect of many more mines, partly as a result of April's historic decision on uranium by the ALP national conference. Exploration in South Australia has skyrocketed in recent times, with Paul Holloway and I highlighting on 14 June that South Australia has smashed through the \$200 million barrier for annual spending on exploration. ABS figures for the year to the end of March put expenditure in South Australia at a record \$233.2 million on mining exploration, which is \$123.1 million up on the previous year's figure and second only to Western Australia.

On the mining potential index of Canada's world renowned Fraser Institute (except it was not renowned by the deputy leader; she obviously had never heard of it), South Australia has risen over the past four years from position number 36 to number 18 to number 6 and now to number 4 in the world today. Some 56 per cent of Australia's uranium exploration is occurring in South Australia, with 166 mineral exploration licences for uranium granted and 105 applications pending. The 2007-08 budget includes a further \$8.4 million over four years to extend the highly successful Plan for Accelerated Exploration program. I pay tribute today to Robert Champion de Crespigny, who came to Kevin Foley, Paul Holloway and me with this idea to get mining exploration occurring in South Australia, because it certainly was not occurring under the previous government to anywhere near this extent; it was minimal.

Some 34 300 apprentices and trainees were undertaking training in South Australia at the end of last year, the second highest number in the state's history, which is 1.8 per cent up on the previous year and three times higher than the national rise. We are aiming to lock in these economic gains by paying attention to the fundamentals. We are conducting a review of red tape in order to bring about a 25 per cent cut. We are aiming to improve the performance of our public sector in order to make it more efficient and responsive. We will be training hundreds of extra people to take up positions in the booming mining and heavy engineering sectors—and, obviously, there will be the defence skills centre and five mining centres. We are legislating to increase the school leaving age to 17, linked to our insistence that all 15 to 19 year olds in South Australia should either be learning or earning, and we are setting up a network of 10 trade schools for the future.

One of the most striking economic indicators is the job scene, which remains in the best shape we have seen for more than three decades. ABS figures show that, in May, South Australia's seasonally adjusted unemployment rate fell 0.5 percentage points to 4.7 per cent, the lowest in seven months. Seasonally adjusted, total employment in South Australia increased by 6 200 in May, to 758 300. Since Labor came to office in March 2002, 62 400 new jobs have been created in South Australia.

We continue to receive good news on the jobs front. Today's *Advertiser* reports that the latest Hudson report Employment Expectation Survey has recorded the highest employment sentiment in five years. Some 40.6 per cent of South Australian companies surveyed said that they expected to increase permanent employment levels over the next three months. Hiring firm Manpower, in its latest Global Employment Survey, says the prospects for jobs growth in South Australia 'continue to be positive'. There have been plenty of other recent pieces of evidence and some valuable third party endorsements to support the view that confidence and optimism have returned to South Australia in abundance. The *South Australian Business Journal* Synovate survey, published in yesterday's *Advertiser*, found that 54.4 per cent of respondents believed that the South Australian economy will get better ('much better, 12.5 per cent, and a little better, 41.9 per cent') over the next year, which is up from just 39 per cent last year. Just 16.7 per cent said that the economy would get worse, which is well down from last year's figure of 31 per cent.

Today's *Advertiser* reports that the Housing Industry Association figures show that new home sales in South Australia increased by 25.7 per cent in the month of May, bucking a national trend of sales reductions. The ABS revealed on 1 June that new capital investment in South Australia is at a record high, increasing by 10.8 per cent in the year to March 2007 to reach \$1.27 billion. This rate of increase was more than twice that of Australia's overall, once the Telstra sale is exempted. In the year to March 2007, South Australia had the second highest rate of increase in Australia, just behind Western Australia, and about twice the increase seen in Victoria and Queensland.

Recently, a new KPMG business competitiveness survey placed Adelaide at the top of a list of 28 cities in Australia, including every other capital city. Also, the latest Bank SA State Monitor Survey found that SA companies believed that current business conditions and opportunities for expansion are the best in a decade. The South Australian Centre for Economic Studies pointed to strong growth in state final demand, record investment, strong retail sales, a lift in the labour market and a big increase in mining investment.

South Australia's population growth in 2006 was the highest in 15 years. Prominent Australian businessmen, Lang Walker and Lindsay Fox, have backed the government's open-for-business approach. On 23 January 2007 Lindsay Fox stated:

I think the commitment of your government today . . . are doing a fantastic job. I think there is more happening in South Australia today that has probably happened since it was established. The aggressive approach of the government to enticing and working in conjunction to make things happen is really the difference between working in one place compared to another. Every point of assistance, all the way through, and support from the government has been fantastic.

On 21 February 2007 Lang Walker stated:

I just see that you've got a progressive government that wants to do things here.

Within the context of a buoyant economic scene and the state government's strategic approach to development, Treasurer Kevin Foley brought down an outstanding 2007 eighth state budget on 7 June. From the point of view of business, the budget contains a lot of positives. We continue our program of tax cuts—not a tax summit, not a talkfest, but cuts to tax—that will see the South Australian government providing almost \$2 billion in tax relief between 2002 and 2010-11. We are not just talking about it: we are delivering the tax cuts. Payroll tax cuts in this budget are worth more than \$300 million over four years—\$300 million worth of payroll tax—not a tax summit: cuts to payroll tax.

From 1 July this year, our rate of payroll tax will fall from 5.5 per cent to 5.25 per cent. From 1 July 2008 the rate will fall to 5 per cent. From that date, South Australia will have a payroll tax rate equal to that of Victoria and the equal second lowest in Australia. The payroll tax cuts drew praise from Peter Vaughan of Business SA, who said that budget day had been 'a red letter day for business' and that tax cuts had made South Australia 'completely competitive' with the eastern states. I want to pay tribute to Peter Vaughan, because he is the one who spoke to me and to Kevin Foley about the need for these payroll tax measures. In a comment piece in *The Advertiser* published a day after the budget, Mr Vaughan wrote that the payroll tax position meant that 'the sun is shining brighter on South Australian businesses', and that the budget contains 'the bold decisions required to support economic growth in this state'.

The other major benefit for business arising from the budget is the state government's commitment to a third consecutive year of billion-dollar capital investment. That investment is valued at more than \$1 billion in 2007-08 rising to more than \$1.2 billion in 2010-11. The centrepiece of our capital works plan, of course, is the construction of a \$1.7 billion central hospital named after retiring Governor Marjorie Jackson-Nelson.

The CHAIR: The opening statement is about 10 minutes. We are a bit over that. Are you able to wind up quickly, please?

The Hon. M.D. RANN: I am very happy to wind up. There has been a whole range of announcements: there is \$124 million for the air warfare destroys; \$75.4 million for the Northern Expressway; \$71.3 million for the South Road upgrade; \$52.8 million to continue redevelopment works at metropolitan hospitals; \$48.1 million to address water issues; \$28 million for a tram bridge over South Road; and \$115 million over four years to upgrade our suburban rail system. It is part of a record four years spending of \$542 million on transport.

Mr HAMILTON-SMITH: Thank you for your assistance, Madam Chair; that is almost half the time for this entire matter taken up with a statement. I just wish that we would get in some questions and answers. Premier, you went through a range of measures to explain your argument that things are good in South Australia—and they are; there is no question about it. They are good in South Australia and they are good in Australia. I get back to the point, however, that, on a range of measures, our share of the national cake has either declined or remained static. I mentioned them in my opening remarks. We can look at our share of national employment, merchandise exports, construction work done, and state final demand. You have quoted some figures over the past 12 months showing increases. It is easy and, as we know—as Disraeli observed, it is easy to pluck statistics out of the sky and make them look good. Conditions are good:

there is no question—they just seem to be better in every other state.

What has your government done to fundamentally restructure this economy? I note your point that there is a mining exploration boom. I have referred to copper prices, which have tripled, and to a significant increase in uranium prices; global commodity prices are high. Of course, there is an exploration boom going on. If those prices were low or falling, that boom would evaporate overnight, as we all know. These things are cyclical. China is buying our resources. These things do not happen unless the prices are there to sustain them. Similarly, we have talked about other projects, and you have mentioned population. You know very well that the federal government changed the visa conditions for South Australia, declaring a special status, and so on.

What fundamental structural reforms have you implemented to change the fundamentals of the South Australian economy compared to other states? Why have the structural reforms that you have made in the past five to six budgets not delivered a reversal in our performance compared to other states? I can run off some statistics for you, if you wish. Exports were 7.5 per cent of the national share five years ago; now it is 5.36 per cent. Private new capital expenditure is down to 6.24 per cent. Our share of construction work done is down to 5.21 per cent. Why have these structural reforms, if you could explain what they are, not changed the fundamentals?

The Hon. M.D. RANN: I am very keen to answer that, because rather than plucking statistics from the air, I got them from the ABS, including a range of sources like state final demand figures, ANZ and organisations that I think know a lot more about statistics than the state opposition. What is the big difference? Let me tell you the big difference, leader. We saw, under your government, the propping up approach. Everyone who went in to see the Premier came out with something, some kind of handout. It is very interesting that of the companies that have announced major downsizes and company closures since 2002, the majority of these companies (almost 70 per cent) received substantial support and financial assistance from the previous government in the past. These companies accounted for 66 per cent of the job losses over the past five years.

The message that I got from people who know about business like Robert de Crespigny and the Economic Development Board—major hitters, nationally, in terms of business—was to stop giving the handouts of previous governments because all you are doing is basically staving off the inevitable. What you have to do is bring confidence and competitiveness back to our state and our economy. So, what did we do? Let me tell you what we did. We made a decision because manufacturing is under pressure—and everyone knows that across the Western world—from China. We made a decision—a fundamental, structural decision—to go absolutely all out to win defence projects, long-term projects, and also to get the mining industry going. You say that this would have happened because of prices. Do you honestly think that a mining industry leader is going to invest hundreds of millions of dollars on something that takes 10 to 15 years to bring up to mining based on what has happened on the index that day?

They make decisions for the long haul because they might not be the figures in five years' time in terms of commodity prices. Have a look at the statistics on commodity prices. This is about what we had to do. We had to go out and get exploration happening. It was under \$30 million under your

government; it is now sevenfold or eightfold more, and we have gone from 36th in the world in the past three years to fourth in the world in terms of mining prospectivity. That did not happen by chance: that happened because we went out (and we went all out) to get mining exploration happening. The great thing is—

Mr HAMILTON-SMITH: That happened because of commodity prices and you know it. Without the commodity prices, there would be none of that. It is total waffle what you are saying.

The CHAIR: Order! One conversation at a time.

The Hon. M.D. RANN: Only you believe that, because I keep going to mining conferences and I do not see you there, Marty. You have to stop looking in the mirror and start going out and meeting with business leaders. At every mining conference I have been to, people have stood up and talked about this government, advised by the business community, going out there and getting mining exploration going. People have talked about us being the next Western Australia in terms of a mining boom, and they constantly refer to the PACE initiative. Let me tell you something else that has happened.

Mr HAMILTON-SMITH: A good initiative.

The Hon. M.D. RANN: A good initiative—I am pleased to see some acknowledgment of that. The other initiatives include doing the things I mentioned before like bioscience and putting energy into the film industry. Why is it that our film capacity has gone up and the rest of the nation's has gone down? Why is it that we had about 5 000 or 6 000 overseas students studying in Adelaide at Adelaide's universities and schools and we now have 20 000 and we will have 40 000 by 2012? That means people spending here in the city. You talk about population growth being a decision of the federal government. We went to the federal government; it was our idea. We negotiated with an outstanding minister in Amanda Vanstone. She made the decision, and I cannot understand why you got rid of her. I have seen people like the Prime Minister and others about this scheme, so important was it. You talk about the defence industry. Why is it that Brendan Nelson, the federal minister for defence, goes to conferences in other states and says that the standout state in terms of its commitment to the defence industry and in getting things happening is South Australia?

I guess the point is that you seem to be incredibly disappointed that the state is doing so well, but your approach of the past was to give handouts. We saw the best example in the last week or so of the Motorola decision. With Motorola, all these call centres were established and they were like public servants they had such a heavy subsidy from the previous government. It was all about cutting ribbons in the lead-up to the election and, one by one, they have fallen over because, ultimately, it is about getting competitiveness right. That is why we have cut payroll tax and that is why we are rolling out \$2 billion worth of tax cuts, because my government is committed to tax cuts not a talkfest on tax.

Mr HAMILTON-SMITH: Premier, is it correct that in the eight years of Liberal governments, since you have raised the issue, the starting point was \$11.5 billion of debt and a \$300 million current account deficit for those eight years and, when you took office, that debt was largely eliminated; there was no debt and buoyant revenues? Do you think that would have had a slight influence on strategies and policies?

The CHAIR: Order! That matter has absolutely no relevance to the budget papers under consideration.

Mr HAMILTON-SMITH: I enjoyed asking it. Perhaps I will move on.

The CHAIR: It was not a question.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.6. How many full-time equivalents are in the newly established team to facilitate BHP's proposed Olympic Dam expansion, the one at the mine site you opposed, the one you never wanted built, the one you thought was a terrible thing? Can you just explain the number of FTEs?

The Hon. M.D. RANN: Obviously there is a team across government. For example, Bruce Carter is part of the negotiating team. In terms of this department, I think that five people are designated for that expansion. I want to say that BHP Billiton is extremely happy with the negotiations it has undertaken with us on the indenture and expansion, and I am talking about Chip Goodyear, the new appointment Marius Kloppers, Roger Higgins and all the rest of them. Of course, that is one of the reasons why I was in Chile recently. Obviously, our key with the Olympic Dam expansion and the government's priority is to maximise the economic development benefits for the state arising from this massive project.

To assist with this, the government has established a dedicated Olympic Dam task force with \$1.5 million funding over three years to progress matters. The task force is facilitating the pre-feasibility study and working with BHP Billiton to examine environmental matters, address regulatory or legal issues and ensure that native title and Aboriginal heritage matters are appropriately addressed. BHP Billiton is undertaking a pre-feasibility study into an expansion of the Olympic Dam mine, which is due for completion at the end of this year. The expansion would increase copper production to over 500 000 tonnes per annum and uranium to 15 000 tonnes per annum for in excess of 70 years. I think it is more likely to be 150 to 200 years. The proposed timetable is as follows:

- the feasibility study will commence in 2008 subject to board approval;
- the environmental impact statement will be completed in 2008;
- the final BHP Billiton Board decision is expected in 2009; and
- BHP's Release to Analysts on December 2006 stated that the project would increase the contribution to GSP by \$2.5 billion and increase royalties to around \$130 million per year.

The major components under consideration (and, from memory, I have never detailed these before) include:

- changes to the road system, ports and related infrastructure to deal with transportation of plant, equipment and consumables for mining, processing and town camp construction;
- a railway line from Pimba to Olympic Dam;
- provision of a new airport;
- a 270 kilometre electricity transmission line for an additional 400 megawatt load;
- a desalination plant with a 320 kilometre water pipeline;
- a construction camp with an 8 000 person capacity;
- a new ore processing plant quadruple the size of the existing plant;
- master planning of the Roxby Downs township expected to at least double in size;
- a development application for a pilot plant for the proposed desalination plant in the Upper Spencer Gulf has, I can announce today, been approved; and

- an interim PAR was brought into operation to deal with the mounting commercial pressures on the town centre. The government and BHP Billiton have commenced discussions in relation to the indenture under which the existing mine operates. These discussions will consider all aspects of the expansion project. The government will assess the environmental impact statement (EIS) being prepared by BHP Billiton with a draft due to be released in late 2007 or early 2008.

Mr GRIFFITHS: I will read into *Hansard* our omnibus questions. Will the Premier provide a detailed breakdown of the baseline data that was provided to the Shared Services Reform Office for each department or agency reporting to the Premier, including the current total cost of the provision of payroll finance, human resources, procurement, records management and information technology services in each department or agency reporting to the Premier, as well as the full-time equivalent staffing numbers involved?

Will the Premier provide a detailed breakdown of expenditure on consultants and contractors in 2006-07 for all departments and agencies reporting to the Premier, listing the name of the consultant and contractor, the cost, work undertaken and method of appointment? For each department or agency reporting to the Premier, how many surplus employees are there as at 30 June 2007, and for each surplus employee what is the title or classification of the employee and the total employment cost of the employee? In the financial year 2005-06 for all departments and agencies reporting to the Premier, what underspending on projects and programs was not approved by cabinet to carry over expenditure in 2006-07?

For all departments and agencies reporting to the Premier, what is the estimated or actual level of underexpenditure for 2006-07? Has cabinet already approved any carryover expenditure into 2007-08 and, if so, how much? What was the total number of employees with a total employment cost of \$100 000 or more per employee, and also as a subcategory the total number of employees with a total employment cost of \$200 000 or more per employee for all departments and agencies reporting to the Premier as at 30 June 2007?

Between 30 June 2006 and 30 June 2007, will the Premier list job title and total employment cost of each position with a total estimated cost of \$100 000 or more which, first, has been abolished and, secondly, which has been created. For the years 2005-06 and 2006-07, will the Premier provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the Premier listing the name of the grant recipient, the amount of the grant and the purpose of the grants and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15? For all capital works projects listed in Budget Paper 5 that are the responsibility of the Premier, will he list the total amounts spent to date on each project?

The Hon. M.D. RANN: That will consume the entire Public Service for probably months. That is irresponsible. Basically, you will just chew up thousands of hours of work in terms of each individual employee and consultant. Can you say above a certain rate for consultants, say \$20 000, otherwise this will go on for months. This is just crazy.

Mr GRIFFITHS: I am happy to indicate above \$20 000.

The Hon. M.D. RANN: I will do my best. I want our Public Service to serve the people rather than what would appear to be a deliberate attempt to jam up the system. It is the bureaucracy that the Liberals keep saying they are opposed to but, basically, they want to ensure the bureaucracy

is totally preoccupied with dealing with baloney rather than getting outcomes—but we will do our best.

Mr HAMILTON-SMITH: I have point of order. It has been the practice in the past, as the Premier well knows from when he was in opposition, to ask those questions.

The CHAIR: There is no point of order.

Mr PEDERICK: I refer to Budget Paper 4, Volume 1, page 2.28. Will the Premier explain the budget blow-out in the costs associated with employee benefits and costs? In 2005-06, the actual is \$11.610 million and in the 2006-07 budget it is \$14.489 million. This year the budget reveals an increase to \$16.196 million—an increase in costs since 2005 of \$4.586 million.

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

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.22, the workforce summary. Will the Premier reconcile FTEs from 2005-06 through 2006-07 to the blow-out of 2007-08? Where are the extra 48 FTEs being employed, in what areas of the department, and what roles are they undertaking?

The Hon. M.D. RANN: It is the same question we had before. I will take it on notice.

Mr HAMILTON-SMITH: Budget Paper 4, Volume 1, page 2.6, dot point 19. What are the costs associated with the establishment of the Competitiveness Council? What administrative and FTE support is provided to it?

The Hon. M.D. RANN: We did that via a reallocation of internal resources although there might be some consultancies. I will get a report on that.

The Hon. S.W. KEY: In relation to Portfolio Statement, Budget Paper 4, Volume 1, pages 2.18 to 2.19, in relation to investment attraction, will the Premier update us on how the South Australian economy is performing in this area?

The Hon. M.D. RANN: I have touched on some of this and I know that members would like me to keep it as short as possible. Since coming to office in 2002, the government has brought a fresh approach to economic development that is markedly different from the previous government. Under the guidance and leadership of the Economic Development Board, we have set about building the fundamentals of a strong sustainable economy and clearly moved away from the wasteful corporate welfare of the past, which did not work—because all these things just keep falling over, such as the government-subsidised call centres. Basically, the only policy I can remember of the previous government on industry was really a kind of call centre economy. We kept saying that these things might as well be on wheels because they are so mobile and they have been sailing away to India.

Obviously, we balanced the budget and instituted rigorous financial management. We have got back the AAA credit rating. We have embarked on the largest infrastructure building plan in the state's history; and I went through various things we have done. John Howard has said that the economic growth now occurring in South Australia is the best for a generation. I mentioned that in May this year Bank SA found business confidence to be the best in 10 years. Business confidence is being translated into investment dollars because investment in South Australia is at an all-time high. Private new capital expenditure jumped by 10.8 per cent in the year to March 2007 to reach an all-time record high of \$1.27 billion. Our investment growth is more than twice that of Queensland and nearly twice that of Victoria, and second only to Western Australia.

I mentioned the \$34 billion worth of major projects and I mentioned KPMG which recently reaffirmed that Adelaide is the most competitive location in which to do business and to invest of 28 Australian cities. We have mentioned the massive increase in mining exploration—bigger than every state and territory in the land with the sole exception of Western Australia. The mining industry has increased by almost eightfold. The SA Centre for Economic Studies expects mining investment to increase by a staggering 217 per cent this year. I have mentioned population growth. South Australia's headline unemployment rate fell to 4.7 per cent in May 2007, with employment rising by 6 200 to reach 758 300. This has all happened during the worst drought anyone can remember. Access Economics said:

No state has suffered more than South Australia from the current drought. The drought is more than halving the state's output growth this year though it looks set for a matching rebound come 2007-08.

Well, let us just hope that it continues to rain. The latest figures from the Australian Bureau of Agricultural and Resource Economics are very encouraging. It predicts at this stage a 174 per cent increase in the winter crop production compared with last year. We hope that is true—I hope it is bigger. It is about 7 million tonnes from my rough calculation. I guess that reinforces what I said in my opening statement.

The CHAIR: The time agreed for examination of his line having concluded, I declare the examination of the vote completed.

Office of Public Employment, \$1 646 000

Additional Witness:

The Hon. J.W. Weatherill, Minister Assisting the Premier in Cabinet Business and Public Sector Management.

Additional Departmental Advisers:

Mr J. Walsh, Commissioner for Public Employment.

Mr E. Brooks, Executive Director, Public Sector Workforce Division.

Dr T. Stubbs, Chief Executive, Office of the Government Reform Commission.

The CHAIR: I declare the proposed payments open for examination, and refer members to Portfolio Statement, Volume 1, part 1. Premier, do you wish to make an opening statement?

The Hon. M.D. RANN: First, apparently I may have misled the committee in terms of the Governor's salary. I think I over inflated it. I think I said \$270 000 or \$280 000; it is actually \$229 000. So I apologise for any embarrassment that I have caused to anyone. Can I suggest, in order to save time, that maybe we do not have questions from the government side? Would the leader be in agreement with that?

Mr HAMILTON-SMITH: It would have been even more welcome this morning, Premier.

The Hon. M.D. RANN: We will see how we go but, as members know, I try to be helpful.

The CHAIR: Premier, do you wish to make an opening statement in this area?

The Hon. M.D. RANN: I think we can waive the opening statement as well in order to assist the opposition.

The CHAIR: Leader, do you wish to make an opening statement?

Mr HAMILTON-SMITH: Just very briefly, if I may. This whole question of public sector workforce management is pressing, Premier, as you are aware. Business SA recently raised it in its budget submission. The budget papers show a considerable blow out in the number of public servants, a lot of it unplanned, the figure being over 12 000. In the five years of this government I think only 2 000 or so of that was planned. It leaves us with 10 000 more public servants than we planned. Can the Premier explain how that unplanned growth in Public Service numbers, under this program, has occurred?

The Hon. M.D. RANN: I will start and then ask the minister to finish. The thing that you have to remember is that we have promised record numbers of police, and we are recruiting them. We have enlisted I think an astonishing number of extra nurses into the system, and extra doctors. There are figures of well over 1 500 nurses; I think 1 600 nurses. Also, there are hundreds of extra doctors and hundreds of extra child protection officers, and more teachers were recruited early on. What we are doing is basically demonstrating our commitment to our areas of interest, and that is that, for example, we wanted to have safer streets. As I say, I think by the end of this term there will be between 700 and 1 000 extra police, on top of where we were at one stage during the previous government. So, we make no apologies for employing extra police, we make no apologies for employing extra nurses, we make no apologies for employing extra doctors, and we make no apologies for employing extra child protection workers. Of course, the opposition is constantly calling for more funding for this and that, at the same time as they are calling for a cut in taxes. Well, we have been cutting taxes and have been employing more doctors, nurses and police, and I guess we have done that because we have been marshalling the state's resources better than our predecessors. Minister.

The Hon. J.W. WEATHERILL: Premier, I think just to back that up with some numbers, the majority of the increase that the honourable member referred to, 86 per cent of it, was in the portfolio areas of: health and community services, 69 per cent, or 6 261 people; education and TAFE, 15 per cent, or 1 322 people; and justice and emergency services, 2 per cent, or 225 people. So that completely vindicates the proposition that the Premier has just put. In relation to Business SA, I think it is also useful to look at the national comparisons, because the proportion of state public sector wage and salary earners as a percentage of the population is completely unexceptional. The Northern Territory has something like 9.82 per cent of its population comprising state public sector workers; Tasmania, 7.66 per cent; Western Australia, 6.86 per cent; and then South Australia, 6.8 per cent. If you look at the various states and territories and their proportion of the population who are state public sector workers, it is completely consistent with the sorts of geographical territory that those various states and territories have to service. Obviously the more disparate the population, the greater the needs for the sort of basic state public sector infrastructure you would expect and, therefore, that would drive the numbers. This point that is being made that South Australia is somehow out of step is not borne out by the figures. The point that is being made that somehow there has been this uncontrolled growth in areas which is difficult to explain is also not borne out by the statistics.

Mr HAMILTON-SMITH: Given that most of that growth, by the government's own budget figures, was unplanned, could the minister or the Premier indicate exactly how many doctors, nurses, teachers and police are in that figure?

The Hon. M.D. RANN: I am happy to take that on notice but, in terms of information that I have in front of me, from June 2002 to June 2006 there was, for instance, an 18.8 per cent increase in medical officers, a 17.7 per cent increase in nurses, a 14.2 per cent increase in school services officers (which accounts for about 226 extra school services officers), 1 884 extra nurses, and 418 extra medical officers. In emergency services there was a 13.8 per cent increase, which is 625 extra people, and there was a 6.9 per cent increase in police during that period. So, we are talking about substantial increases, and we are proud of it.

The Hon. J.W. WEATHERILL: Can I supplement that proposition?

The CHAIR: Yes.

The Hon. J.W. WEATHERILL: The assumption, therefore, that those other numbers are not valuable positions is completely ill-founded. You found that out to your detriment in the last state election campaign because, when you announced the 4 000 cuts in public servants, we were able to demonstrate that beyond teachers, nurses and police officers, there are also other professionals—for instance, laboratory technicians, occupational therapists, speech pathologists, social workers, medical imaging staff—who comprise a large proportion of those other jobs. Of course, the nurses, doctors, police and teachers are the obvious occupations that leap to mind when one thinks of front-line services, but there is a myriad of other front-line services which comprise those figures.

Mr HAMILTON-SMITH: Could the Premier or the minister explain what the average all-up figure per FTE used by government is for each of those 12 000 or so extra public servants? Is there an average figure that is used for all-up costs with on-costs?

The CHAIR: Leader, I remind you that the requirement to refer to the budget line still applies. This relates to the general area, but we do not have a specific reference. Are you able to answer, minister?

The Hon. J.W. WEATHERILL: I am advised that within our area we do not use that methodology. Apparently that is a methodology that may be used within Treasury, and it is a proper question for the Treasurer.

Mr HAMILTON-SMITH: On that same budget line, page 1.15, Public Sector Workforce Management in Budget Paper 4, Volume 1: given that this budget line seeks to support the States Strategic Plan's targets relating to public sector workforce management, are you able to control the growth that we have seen in the last six years, and can we expect the trajectory of growth in Public Service numbers to be maintained at its present level? For example, if we have had 12 000 additional public servants over the last six budgets, can we expect roughly the same percentile of increase over the next six budgets? Will the same growth be sustained, or is there a plan to radically change, one way or the other, that rate of growth?

The Hon. M.D. RANN: I do not expect that to be the case but, obviously, we are very keen to recruit even more police and even more nurses. I was in Britain recently, and we had a team there that was recruiting more police and nurses. I think there is obviously a continuing and increasing demand in the health sector, and we make absolutely no apologies for

our commitment in that area. That is something we are very proud of.

Mr HAMILTON-SMITH: There was discussion and, in fact, clear statements from the government about a cap on the number of public servants last year. Can you inform the house how that cap is taking effect, and indicate what the current status is of plans by government to both accurately count the number of public servants and also to cap or control growth?

The CHAIR: Leader, it is not obvious to me that that question does relate to this area so, if the Premier or the minister have the same opinion—

The Hon. M.D. RANN: I think that will also come under the Treasury, but I am happy to get a report for the leader if he or one of his colleagues does not ask the same question of the Treasurer.

Mr HAMILTON-SMITH: I take your point, Madam Chair, but I just make the observation that page 1.15 points to this program: implementing whole of government frameworks, strategies, programs and services for supporting the Commissioner for Public Employment.

The CHAIR: However, leader, it is not relevant.

Mr HAMILTON-SMITH: With due respect, Madam Chair, the budget papers say what the budget papers say.

The CHAIR: Do you have a question, leader?

Mr HAMILTON-SMITH: I refer to the same page, page 1.15. Last year in estimates the Treasurer stated:

We do not have full confidence in the numbers that the OCEP have produced. That is why Treasury has undertaken that work to get a better set of numbers. We are not confident in the data collected by the Office of the Commissioner for Public Employment, despite its best endeavours. It has gone about this exercise with good intent but it has been difficult.

The Treasurer is suggesting that the Commissioner for Public Employment basically is not counting the numbers correctly. I wonder whether the Commissioner is aware of that comment by the Treasurer and whether we are now doing better at counting the numbers. What would be his response to that observation?

The CHAIR: It is not possible to ask questions of the Commissioner; however, the minister may reply.

The Hon. M.D. RANN: I have a great deal of time for both the Commissioner and his staff. I think they do an outstanding job. I think that a more cooperative approach has now been achieved between the way that Treasury counts and the way the Commissioner's office counts. Is that correct, Commissioner? Yes, he is nodding in agreement.

Mr HAMILTON-SMITH: I refer to the same page, page 1.15. Will the Commissioner for Public Employment continue to publish the annual workforce information collection reports on 30 June each year; and can we be assured that the Commissioner and his office are now accurately reporting the number of public servants?

The Hon. M.D. RANN: My answer to the first part of the question is yes.

Mr HAMILTON-SMITH: Can the committee be assured that the figures in that return and other reports will be accurate; in other words, the processes being used have now been cleared up so that the information in the reports is 100 per cent accurate?

The Hon. M.D. RANN: They are accurate and, indeed, I am advised that they have always been accurate, except that they have been counted differently from the way Treasury counts, and therefore ipso facto a fortiori Treasury and the Commissioner's office are much more ad idem on this matter.

Mr HAMILTON-SMITH: I refer to page 1.33, the same Budget Paper. There have been recent media reports concerning bullying or alleged bullying at the Public Trustee office. What has been done to deal with those issues to stem this type of behaviour (if it has been substantiated) both here and across the public sector?

The Hon. M.D. RANN: I do not have any information in front of me on that matter, but I think it is a matter either for minister Wright or the Attorney. I am sure that they will be full and frank in response.

Mr HAMILTON-SMITH: I refer to the same page, page 1.33. How many graduates and how many trainees are being recruited into the public sector in the average year; and given efforts by government to cap public servant numbers, how are we ensuring that there is an inflow of younger public servants entering at the bottom of the career cycle so as to ensure that there are not demographic gaps throughout the structure of the Public Service?

The Hon. M.D. RANN: Maybe I can answer that in a twofold way: first of all to deal with the graduate recruitment and then to deal with graduate development, because I think that might help to assist the committee with its deliberations. In July 2006, work began to update the existing South Australian government graduate program register. Public Sector Workforce Division staff consulted with several South Australian government agencies to assess the current system and to identify potential improvements to meet the graduate recruitment needs. On 14 March 2007, a new whole of government branded graduate website and an enhanced web application became operational. The website uses the prominent domain www.graduate.sa.gov.au and provides information about the graduate program, the desired qualification types, instructions on how to register and more.

The graduate register and administration site have been developed with the aim of providing a better quality service for both graduates and government agencies, which will lead to reducing the average length of the graduate recruitment process significantly. A web and printed media campaign was developed in conjunction with the Strategic Communications Unit to increase awareness of the website and attract graduates with high demand qualification types to the register. Public Sector Workforce Division staff have attended university career events to promote government employment opportunities and the register to final year graduates. The current status as of 11 May 2007 is that 1 665 graduates have signed up and 789 of those have completed their application and are available for employment within the South Australian public sector.

I have a little more information. At 30 June 2006, 439 persons were trainees or apprentices, an increase of 4 per cent from 2005; and 262 persons were employed in graduate entry programs, an increase of 0.8 per cent from 2005. On graduate development, the Public Service Workforce Division coordinates the whole of government South Australian public sector graduate development program, and this program incorporates much of the core knowledge and skills required to work effectively in a government environment. The program focuses on the machinery of government, legislation and the values and principles of the South Australian public sector. It provides graduates with the opportunity to develop and build upon their personal and professional skills.

The program is based on participants gaining competence in seven nationally accredited units from the public sector training package. As part of the program, graduates are

mentored by their managers and an independent coach to ensure that they have the capacity to apply these skills back in the workplace. The public sector workforce division currently funds 50 per cent of the cost of the program per graduate. Some 52 graduates were enrolled in the graduate development program during the 2006-07 financial period. The current status is that 89 graduates from the 2005-06 and 2006-07 financial periods graduated from the program on 30 May 2007. Good luck to all of them, and well done.

Mr HAMILTON-SMITH: Apart from the re-acquisition of Modbury Hospital, which will obviously bring workers back into the public workforce, what other in-sourcings or reversals of previous governments' outsourcings have added to the number of public sector workers we have? Can the Premier point to any strategies that have resulted in people being brought back into the public sector through the reversal of outsourcings?

The Hon. M.D. RANN: Obviously, the Modbury Hospital is the outstanding example, but I think there have also been things in the area of Supply SA, and cleaning, and some ICT. We will obtain a report on that.

Mr HAMILTON-SMITH: Will the Premier list the outsourcings that have been reversed with the number of public servants that have been brought back in?

The Hon. M.D. RANN: Yes. Modbury is the outstanding one.

Mr HAMILTON-SMITH: In terms of using this budget line (page 1.15) to plan strategies and implement whole of government frameworks for public sector management, what measures of efficiency and performance does the government use? The minister assisting was good enough to indicate the number of workers as a percentile of population here compared to other states, but what other measures of effectiveness and performance does the government use to determine whether our public sector is too big or too small, efficient or not efficient, apart from a percentile of the workforce? Are other efficiency measures used to guide government through the process of determining whether it needs to grow or contract the size of the public sector?

The Hon. M.D. RANN: Obviously, the leader would be aware of the change in the arrangements made by statute in terms of CEOs and their performance agreements. In fact, the performance agreement process is now much more rigorous following actions taken by us in response to the suggestions of the Economic Development Board and also from the government reform process. We now have a much more rigorous assessment of the performance of the CEOs. We wanted to try to get away from the fact that, traditionally, under the Westminster system, CEOs of Public Service agencies were required to deal only with their patch. It was very much a siloed approach. However, obviously, we have been trying to have things such as the social inclusion initiative, which is about joined up responses to joined up problems, and also the Economic Development Board and sustainability, and how all those things are integrated.

I will give an example of that. Very early on in the administration, in 2002, I think it is fair to say that there was some resistance from one department to what we were doing with respect to homelessness, in terms of the social inclusion strategy, which was to reduce the number of people sleeping rough in the city, sleeping out in the open. The resistance was not to housing them but, basically, the attitude was: this is a housing matter; what the hell has it to do with the Premier's department? However, when you think about it, homelessness is not only about housing; often it is also about mental health

issues, poverty, unemployment, family break-up and drug and alcohol addiction. All those things are interrelated.

That is why we undertook measures such as ensuring that the agencies worked much more closely together, and that people were not just being recycled through the emergency departments of our hospitals back out onto the street to get sick or injured again, and there were points of intervention under the Street to Home plan. That meant that the CEOs really had to think differently about their responsibilities. Sure, they have a responsibility to their own portfolio, their own department and their own minister. However, they also have responsibilities with respect to the South Australian Strategic Plan and meeting the plan's targets, and that is why CEOs regularly appear before ExComm; to inform on progress (or otherwise) being made against the targets in the South Australian Strategic Plan. They are now required to have responsibilities with respect to the strategic plan and also the other objectives.

So, they report to and are assessed not only by their ministers but also by me and my department, in terms of their cooperation and compliance with the strategic plan and also with the joined up approaches that we are undertaking through the Economic Development Board and for the social inclusion initiative. I should say that the legislation we changed here in South Australia with respect to reporting was, I believe, the first of its kind in the commonwealth of nations, in terms of a change to the Westminster tradition. I am very pleased about that. That is a different approach. In terms of other issues, there has been an improvement in efficiency by increasing the ratio of operational expenditure to administrative expenditure by 2010. This is about shortening the administrative towel in government, thereby ensuring that, proportionately, resources are directed toward service delivery.

The new formulation for this target allows for better tracking of progress. The previous target for cost effectiveness proved impossible to measure. It also improves the timeliness and transparency in government decision-making. This is a variation of a pre-existing target which has been recast to put particular emphasis on decisions relevant to the business community. It also increases customer and client satisfaction in government services by 10 per cent by 2010, which is new target in our updated South Australian plan. Each of these targets will be pursued at the whole-of-government level and within each department.

Mr GRIFFITHS: I refer to Budget Paper 3 (page 2.26), table 2.15: Public sector employment numbers. This provides an estimate of full-time equivalent numbers as at 30 June 2007 of \$78 998. While the minister has provided details of the percentage of public sector employees as a proportion of the population, can you or the minister provide me with information on the number of people actually employed—not necessarily full-time equivalents, but individuals employed by the public sector?

The Hon. M.D. RANN: We have dealt with a number of people, for example, nurses, medical officers and emergency services personnel. Do you want an across-the-board number?

Mr GRIFFITHS: Please.

The Hon. J.W. WEATHERILL: Perhaps I will put that figure next to percentages. The 69 per cent figure to which I referred in the health and community services area is 6 261 persons; in the education and TAFE area the 15 per cent number is 1 322 persons; and in justice and emergency services it is 225 persons.

Mr GRIFFITHS: Unfortunately, the minister has misinterpreted my question. I am presuming on the basis that a lot of people are working part time that, instead of a full-time equivalent number of nearly 79 000, there are something like 110 000.

The Hon. J.W. WEATHERILL: The number of persons that we have just given is the actual number of people, not full-time equivalents.

Mr GRIFFITHS: The information that I seek is the number of people employed in the public sector.

The Hon. J.W. WEATHERILL: That is what I am telling you. The total number is 92 848 as of June 2006, which is the period for which I was giving the answers.

Mr HAMILTON-SMITH: Premier, you are proposing to bring in some legislation later in the year to deal with public sector reform. Can you foreshadow what public sector reforms you envisage and provide an update to the house on the direction in which you seek to go?

The Hon. M.D. RANN: To start off, I will recount some of the things that have been done in our own process, and then minister Weatherill will complete the answer in terms of the future agenda. As I mentioned, we changed the reporting arrangements by law so that senior public servants do not just report to their minister, they are also accountable to me in terms of compliance with the South Australian Strategic Plan. That is a process where the intervention point is largely through ExComm. Also, of course, in terms of the top level of the bureaucracy, we move to permanents for promotional positions. That was a critically important signal in terms of what we expected in terms of performance and outcomes. I will ask the minister to respond more fully.

The Hon. J.W. WEATHERILL: This is an important reform agenda. The new Public Sector Bill 2007 will provide for a new, more modern and flexible framework for managing the public sector to enable the government's strategic agenda to be more effectively pursued. It is essentially about modernising institutions, machinery and processes of government. The new act will reinforce the professionalism of the public sector. It will be an overwhelmingly positive exercise. I think the point that we have been at pains to communicate to the Public Service is that we see it as an asset whose value we want to realise rather than as a burden that needs to be cut. In that regard, we contrast ourselves with the approach that your side of politics took at the last election.

It will enable greater responsiveness to both customers and to changing circumstances and priorities. It will facilitate a move from a more prescriptive rules-based approach to a more modern values-based approach. In saying that, I want to make it absolutely clear that there is no intention to cut terms and conditions of employment of public sector workers. Indeed, we have already demonstrated our bona fides in that regard by passing legislation to shield public sector workers from the effects of the federal government's WorkChoice legislation. The new bill will have the ambition of making a career in the public sector more attractive by providing additional flexibility and mobility, by encouraging the acknowledgment of good performance, and by enshrining in legislation the values and principles that attract people to the Public Service and to keep them there. Once we have a draft of that bill, we will obviously want to consult with stakeholders, and we will certainly want to make sure that that is a thorough process.

Mr HAMILTON-SMITH: Premier, will you rule out any cuts to Public Service numbers and any change to tenure as part of that process of reform?

The Hon. M.D. RANN: We have already made major changes to tenure. Not only did we make them, but we then extended them, and that followed advice from the Economic Development Board and, subsequently, from the Government Reform Commission process, from memory. So, we have substantially changed tenure, and that caused a great deal of disquiet. Just as we do not apologise for employing more teachers, nurses, doctors and police, we also do not apologise for making the public sector more accountable or for removing permanency. We have absolutely no intention of resiling from our election commitment—it is as simple as that.

Mr HAMILTON-SMITH: I take it from your answer, Premier, that you have made changes at the senior levels to tenure, but do I take it from your answer that this reform process will mean the letting go of tenure across the Public Service in the fullness of time?

The Hon. M.D. RANN: No, that is why I said to refer to my election announcement. From time to time we have targeted voluntary separation packages, but we are not removing permanency from the entire public sector. We have said that at the senior levels of the Public Service we have removed tenure, and that is all about making sure that we get the best outcomes, and I think we have the balance right.

Mr HAMILTON-SMITH: At what point do you define 'senior' levels of the Public Service for the purposes of tenure? Where do you cap it? How far down the Public Service management regime does 'senior' apply?

The Hon. M.D. RANN: It is the executive service.

Mr HAMILTON-SMITH: Only? It is no further down?

The Hon. M.D. RANN: No. There are 498 as of June 2006.

Mr HAMILTON-SMITH: So, there will be no change to tenure beyond that number.

The Hon. M.D. RANN: I announced that during the election campaign and, as you know, I am very keen to honour my commitments.

Mr HAMILTON-SMITH: As to the other part of the question in regard to cuts to Public Service numbers, can you guarantee or rule out any cuts to Public Service numbers as a result of the reform process?

The Hon. M.D. RANN: Earlier on you were criticising us for growing the Public Service and now it seems that you fear that we will cut the Public Service.

Mr HAMILTON-SMITH: I am just seeking information.

The CHAIR: Order! Do not interrupt.

The Hon. M.D. RANN: We have no intention whatsoever of removing permanency or tenure and slashing public sector numbers in the way that you envisage. The fact of the matter is that we have made a very clear election announcement on that and, obviously, we use targeted separation agreements in areas where we need to reduce numbers but, at the same time, we have seen growth in areas where we need growth like more doctors, nurses and police.

Mr HAMILTON-SMITH: I take it from your answer that you will not rule out cuts, whether it is through TVSPs or other devices as part of the reform process. Is that what you are saying?

The Hon. M.D. RANN: If we have too many people in some areas, then we have voluntary separation packages. That is quite different to wholesale sackings and it is totally different to what the opposition promised at the last election, which I think was the final nail in the opposition's coffin in the election campaign.

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

Auditor-General's Department, \$11 412 000

Departmental Advisers:

Mr S. O'Neill, Acting Auditor-General.

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

Ms M. Stint, Manager, Finance.

The CHAIR: I declare the proposed payments open for examination and I refer members to the Budget Statement, in particular Appendix C. Premier, please introduce your advisers.

The Hon. M.D. RANN: I am very pleased to introduce Mr Simon O'Neill, the Acting Auditor-General, who has also been Deputy Auditor-General for 10 years under Ken MacPherson. I also introduce Mr Ian McGlen, Director, Audits (Policy, Planning and Research) in the Auditor-General's Department and Ms Megan Stint, the manager of finance in the Auditor-General's office. It must be a difficult job being the manager of finance in the Auditor-General's office; I think you would feel that everyone was looking over your shoulder, but I am told she does an excellent job. Also, I would like to stop any government members from asking questions, although I know that they are dying to, because I would like to give an opportunity for the opposition to ask its questions.

Mr HAMILTON-SMITH: I welcome the advisers. I am an enthusiastic supporter of the office of the Auditor-General and I look forward to an ongoing relationship and reading the reports with great interest. How far away is the government, Premier, from appointing Mr MacPherson's replacement?

The Hon. M.D. RANN: I think that is a question that you will have to ask the Treasurer. However, I think a process is underway in terms of interviews. Obviously, I have had a number of major announcements of positions. I had to announce the new Agent-General in London, the new Governor, the new Lieutenant-Governor and the next cab off the rank will be the new Auditor-General. No decision has been made yet, and neither has it come before cabinet.

Mr HAMILTON-SMITH: There is no time frame you are able to inform the committee of at this point?

The Hon. M.D. RANN: When it is completed appropriately.

Mr HAMILTON-SMITH: Can you tell the committee the final termination payout or package for the former auditor-general on his departure after many years of good service to the state?

The Hon. M.D. RANN: I think about \$320 000. Mr McPherson was the auditor-general for 17 years. I want to take this opportunity—and I would have in an opening statement—to say that he did an outstanding job. As you know, we wanted to change the law to enable Mr McPherson to continue as auditor-general because, in terms of his age, there was a legislative bar on that. I thought it was more appropriate that be changed to the level of a Supreme Court judge to allow him to go on to the age of 70 but, unfortunately, that was not able to proceed because of the upper house.

Mr HAMILTON-SMITH: Will the Premier inform the committee of the levels of staff turnover within the Auditor-General's office either in percentile terms per annum or by using some other measure? How many changeovers are we having?

The Hon. M.D. RANN: About 22 staff annually is the turnover, over the last three years. I think that is a good thing. We are trying to get people to come in and out of the private sector and then go back to the private sector, as well as coming in and out of departments. I think that is very healthy.

Mr HAMILTON-SMITH: When will the next Auditor-General's Report be tabled in the parliament? Is the Premier able to give us the week that he expects that report to be tabled?

The Hon. M.D. RANN: By statute (and as was convention) the annual report must be completed by 30 September each year. That has always been the case in my reckoning. It is then generally tabled on the first sitting day in October. That has been the tradition over many years, and that will occur again this year.

Mr GRIFFITHS: I refer to the answer provided on Mr MacPherson's payout figure. I recollect that it was \$327 000.

The Hon. M.D. RANN: It was \$320 000.

Mr GRIFFITHS: My apologies. Did that amount include only annual leave and long service leave liability or were there other components and, if so, what were they?

The Hon. M.D. RANN: I am advised that it relates to his accrued annual and long service leave. It is what would normally happen in a similar position, or anyone in the Public Service.

Mr HAMILTON-SMITH: Are any special reports being completed by the Auditor-General and, if so, will they be tabled and what are they?

The Hon. M.D. RANN: I am not aware of any, but I will ask Mr O'Neill to comment.

Mr O'NEILL: You would be aware, leader, that the matter of reporting to parliament is a statutory responsibility of the Auditor-General. We are looking at one or two matters, but the consideration of reporting of those matters, whether they take effect in terms of reporting in the annual report to parliament or through supplementary reports, I have not yet determined.

Mr HAMILTON-SMITH: There has been some speculation in the media about a forthcoming report on the Office of the DPP. Will that happen and, if so, when?

The Hon. M.D. RANN: I will invite Mr O'Neill to comment.

Mr O'NEILL: I am looking at and considering certain matters with respect to issues that were residual from the previous auditor-general. However, as to whether matters will be reported in the form and context of that report (that is, whether it is a separate report or reported as part of an annual report to parliament), I have yet to determine.

Mr HAMILTON-SMITH: Premier, you have argued a case in the house and publicly that, in your view, the Auditor-General's Department in this budget line is the anti-corruption watchdog of the state. I seek your elaboration on that, because we have the police Anti-Corruption Branch. We do not have an ICAC. I note that the outgoing auditor-general commented that, perhaps, we need one. With the Acting Auditor-General present, I seek your advice on what basis you argue that the powers of the Auditor-General and this budget line are adequate to provide for all the anti-corruption needs of the state and that we need no further watchdog or no

further resources of any kind other than the Auditor-General's office?

The Hon. M.D. RANN: I think I have articulated that in parliament as best I can over a range of times. My view is that the Auditor-General is a sworn officer. He has extraordinary powers. We have a combination of an independent Auditor-General. Clearly, we have a very independent DPP, and that is a good thing. We have the police Anti-Corruption Branch, and we have the Police Complaints Authority, which is independent. Why would we want to spend more money on something that is not necessary?

I think people are aware that I was very concerned about the way in which the water contract was handled by the previous Liberal government. I was very concerned about the way in which the TAB was sold for what I am told was less than its yearly earnings. Normally, a privatisation is about 10 times, 10 years of earnings or more, in order to get the best price. People might have thought that an ICAC probe should have been used over the Liberals' outsourcing of water or privatisation of the TAB, and even the ETSA sale where \$100 million was paid to consultants, but I had confidence in the Auditor-General to do the right thing. The Auditor-General reported on those matters. I have confidence in the police in our state who do a brilliant job. Therein lies our difference.

Mr HAMILTON-SMITH: I am referring to page 14.5, the income statement for the Auditor-General's Department. I notice in 2006-07 consultancy expenses were \$259 000 and general supplies and services were \$2.173 million. Can we have an explanation of how the consultancy expense was accrued and to whom? Was it for legal advice or accounting advice? What was the nature of the advice? Perhaps if we could do the consultancy first and then general supplies and services, if there is anything there that is noteworthy.

The Hon. M.D. RANN: On this matter, I will ask Mr O'Neill to comment.

Mr O'NEILL: We can provide details of consultancy expenditure. Indeed, it does not form part of the budget papers, but details of contracts of engagement expenditure I can provide to you in writing. You would be aware that, as part of the annual reporting process of government agencies, details of consultancy expenditure and, indeed, contractual expenditure, particularly with respect to the Auditor-General's Department, are provided in the annual report of the operations of the department to parliament, but we can provide that detail to you earlier, if you wish.

Mr HAMILTON-SMITH: I note that it was a significant increase over the previous year. The same budget, page 14.5, it was \$197 000 in 2006-07 budgeted, but it was just more than \$60 000 than what was budgeted; then it drops back next year to last year's level. Obviously, there was an extraordinary expense in regard to consultancy expenses. I do not know whether it was legal advice or whatever. I gather that, if legal advice was sought by the Auditor-General, it would fall under that category?

Mr O'NEILL: Legal advice forms a component of consultancy expenditure.

Mr HAMILTON-SMITH: Would it have been the whole \$60 000 above budget?

Mr O'NEILL: Legal advice for 2006-07 was around \$130 000.

Mr HAMILTON-SMITH: About \$130 000 was spent on legal advice. How much of that would have been on an engagement between the office of the Auditor-General and the DPP?

Mr O'NEILL: That would be in the order of \$100 000.

Mr HAMILTON-SMITH: In relation to general supplies and services (\$2.173 million), is that budget line consumables.

Mr O'NEILL: Approximately \$800 000 relates to contractual engagements.

Mr HAMILTON-SMITH: What sorts of contractual engagements?

Mr O'NEILL: The Auditor-General has a staff of 110 excluding the Auditor-General. The majority of staff are engaged on audits and examinations of public sector agencies. Staff numbers engaged in those review activities are supplemented by contractual engagements, generally from the big four accounting firms. The importance of those engagements recognises that at times we require certain expertise to ensure effectiveness and efficiency of the audit process. A good example of that is in terms of information technology audits that we undertake. We have three principal audit managers IT, but the number of information technology review activities that needs to be undertaken is many. We support those three internal principal audit managers with external contractual engagements.

The CHAIR: Premier, is there anything to add?

The Hon. M.D. RANN: No.

Mr HAMILTON-SMITH: Under this budget line in this portfolio reference, does the government have a view on whether the Auditor-General should have a role in auditing local government? Could you update the house on that view? What level of resources would be needed by the Auditor-General's office if that was to come to pass?

The Hon. M.D. RANN: The level of resources needed to audit local government as well does not really worry me. I know that local councils have their own auditing arrangements. I am aware, however, that the Auditor-General does do some auditing of all three universities in South Australia. We have an odd situation where the universities are established by South Australian statute although they are largely funded by the commonwealth. I think the land is owned by the state, from memory. I know the Auditor-General's office does audit the three Australian universities here.

Mr HAMILTON-SMITH: Do I take it that the government would oppose any measure to have the Auditor-General involved in local government?

The Hon. M.D. RANN: I have not considered it and, as far as I can recall, no-one has put it to me.

The CHAIR: The time agreed for examination of this line having concluded, I declare the examination of the proposed payment to the Auditor-General's Department completed.

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

Arts SA, \$109 602 000

Additional Witness:

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

Additional Departmental Advisers:

Mr G. Mackie, Executive Director, Arts SA.

Mr J. Andary, Director, Arts Development & Planning.

Mr G. Kling, Manager, Budget & Financial.

Ms A. Reid, Director, Strategy, Policy & Initiatives.

Ms J. Worth, Director, Cultural Heritage & Special Projects.

Membership:

Mr Pengilly substituted for Mr Griffiths.

Dr McFetridge substituted for Mr Hamilton-Smith.

The CHAIR: I declare the proposed payments open for examination, and refer members to Portfolio Statement Volume 1, Part 1. Premier, would you like to introduce your advisers.

The Hon. M.D. RANN: To my right is the Hon. John Hill, Minister Assisting the Premier in the Arts. Unlike most minister assisting arrangements, like the ones that I have been in the past, where, for instance, I was minister assisting in multicultural and ethnic affairs, we in fact share the portfolio, with direct lines of responsibility for half the arts portfolio going directly to the Hon. Mr Hill and half to me—although we are ad idem on all things. In introducing Warren McCann, Chief Executive, DPC, can I say that, because of the merger between Arts SA and DPC, he is really an artistic maestro in his own self. I really want to pay a tribute to Greg Mackie, Executive Director, Arts SA, for the outstanding work that he does and his advice, and to his team. We are very well served in this state by an excellent team in the arts, which is the envy of the nation.

The CHAIR: Premier, do you wish to make an opening statement?

The Hon. M.D. RANN: The arts make a huge, rich and positive contribution to South Australian society and to our national and international standing and image. In the economic sphere, the arts are a critical part of our creative industries, which together employ 16 500 South Australians and account for about \$1 billion of our annual gross state product. Fostering creativity and innovation is one of the six objectives in South Australia's Strategic Plan. As you know, a revamped version of the plan was released in January 2007 and it includes a number of arts related targets; for instance, boosting the number of South Australians working in creative industries by 20 per cent by 2014, and doubling the number of feature films produced in SA by 2014. In 2005 there was an almost clean sweep of the AFI Awards and that was great. In 2006, with *Look Both Ways* and *Ten Canoes* there was another virtual clean sweep. And also in the Sydney Film Festival, on the weekend, I think *Lucky Miles* got the most popular film. Also, *Sweet and Sour* I think got a special award in its own category. So we are doing particularly well. Other arts related targets are increasing the number of attendances at South Australian cultural institutions by 20 per cent by 2014, and increasing attendances at selected arts activities by 40 per cent by 2014.

In the context of the plan and our wider goals the arts sector has clocked up a large number of successes over the past year. WOMADelaide, which is now yearly—and remember when I announced that WOMAD would go yearly people said that the audience numbers would go down, that it was too much. Well, WOMADelaide set a new attendance record of 78 000 in 2007. I think we are about the biggest WOMAD in the world, and there is a whole series of them in different countries. The third Adelaide Film Festival saw a 25 per cent increase in attendances, with more than 35 sold out sessions, including *Dr Plonk*, which had an all star cast. The 2007 Adelaide Fringe, the first since the Fringe went annual, attracted 830 000 attendees, of which 150 000 were paid attendances, and had an economic impact of \$21 million. That is astonishing.

The arts sector played a major role in the South Australian tourism industry, having a brilliant 2006-07. Jane Lomax-

Smith announced on 13 June that almost 2 million Australians visited South Australia from other states in the 12 months to the end of March 2007—13.5 per cent up on the previous 12-month period. Arts funding in the 2007-08 budget is designed to maintain this momentum, to foster artistic endeavour, to boost the arts industry and to support a number of specific events and institutions.

Arts SA's total budget funding in 2007-08, including capital, is \$110 million, which is 3.2 per cent increase in real terms on the previous year. The highlights of the budget are:

- \$3.8 million over four years to promote South Australia and its film industries to interstate and overseas filmmakers through the establishment of Film South Australia.
- \$2.4 million to promote Aboriginal art, and to help preserve Aboriginal culture and heritage. The government will cover 50 per cent of the cost of building a new arts centre at Amata on the APY lands, a place I visited at the weekend. In Aboriginal communities the arts are critical not just to economic development but to engaging youth, teaching new skills, creating social good and encouraging the process of healing. We are going to put some more money into Tandanya as a special one-off. They have got some problems in terms of capital works and their electrical system and problems with funding, and we are going to give them some extra money.
- \$2.5 million for new equipment in the Art Gallery of SA to protect the state's valuable collections.
- \$1.9 million for a new gallery at the SA Museum to showcase the state's biodiversity. What we are doing is really matching funds with the private sector with that.
- \$4.6 million to raise safety standards at various institutions, including the Art Gallery, the Museum, Carrick Hill and the Carlew Youth Arts Centre.
- Other capital works funding has been earmarked for Country Arts SA's regional theatres and the Lion Arts Centre.
- \$9.25 million, over four years, for the Adelaide Festival Centre to expand its arts programming. This funding follows the allocation, in 2006-07, of \$8 million to upgrade the centre's Dunstan Playhouse, and other public areas, as well as \$2 million over four years for the Adelaide International Guitar Festival. I want the shadow minister for the arts to join me on the Jimmy Hendrix night, which will be a tribute to Jimmy Hendrix.

An honourable member interjecting:

The Hon. M.D. RANN: Yes, we are both the right age. You are not too far off, yourself, Pengilly. The government has forgiven the Festival Centre's longstanding \$28 million debt. I want to commend the Treasurer. The Treasurer is not known as an arts icon, and I remember asking him—as did the Hon. John Hill—was he in a mood for forgiveness in the arts, and we asked him to forgive the Festival Centre's longstanding \$28 million debt. That really has taken the monkey off the back, so to speak—cutting the anchor chain. This will allow the centre to look to the future with confidence, and concentrate on its core business which is to foster the making and performance of challenging new art.

Outside the budget there have been a number of encouraging recent developments in the arts, and there are plenty more highlights to come. On 10 June, following a visit to Box Hill Farm, not far from Bath in Britain, I met with Peter Gabriel. I think the older members will remember Genesis, including Phil Collins and Peter Gabriel. I met with him, and we basically roadblocked out other states from attempting to steal WOMAD offers. On 10 June I announced—in a joint press

conference with Thomas Brooman—that South Australia had secured WOMADelaide for another five years from 2010, with an option of a further five years to 2019. The coming months will see the holding of two inaugural events at the Festival Centre: the OzAsia Festival from 21 September to 7 October, and the Adelaide International Guitar Festival from 23 November to 2 December. Hopefully there will be an air guitar segment for members of cabinet: Patrick Conlon and others.

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

Dr McFETRIDGE: Only a brief one. I would like to congratulate Mr Mackie on his efforts as well, and the Premier has really summed up quite well what is happening in the arts. With the 16 500 people employed in the arts industry, as well as the 30 000 in the tourism industry and also the many thousands in the sport and recreation industry, I would like to refer to all of those together as the experience industry, and I see that as representing a huge future for South Australia. Tourism is \$4 billion, arts is \$1 billion, and I am not sure what the sport and recreation figures are, but if I could be enlightened I would be more than pleased to champion those people as well. Mr Mackie will be pleased to hear that I cannot encourage the Treasurer enough to put money into the arts because it really is a vital part of South Australia.

Last year we were talking about the Fringe becoming an annual event. I was lucky enough to go to some Fringe events this year. Last year I was in Scotland and spoke to the Edinburgh Fringe about ours becoming an annual event, and they were really excited about that, so it has proven to be a very worthwhile move. There have always been some issues about the values of WOMAD, but it is another festival that we should continue to promote and maintain here, and its continuing popularity, as evidenced by the latest attendances, is reason why money is well spent on securing it for the state, particularly with New South Wales going on the rampage, as we are hearing lately.

In relation to film in South Australia, many films are being produced in South Australia now which are of worldwide fame and renown. The calibre and the quality are something we should be proud of, and certainly we should be putting more money into this industry. I encourage that part of the arts industry to be fostered to the max. The film *Lucky Miles*, as the Premier said, is a fantastic film. I saw it at the opening of the film festival and spoke to some of the actors. It is a credit to what can be done here in South Australia. The Art Gallery and the Museum, of course, are showcases of North Terrace, and it is pleasing to see the money that will be spent there.

With the current issues surrounding the Aboriginal communities in Australia, particularly in the remote areas, it is very pleasing to see the money being allocated in the budget for Aboriginal art and, although I do have a question about where some of that money is going, I am convinced that all of us are determined to help the Aboriginal people overcome some of the longstanding difficulties. As we know, through their art they can express some of their wishes, dreams and hopes. Looking at the prices paid at auction sales last weekend (I think it was) I am sure that the future for Aboriginal art as a significant part of the world art market is getting bigger. However, I want to make sure the money is actually going back to the artists themselves to help them form a viable economy because, without viable economies in

those remote communities, we will still be having the same battles as we are having now.

The arts in South Australia are something I am personally proud of. I see both the Premier and minister Hill at many art functions. I am not able to go to as many as I would like to, but I will be more than happy to go to the Jimmy Hendrix session at the Guitar Festival.

The CHAIR: Member for Morphett, do you have questions?

Dr McFETRIDGE: Do I have to read in again the omnibus questions with the Premier? Is this a separate section?

The CHAIR: The way in which the omnibus questions were read in at the last session did not make it clear that the questions were being asked across all portfolios. The Premier has indicated that he will use appropriate resources to answer questions. Premier, do you wish to comment on your interpretation of the omnibus questions as read earlier? They were not in the standard format specifying each and every portfolio; they referred only one question to your portfolios. Are you prepared to interpret them as applying to all your portfolios?

The Hon. M.D. RANN: Yes, Madam Chair.

Dr McFETRIDGE: Premier, you mentioned the write-off of the loan to the Adelaide Festival Centre, which is certainly something the opposition supports. Can you give me some background details of the history of that loan, as I am not completely familiar with it, and the expected financial benefit to the Festival Centre of not having to pay that loan off in the future? The question is in relation to Budget Paper 4, Volume 1, page 1.10: 'Program net cost of services summary'.

The Hon. M.D. RANN: I will ask Greg Mackie to respond. I understand that these were quite historic. There was a number of things really going back to the time of its establishment, and then, later on, I think there were some other issues relating to capital works. Then I think that, in the 1990s, a number of shows that were produced basically went belly up and cost us a lot of money. I think that was in the mid-1990s, but I will ask Mr Mackie to respond.

Mr MACKIE: Effectively, there are two components to the roughly \$28 million of debt that has been recently forgiven to the Festival Centre. The substantial component of just under \$20 million (I think \$19.44 million, but I am happy to double check that for *Hansard*) relates to the original establishment building debt, which has sat on the books of the Adelaide Festival Centre Trust since the buildings' completion. The other component (as the Premier rightly identified) of about \$7.5 million in round terms relates to debts that were accumulated in the late 1990s, during a period where the rather ambitious musicals momentum across the world reached its peak and began to abate, and the Festival Centre got its fingers burnt with a few unfortunate investments. The Festival Centre Trust has carried a debt in relation to those failed musicals for some time and has been diligently heaving away at servicing that debt. Obviously that has a rather debilitating impact on the organisation's ability to focus on its core business, which, of course, is the presentation of performing arts product from home, around the country and around the world.

Dr McFETRIDGE: How much will that free up, Premier? What interest was the trust paying? What were the payments each year?

Mr MACKIE: In respect of the building debt, it is in the vicinity of \$1.5 million a year, which Treasury appropriated

to the Festival Centre to service the debt. That was effectively the way that worked. In respect of the failed musicals' debt, that varied over the last seven or eight years. Originally there was an interest and principal repayment schedule, and I think about two years ago minister Hill renegotiated that to an interest only component. In round terms, approximately \$500 000 a year was going to service the interest component of that part of the debt.

Dr McFETRIDGE: Good to hear. I refer to Budget Paper 3, page 2.6: 'Premier and cabinet—expenditure initiatives' and indigenous arts. Is the \$2.4 million over four years to promote the development in indigenous arts a marketing fund or for the development of art centres and artists? Can the Premier provide me with some details of how this money will be spent?

The Hon. M.D. RANN: The South Australian government recognises the importance of developing and maintaining arts and is continuing a proud tradition of nurturing cultural expression through community cultural development. The government actively supports the development of arts leadership and practice by indigenous South Australians through Arts SA funding and programs. Art provides not only a creative outlet for the expression of culture and society but helps the economic sustainability of regional communities by providing tourist attractions and valuable export products. By investing in cultural infrastructure for regional centres, the state government is helping to provide increased access to the arts for those who live in regional and remote areas of South Australia.

The budget has provided funding for a package of initiatives designed to continue and expand support for indigenous arts and artists. These initiatives include: \$300 000 over four years to support the statewide indigenous community development project which will address the lack of access to art workshops, materials and skills development in rural communities throughout the state; \$137 000 per annum to fund a permanent home within the South Australian Museum for the Ritiŋja digital memory project for communities on the APY lands; \$40 000 per annum matching commonwealth funding for continuation of the return of indigenous cultural property program for the SA Museum; \$80 000 for an indigenous curator trainee program at the Art Gallery of South Australia; \$100 000 to assist in securing a major national exhibition of indigenous art for South Australia in 2008; and \$50 000 seed money for a major public artwork in 2009 to celebrate the 20th anniversary of the founding of Tandanya.

Subsequent to the budget—and I want to be totally frank with the shadow arts minister—we have just allocated \$300 000 to assist Tandanya to fix up its electrics. It has had a real problem with flooding. These are things that had to be done: it was not in the budget but it was extra to the budget. The state government is also providing \$350 000 to build a new arts centre at Amata in the APY lands. For the benefit of the committee, I advise that in 2002 (I think it was—it might have been 2003) I was approached by Colin Koch about the program being run through a number of communities in the APY lands. These were very important projects, particularly for women in the lands—older women, mature women, young women and girls—producing fantastic Aboriginal art in a range of centres, and so we provided funding and then, later on, so did the commonwealth. So, we are providing \$350 000 to build a new arts centre at Amata. To ensure that this project is fully realised, I am hopeful that the federal government will see fit to match our funding, thus

ensuring that important employment and training opportunities are provided in the lands.

The making and selling of art provides one of the most significant means of Anangu Aboriginal people in the lands to generate earned income. The turnover of Tjala Arts has grown from \$36 000 in 2002 to an estimated \$500 000 in the current financial year. This represents a growth rate of about 20 per cent, and is expected to increase to 50 per cent as facilities are improved and new artists are attracted. The Amata arts centre, named Tjala Arts, has been operating since the 1970s, initially as a place for women to work producing art and craft. It was the first centre in the APY lands to engage indigenous men to paint, and has since actively encouraged the participation of men and women, young and old.

Tjala Arts has enjoyed great success in attracting new artists, opening new markets through holding new exhibitions around the nation, and providing the economic and community benefit of culturally meaningful contemporary arts practice. From cramped accommodation in three old construction huts have sprung the much sought after works of now well-established artists: Hector Burton, the first male elder to paint; Ruby Williamson; Paddy Kunmanara; and many others. The new arts centre at Amata will provide facilities for men, women and a growing number of young people that will enable their art to prosper even further, to the benefit of the artists and their families and communities through economic return, cultural practice and meaningful activity that is so urgently sought on the lands. The Tjala Arts centre complements other budget initiatives at Amata, such as the redevelopment of the school and the new swimming pool installed as part of a \$30 million infrastructure package for the APY lands, which will provide a range of economic, social and health benefits. I certainly hope that our government will continue to work in partnership with the federal government to achieve this vision.

Arts practice provides valuable economic opportunities for Aboriginal people as well as vital cultural and heritage links and spiritual wellbeing. Aboriginal heritage and culture is important to all Aboriginal people and communities. Respect for and recognition of Aboriginal heritage is important for Aboriginal self-determination and community confidence, and for the achievement of reconciliation and pride in our collective past.

The CHAIR: The member for Morphet. I interpreted one of your questions as supplementary.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 1.10, 'Program net cost of services summary' with respect to the Art Gallery Board. What is the 2007-08 funding allocation for the addition of new heritage collection items to the Art Gallery, and what items are intended to be purchased in the 2007-08 financial year? That is probably unknown. Does the South Australian government or any of its ministers have input with respect to new heritage collection items?

The Hon. M.D. RANN: Basically, the money is raised through the Art Gallery Foundation, so there is no specific allocation, as I understand it. Last year, I think, there was a dinner to celebrate the 125th anniversary of the Art Gallery. I believe that \$100 000 was raised that night, and I said that I would match it dollar for dollar. That money was used for new acquisitions. So, the government made a contribution there. We obviously intervene (as was the case with the previous government) in order to help the gallery from time to time to purchase much sought after objects, although we continue to receive an extraordinary number of donations

worth many millions of dollars. We received one just recently.

Dr McFETRIDGE: That is good news. I refer to Budget Paper 4, Volume 1, page 1.25, Program 5, 'Access to arts performance indicators'. The 2007-08 targets for external revenue have dropped for the South Australian Museum and the History Trust of South Australia from 37 per cent and 25 per cent respectively in 2006-07 to 33 per cent and 24 per cent respectively in 2007-08. Why are the targets lower, and what strategies are in place to boost visitor numbers and external revenue for the History Trust and the Museum?

The Hon. M.D. RANN: I will take that question on notice so we can check that out.

Ms CICCARELLO: I refer to the Portfolio Statement, Budget Paper 4, Volume 1, pages 1.26 to 1.28, with respect to the Dunstan Playhouse. I was very pleased to be with the Premier when he renamed the Dunstan Playhouse. However, we narrowly escaped an accident one day when we were about to go on stage at the Playhouse and, but for the grace of God, we missed being hit by a light fitting that fell down. Can the Premier advise of the progress of the refurbishment work being carried out on the Dunstan Playhouse? I note that an amount of \$8 million over three years was allocated in the 2006-07 budget.

The Hon. M.D. RANN: It is true that there was once an incident where, I think, a chandelier or something like that fell onto the stage just before the member for Norwood was about to go on. It would be really unkind of me to compare it to the closing scene in *Phantom of the Opera!* The Adelaide Festival Centre is the state's premier architectural asset, the major symbol of our arts and cultural aspirations, reflecting our cultural leadership position, and a contributor to the state's creative industries and the state's festivals program. With the deterioration of the building and major advances in theatre technology, there is a need for reinvestment in this 20th century heritage asset. After 30 years of use, a range of issues require attention in the drama centre.

Subject to the endorsement of the Public Works Committee (which, I think, is one of the great committees of this parliament, and one which is clearly the springboard for high office), refurbishment works will be undertaken in three areas: the Dunstan Playhouse auditorium, the Dunstan Playhouse foyer and infrastructure works associated with those areas.

A preliminary investigation of materials and finishes that are suitable for use in the project includes products with certified environmentally sustainable performance. The works in the Dunstan Playhouse will include:

- seating replacement in the auditorium—at last; some of them are a little threadbare;
- replacement of carpet and refurbishment of finishes—ditto;
- provision of dignified, accessible seating to the Dunstan Playhouse auditorium;
- an additional four wheelchair spaces with carer seating provided immediately adjacent (an arrangement that is considered world's best practice);
- refurbishment to the existing aisle steps to improve patrons' safety and amenity, including the provision of non-slip step nosings with integrated lighting; and
- new theatre doors to improve accessibility and comply with fire egress requirements.

In the Dunstan Playhouse foyers, carpet will be replaced and internal finishes, bar service and reception areas will be refurbished. Existing balustrades will be replaced to improve patrons' safety and amenity. There will be a new ramped

access to existing exits to external terrace, and enhanced lighting and lighting control to improve energy efficiency and patron experience. New high end audiovisual signage will enable flexible delivery of statutory and non-statutory content. There will be an upgrade of access to the public toilets. The technical upgrade will include new sound and light equipment in the Dunstan Playhouse.

The planned works respond to the opportunity provided by the project to support a vibrant, active facility with a refurbishment that respects the original vision of this iconic venue and the principles of its conservation management plan while proposing an appropriately contemporary vision for the future. Naming the Dunstan Playhouse was my second act as Premier after banning any further privatisation. I want to congratulate and thank the member for Norwood for donating the bust of Don Dunstan in the foyer. It is a rather grim image, because it was done when former premier Don Dunstan was seriously ill, but I think that it is much appreciated. I hope that, when the centre is refurbished, perhaps for a while, to celebrate the opening of the revitalised centre, we may get to see the Clifton Pugh portrait from, I think, the National Portrait Gallery in Canberra, to which it has been lent by the Gallery of South Australia. It would be terrific to have it on display.

Ms FOX: I refer to Budget Paper 4, Volume 1, page 1.28. What are the plans for the Guitar Festival later this year?

The Hon. M.D. RANN: The full program for the 2007 Adelaide International Guitar Festival was launched on 28 May, and the inaugural event will be held in November this year. I am told that ticket sales are already zooming along. It will inspire interest in the guitar as well as generate an appreciation of the different forms of music of which the guitar has become an essential part. The initiative was developed as part of the Adelaide Festival Centre's commitment to a bolder, more extensive program of festivals, events, performances and activities. The centre is working with David Spelman, the Artistic Director and co-founder of the New York Guitar Festival, in developing the Australian event. That is basically how it came about. David Spelman was visiting WOMAD from New York. I was introduced to him and, as a result, I met him in New York, and we reached agreement for the New York Guitar Festival, which is regarded as the best in the world, to basically have a southern hemisphere incarnation in Adelaide.

The New York Guitar Festival is considered to be one of the highest calibre and most respected specialist guitar festivals of its kind in the world, featuring performances by such giants as Emmylou Harris and Bruce Springsteen. Our own guitar festival will feature the best local and national guitar players, such as the great Jeff Lang, playing alongside the best the world has to offer. Without a doubt, the Adelaide Guitar Festival will inspire a huge amount of interest and energy. We have dedicated \$2 million over four years in order to establish this festival and ensure its success.

Recognising the potential of this event and the state government's commitment to the festival, a number of business organisations have chosen to support the event through sponsorship. These include Coopers Brewery, Hills Industries, Escape Travel Glenelg, Alans Music, MultiVision Australia, *Rolling Stone* and *Adelaide Guitar* magazines, Channel 7, the ABC and *The Advertiser*. While the festival will feature over 70 leading guitar players, it will not be simply a time to watch great guitar players but also a time to learn from them and share our local knowledge and ideas with people outside of Adelaide, and even outside of

Australia. The festival will include classes, workshops, forums, seminars and panels.

The program will focus upon how the guitar has been embraced by different cultures adding their own flavours to the instrument, and how they have then combined forms across cultures to change the expression of the playing of the guitar. The genre of rock 'n' roll, classical, blues, jazz, experimental blues and roots, world and Spanish will be explored as part of the festival. Bringing the world's best to Adelaide provides musicians in Adelaide an opportunity to learn from the greats, but also an opportunity for international guitar players to learn from what local artists have done with the instrument. We are very excited to bring this festival to Adelaide, and to have the opportunity to learn from the world's best and for them to learn from us. It is the next step in promoting South Australia as one third world centres of art, creativity and innovation. The Adelaide International Guitar Festival will bring much excitement and energy this November.

Ms CICCARELLO: I refer to Budget Paper 4, Volume 1, page 1.8. How successful has the SA Premier's Arts Partnership Fund been to date?

The Hon. M.D. RANN: This is a personal favourite. Launched in August 2006, the South Australian Premier's Arts Partnership Fund is a national first in government and business partnership for the arts. The model is now being considered by other states, including Victoria. The fund is a partnership between the South Australian government, the Australia Business Arts Foundation (AbaF)—and people would know that Rick Allert is the head of that—and Harris Scarfe Pty Ltd, providing major corporate support. It will potentially deliver up to \$1 million in new funding/sponsorship support to small to medium arts organisations (the makers of art) over five years for a South Australia government investment of \$250 000 (or \$50 000 per annum). Harris Scarfe Pty Ltd has matched the government's investment, which is terrific. The remaining funds comprise sponsorship funding provided by small to medium enterprises to small to medium arts organisations. The fund has now been in operation for nine months. Applications are assessed by a committee comprising representatives of AbaF, Arts SA and Harris Scarfe. It is demonstrating the value of sponsorship to both smaller arts organisations and artists and to the SME business sector.

We all know that the big corporations like BHP Billiton, Santos and many others are big sponsors of the arts, but this is about smaller companies not only contributing but also getting a benefit from supporting smaller arts companies. The SA Premier's Arts Partnership Fund is designed to stimulate the SME sector to partner with the arts by matching their financial commitment up to a designated amount (\$1 000 to \$10 000). If a retail outlet in Glenelg was to contribute \$5 000 to support the Youth Theatre, for instance, we would match that money. The fund encourages the SME sector to support the arts in South Australia, thereby contributing to the growth and sustainability of a flourishing environment for the arts in this state. It acts as a stimulus to small and medium-sized businesses to develop partnerships with the arts and match the financial contribution of SMEs. To date, 17 partnerships have been approved, with \$70 950 committed. That includes:

- Amanda Phillips/Xcel Dance Studios;
- Urban Myth Theatre of Youth/Designer Direct;
- Studio Flamenco/Ultimate Real Estate;
- Ross Vosvotekas/Billy Baxter's Norwood;
- Twin Cellists/Avemore Pty Ltd;

- Shorts Film Festival (which was brilliant)/The Prairie Hotel;
- Tutti Ensemble/Heathgate Resources;
- Tutti Ensemble/Sims Partners;
- Vitalstatistix/Print Solutions;
- Rebecca Kearns-Harris/Homestead Catering;
- Experimental Art Foundation/Marathon Resources Ltd;
- Ink Pot Theatre/Janesce;
- Craftsouth/Peter W Beck Pty Ltd;
- Adelaide Chamber Singers/Sims Partners;
- Ross Vosvotekas/Van Stevens and Associates;
- The Science Gang/Repton Enterprises; and
- D Faces of Youth Arts/Leading Edge Telecoms.

The \$70 950 has leveraged another \$70 950, resulting in over \$140 000 to the small to medium arts sector. One example of a successful partnership is D Faces of Youth Arts from Whyalla which is partnered with local business Leading Edge Telecoms for \$2 000. This funding has enabled D Faces to produce the performing arts production *Live at the Buff* for the Whyalla community.

Dr McFETRIDGE: One group the Premier mentioned was Tutti Ensemble with Pat Rix, who are fantastic. I saw them at Bundaleer Forest the last time we were up there for the weekend, and they do an exceptionally good job with those young people. The next question is a little more technical. I refer to Budget Paper 4, Volume 1, page 1.26: Arts Industry Development and Access to Artistic Product, regarding employee benefits and costs. Why has there been an underspend of \$212 000 between the 2006-07 budgeted amount and the estimated result? Why have employee benefits and costs been reduced by \$220 000 between the 2006-07 budget and the 2007-08 budget?

The Hon. M.D. RANN: I will take this question on notice.

Dr McFETRIDGE: You might want to take the next one on notice too. I refer to Budget Paper 4, Volume 1, page 1.22. Dealing with Program 4: Library and Information Services, regarding employee benefits and costs, why have employee benefits and costs been reduced by \$595 000? Are there now fewer employees employed under this program? The budgeted amount for 2006-07 was \$1 067 000 and the budgeted figure for 2007-08 is \$472 000. What effect does the library's agreement with the Local Government Association have upon the employment levels under this program?

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

Mr MACKIE: In respect of this question and the previous one, these employee cost variances relate to the fact that business services functions of finance and accounting and HR management, which were previously appropriated and accredited through the Arts SA appropriation, now—as we are a fully integrated part of the Department of the Premier and Cabinet—are being provided through the services division. So, the variation relates to those functions and the people performing them effectively shifting under the services division appropriation.

Dr McFETRIDGE: Thank you for that. Using the same reference, have the changes to circumstances of the Royal Geographical Society of South Australia and their impending move (to the University of Adelaide, I think) impacted on the employee levels under the program?

The Hon. J.D. HILL: I thank the member for his question. I will perhaps give some background. Following a series of meetings with the Royal Geographical Society of South Australia, initiated by Arts SA, the State Library

agreed to withdraw its notice to quit, which had been issued to the RGSSA, and they have agreed to pursue other accommodation options. The association has commenced formal discussions with the University of Adelaide with a view to the Barr Smith Library providing a home for the Royal Geographical Society of South Australia. That seems to be a good outcome because it would mean that more people would have access to the collection.

I understand that would also be of great benefit to the Barr Smith Library. It would also be of benefit to the State Library, which will be able to use the space that is currently being used by the geographic society. As I understand it, the Royal Geographical Society employs its own staff. However, I think there is some small allocation—maybe 20 or so hours a week, from memory, and I will get that corrected if that is not the case—which is supplied by the State Library. I think there is a small financial benefit to the State Library, and I imagine the library services that are provided to the Royal Geographical Society would then be used for other purposes. I think that the real advantage for the library is to get access to the space. I will ask Mr Mackie to comment.

Mr MACKIE: The minister's comments are correct, as I understand it. The objective is to free up space for the collections that are owned by the state. We currently pay rental for off-site accommodation to store collections, and therefore having greater capacity within the existing library amenities on North Terrace will be an advantage. Indeed, the fact that the Royal Geographical Society collection will continue to be accessible to the public, assuming a successful outcome of negotiations with the University of Adelaide through the Barr Smith Library, will ensure that access is enhanced and not diminished. At the moment, I believe there are only 10 to 15 regular users of the Royal Geographical Society collection, and therefore access through the university will, no doubt, increase its uptake.

Dr McFETRIDGE: I refer to Budget Paper 4 Volume 1, page 1.10 under the heading 'Program net cost of services summary' and efficiency measures. What changes will be made between 2007 and 2010 to the Adelaide Film Festival, Arts SA's Centre of Administration and other areas to meet savings, initiatives, operating costs and departmental and efficiency dividends that were started in the 2006-07 budget?

The Hon. M.D. RANN: A small efficiency dividend from the Adelaide Film Festival was required. I should say that the Adelaide Film Festival was the most generously funded film festival in Australia. Of course, it is quite different from others, such as the prestigious Melbourne International Film Festival, the Sydney Film Festival and others, in that it also invests in films. In fact, rather than just screening brilliant films from overseas it is actively involved in partnerships in screening films that are premiered at the Adelaide Film Festival and also, on some occasions, at the Adelaide Festival. It is an extremely well-resourced festival, and we want it to continue that way. I will ask Mr Mackie to comment.

Mr MACKIE: The member for Morphett refers, I guess, to the four year savings program as was announced as part of the budget process for 2006-07. I might venture an opinion. We have been remarkably kindly dealt with over that four-year period. There is a progressive, small, modestly appreciating contribution to savings over that four-year period, and that will be managed by a careful apportionment across Arts SA's central office functions as well as a number of arts organisations. In respect of the coming three-year period, it is my expectation that those contributions will be well within

the non-wages and salaries component of inflation-related funding that Treasury provides. It will be a modest efficiency dividend across a number of organisations.

Dr McFETRIDGE: I refer to Budget Paper 3, page 2.7, under the heading 'Trade and Economic Development', and in particular to 'expenditure initiatives for Film South Australia'. Is the funding the Premier has announced for Film South Australia (\$3.8 million over four years) purely state government funding or does it include funding recently announced by the federal government as part of its \$282 million film package?

The Hon. M.D. RANN: I understand it is all state funding. It is our commitment. I am pleased with some of the initiatives in the federal government's recent policy. There is still a way to go, but it is a substantial improvement. In terms of Film South Australia, the issue really is the support for the development of the Film SA office. The budget commits new funding to establish Film South Australia a dedicated locations office to work as a separate division of the South Australian Film Corporation (SAFC) to facilitate access to South Australia as a screen production destination.

This initiative is predicated on the fact that, for the corporation to retain its position at the forefront of the Australian screen industry and to achieve its objectives in the SA Strategic Plan (which is to double the number of feature films produced in South Australia by 2014), it needs to adopt a holistic, proactive, content attraction strategy and be funded appropriately to do this. Film South Australia will be responsible for a proactive content attraction strategy for South Australia. The office will manage a range of functions associated with attracting productions to South Australia.

In particular, it will service the principal liaison between domestic and international screen productions and the South Australian industry managing inquiries including initial inquiries and in-bound access from screen production companies interested in filming in South Australia. Based on an analysis of the Australian Film Commission's National Survey of Feature Film and TV Drama Production and the number and types of films which have been shot in South Australia over the past five years, it is assumed that the average budget on films the SAFC will attempt to attract under this strategy will be \$5 million.

It also assumes that each film will spend approximately half of its production budget within South Australia and that, in the first two years, two films will be made per year as a result of the strategy, with this rising in years three and four. Using a conservative multiplier of 1.9, the economic benefit to the state is estimated to be over \$8 million in the first two years, rising to over \$17 million in the latter years of the strategy. In addition, given the recent federal announcement about rebates for post-production, Film South Australia will promote South Australia as a production destination for film, television, commercial and PDV (post-production digital and visual effects) and the South Australian industry capabilities, both people and infrastructure.

Finally, it will coordinate the recently announced film-friendly South Australian policy through its relationships with government departments and agencies and local governments, and it will act as a central contact point for the above for all film-related matters. The establishment of Film South Australia will also assist in providing a continuing flow of work for the partners and facilities involved in the proposed screen industry hub and allow the South Australian Film Corporation's current assets, such as the mixing theatre and

production facilities, to maximise their full commercial potential.

In 2007-08, \$686 000 will be provided to the South Australian Film Corporation for the establishment of Film South Australia. The recent changes to the federal film incentive environment (which the honourable member mentioned) as a result of the May 2007 federal budget are yet to be fully absorbed and analysed. However, early indications are that South Australia could benefit from new and increased rates to producers for both filming and post-production. Any opportunity as a result of these much anticipated changes will be realised only through the development of a dedicated one-stop office for the provision of services to those interested in making films in our state.

It is anticipated that this proposal will result in the creation of a stronger, more sustainable screen industry in South Australia and increased employment for screen practitioners and crews. Further jobs would be created in support industries, such as retail, tourism, hospitality and numerous trades. People have to provide food and accommodation, and so on. Film South Australia will be a unique addition to the screen industry in South Australia that can only benefit both the industry and the broader South Australian economy. I look forward to even further development of this significant local industry.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 1.10, 'Program net costs of services summary'. What date will the new CEO of the South Australian Film Corporation, Richard Harris, commence in this position; and will his first job be to initiate the film-friendly strategy?

The Hon. M.D. RANN: I understand that Richard Harris is to commence on 23 July. He was in town recently to be introduced to a group of industry leaders and to talk with people. He used to be the CEO of the Directors Guild. He has had other jobs, including advising the federal government on its recent strategy. He has been an advocate for the industry internationally. He has the marvel of having the name Richard Harris. I am told he went to the Cannes Film Festival and that he could not believe, when he applied for exclusive tickets to go to various events, that he always got the front row; and they looked a little disappointed when he arrived. I think he will be terrific and I am looking forward to working with him. I know he will enjoy good bipartisan relations, as well as he has worked with governments from both sides. Obviously, the film-friendly strategy will be a central part of his brief.

Dr McFETRIDGE: I refer again to Budget Paper 4 Volume 1, page 1.10. What will be the cost of moving the South Australian Film Corporation to Norwood and why is this being encouraged?

The Hon. M.D. RANN: It is not necessarily going to Norwood. We are looking at a range of different possible locations. We need to substantially upgrade the facilities for the South Australian Film Corporation. While the Hendon studio has been a good base for many years, I think its days as the headquarters of South Australian film are numbered. Last year I announced the government's intention to develop a screen hub to house both established and emerging screen industry organisations and the administration and studio facilities of the South Australian Film Corporation.

In January 2007 consultants Connell Wagner provided a full business case to the government for consideration. Further work is being undertaken in regard to site and tenant mix and the budget for such a facility. This work takes into account the changes to the federal government's support for

the film and screen industries announced in the recent federal budget. I remain committed to finding an appropriate and up-to-date home for the screen industries in South Australia. This is a complex undertaking that requires patience and due diligence. All this is being managed by the Department of Trade and Economic Development and the Department of the Premier and Cabinet. I look forward to the outcomes of this work.

At present we looking at three or four different sites. I know Glenside has been mentioned; that is one possible site. Another site is in the city and another site is in the western suburbs and there might be a couple of sites in the western CBD. There is another possible site in the member for Norwood's electorate. It will be done on the basis of what is the best site and the best price. You have to look at all these issues, for instance, soundproofing and noise, and access to coffee bars and facilities for the film makers. Truck access is a huge issue. We came close to one particular site and then found out its truck access would make it difficult. We want to try to find the right site. We are not under any pressure, but we want to make sure it is the best site possible for the film industry.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 1.10—Adelaide Fringe Festival. What are the normal procedures employed by the Adelaide Fringe Festival for contracts for services to the festival? Specifically, does all the technical, sound and lighting go to tender or does the Adelaide Fringe Festival use the procurement authority application's self-assessment tool and go directly to the suppliers they want?

The Hon. J.D. HILL: I thank the member for the question. The Adelaide Festival Fringe, of course, is an independent organisation. It is not a government agency, although it obviously has very close links with the government because we are its principal sponsor. We fund the Fringe Festival now on an annual basis and, I must say, as the Premier said, it has done spectacularly well in its first year as an annual festival, with 830 000-odd attendances and about \$21 million in total expenditure associated with the event (attendances, entertainment, accommodation, etc.), so it has been spectacularly successful. In relation to how it manages those contracts, I can get some advice for you from the Fringe. I would expect there would be a multiplicity of answers to that because there are three ways, as I understand it, that a company would perform in the Fringe.

For example, there would be independent individual operators or companies who would go into one of the sites that the Fringe organisation has established, and those organisations or locations will have sound and lighting and so on provided there for the individual performers or companies. There would be other companies which would establish their own venues—for example, the Garden of Unearthly Delights would be an example of that—and they would presumably have all the equipment and everything else that is required. Finally, the Fringe itself does run at least one venue and books acts into it. So, there is a range of relationships that the Fringe has with venues and performers and, I assume, the providers of all that equipment, but I am happy to ask the Fringe to provide information which I will pass on to the member.

Dr McFETRIDGE: Budget Paper 4, Volume 1, page 1.10—History Trust of South Australia employees. Have adequate provisions for the employment of officers of the History Trust of South Australia been undertaken so that the History Trust of South Australia can comply with the

Auditor-General's requirements in relation to receipts and banking? I understand that all moneys received from customers and visitors at the museums need to be collected and receipted in the presence of two officers. However, limited staff at the museums prevents this from occurring at times.

The Hon. J.D. HILL: I am not sure of the technical answer to that. There have been some issues in relation to at least one of the sites that is run by the History Trust where I think one of the former employees was indulging himself a little bit, but I will get some advice from the History Trust for the member.

Dr McFETRIDGE: Budget Paper 4, Volume 1, page 1.10—Adelaide Festival Corporation Festival of Ideas. How much does it cost to promote the Festival of Ideas and how much revenue is expected to be generated for the Adelaide Festival Corporation as a result of this event?

The Hon. M.D. RANN: It is essentially a free event, and it gets massive turnouts. It was from visiting the Festival of Ideas that I got the idea of Thinkers in Residence. I thought it was terrific having these world-class thinkers in town for three days, and that it would be good to have some of them working with us in master classes, advising cabinet, and various partnerships, projects and programs. Most of the functions, apart from some of the evening events which, I guess, will be to cover the venue hire, occur in the University of Adelaide's giant halls and so on, so most of them are free. There is a grant to the organisation from the government to sponsor this event. However, I do know that it attracts a number of people from interstate, so it is a good tourism source.

You mentioned WOMADelaide before. I think WOMADelaide is the biggest shifter of people over the border, other than the Clipsal 500. It is an astonishing number of people. Over 10 000 come from interstate to WOMAD and, of course, stay in hotels, go to restaurants and various places, and stay longer. I personally know of a number of people who are coming from both Sydney and Melbourne to the Festival of Ideas, and I think one may be coming from New Zealand as well.

Dr McFETRIDGE: Budget Paper 4, Volume 1, page 1.10—Adelaide Festival Centre Trust, BASS. In 2005-06 BASS lost \$522 000 in revenue with the loss of the Adelaide Entertainment Centre contract. What measures have been implemented to ensure that BASS's revenue is continuing to improve?

The Hon. J.D. HILL: I again thank the member for the question. BASS, which members may not know, stands for 'Best Available Seating Service', was established by the Adelaide Festival Centre some 30 years ago. It is the only ticketing company in Australia that specialises in arts ticketing, while also servicing and managing major sporting events. BASS manages subscriptions for the State Theatre Company, State Opera of SA and the Adelaide Symphony Orchestra, and services major sporting events, including the Clipsal 500 and AFL football matches in Adelaide. Each year it processes over \$50 million worth of ticket bookings by phone, fax, online or in person. It has generated valuable revenue over the years for the Adelaide Festival Centre, and this has been invested not only in new systems but also in programs to ensure that the arts are accessible to more people, for example, Something On Saturday—which also celebrates its 30th birthday this year—and Morning Melodies.

In July 2006 I approved the purchase by the Adelaide Festival Centre Trust of a new web-based ticketing software

system and associated staff training for its BASS business for a total of \$1.2 million. This purchase has been financed through the SA Government Financing Authority (SAFA) and it has been installed in all BASS agencies. The new system allows ticketing agents, venues and promoters to track their ticket sales against their marketing and promotional campaigns, and helps them to streamline business processes and improve service delivery.

Buyers can now complete their subscription or individual ticket purchases online and receive immediate confirmation of their bookings. The new BASS ticketing system was put to the test for the first football match of the season at AAMI Stadium and the Clipsal 500 event in March and it performed successfully at both events. While most Clipsal tickets had been pre-sold, an additional 19 000 tickets were sold at the gate. Throughout this event the new ticketing system was able to provide to the Clipsal organisers an hourly report on seats available for sale. BASS's major focus is now on realising the capabilities and efficiency of processing subscriptions through the new ticketing system for the major arts organisations. BASS is meeting with the companies to exchange information and address any items of concern, and Arts SA, of course, will continue to monitor the progress of BASS in finetuning its new ticketing system to ensure that it meets the needs of its stakeholders.

There were two problems in the past with BASS. One was that the system it had and the hardware it had were pretty old-fashioned. In fact, the software it had was provided by one of its competitors, and it was in a really invidious position and was being slowly done over, I think it would be fair to say. So it has now got its own system. The second thing that was wrong with it was that companies like the State Theatre Company, State Opera, and so on, could not get any information to allow them to re-market to those people who had previously bought tickets, and they found that incredibly frustrating. So this new system will enable them to get access to the people who bought the tickets so they can tell them about other shows and events that are coming up. It is still in the early stages and I would expect something like 12 or 18 months of what we might call teething problems, I guess, until the system is completely sorted out and is able to provide the services that everybody wants. But the early indicators are that it is a very good system, and we are very optimistic that it will provide the services in a profitable way for the companies in South Australia.

Dr McFETRIDGE: Thank you, minister. Two more questions, then we can all have an early minute. And I appreciate the fact that the government is not asking questions. I refer to Budget Paper 4, Volume 1, page 1.10, targets—Library and Information Services. How much will it cost to implement the State Strategic Plan target T4.3 Cultural Engagement—Institutions? Can the Premier explain exactly what that strategy is?

The Hon. J.D. HILL: We have a strategic target to have a greater percentage of people participating in the arts in South Australia. Off the top of my head I cannot remember exactly what the figures are, but we obviously want more people to participate in the arts and attend arts events. I am reminded by the CE that Arts SA contributed to the review of South Australia's Strategic Plan in 2006 with the aim of drawing attention to the importance of South Australia's cultural institutions. Target 4.3, which the honourable member has referred to, is to increase the number of attendances at South Australia's cultural institutions by 20 per cent by 2014, and those institutions which will be measured are

the Museum, the Art Gallery, the State Library, the History Trust and Carrick Hill. Implementation plans have been developed in consultation with Jeff Tryens, the Department of the Premier and Cabinet, and each of the cultural institutions, with the aim of increasing existing attendance numbers and attracting new audiences. Increasing audience attendance is part of the core business of all of the cultural institutions, however it is likely that significant visitor increases cannot be expected without specific programs that will attract these new visitors.

Perhaps I can just say in relation to Carrick Hill that a year or so ago we removed the entrance charge at the gate to Carrick Hill and the number of visitors to Carrick Hill has gone up quite dramatically. They are also developing there over time a series of children's gardens based around children's books, and that will attract children into the gardens. So the gardens are now a free of charge venue, and because more people go into the gardens there is a greater chance that people will go into the building, so there has been no loss in revenue. In fact, I think it has actually been financially beneficial for Carrick Hill because they used to have somebody sitting on the gate collecting tickets and I think the cost of the tickets virtually paid for the cost of the guy who was collecting the money for the tickets. It was not a very sensible arrangement but it is now being done in a better way. So that is at least one thing that is happening and, of course, all of the institutions have programs in place. With the History Trust, for example, we have just significantly upgraded the third stage of the Maritime Museum, which will make that a much more attractive venue for people.

Ms Ciccarello interjecting:

The Hon. J.D. HILL: I am sorry, I said maritime but I mean the Migration Museum. A Freudian slip there; the Maritime Museum obviously needs some help. But the Migration Museum has been quite substantially redeveloped. For those members who have not been there for a while, it is worth having a look at. It is just sensational.

Mr Pengilly interjecting:

The Hon. J.D. HILL: I am sure we could organise a freebie for the member for Finniss if he cannot afford the few dollars it costs to go into the Migration Museum.

The Hon. M.D. RANN: After all, the first migrants came to Kangaroo Island.

Mr PENGILLY: On 27 July, Premier. It is to be celebrated next month, settlement day. You are invited to attend.

The Hon. J.D. HILL: I am just advised by the CE that, in fact, entrance into the Migration Museum is free of charge. I have not paid when I have visited it, so I guess that is appropriate. The State Library, of course, has been redeveloped, and the number of people going to the State Library has increased dramatically since the redevelopment, and with the programming that is running through the State Library at the moment, particularly the National Treasures program that was on recently, increased visitation quite dramatically. There are also programs, of course, in place in each of the other institutions too. So the heat is on those organisations to increase the visitors going into them.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 1.26—Grants and subsidies. Which emerging theatre companies have received funding from the Theatre Development Strategy?

The Hon. M.D. RANN: I think the minister assisting is shocked to find that for years he thought he was getting a freebie in terms of access to the Migration Museum and did

not realise that it has been totally free of charge since the start. Over the past 12 months, changes in the theatre landscape and significant funding investment by the South Australian government have resulted in new opportunities for theatre development and presentation in South Australia. In 2007, 2008 and 2009, the South Australian government through Arts SA will provide more than \$200 000 each year to a theatre development strategy to support new and emerging theatre companies and groups of independent artists. Three companies—The Border Project, Ladykillers and Slingsby Presents—will benefit from a targeted three-year program of support and development, with funding of \$73 000 per annum towards performance activity, with associated strategic planning, program development, management and marketing.

The South Australian government through Arts SA and the Australia Council for the Arts have jointly committed \$594 000 over the next two years to establish the local stages regional theatre initiative. Country Arts SA will provide more than \$100 000 of in-kind support and access to its extensive resources and networks. A creative producer, Steve Mayhew, who I am told is brilliant and who is based with Country Arts SA, is working in the Upper Spencer Gulf and South-East regions to develop local artists' skills and initiate theatre projects with potential for presentation in a range of venues and possible future touring. The theatre presenters initiative is providing Bakehouse Theatre and Holden Street Theatres with \$25 000 each per annum for three years to assist them to make their venues available to emerging and independent theatre artists and groups at low cost.

Arts SA has introduced triennial project grants for independent performing artists as part of the new independent makers and presenters funding program. Triennial funding is terrific because it means that the smaller organisations do not have to devote half their time to a next round of yearly budget submissions. In addition, the government has committed a further \$450 000 over the next four years to the Out of the Square metropolitan touring network which makes high quality arts presentations accessible to the majority of South Australians who live in the suburbs of Adelaide. All of this, together with projects currently being developed by independent artists, promises to give South Australian audiences an exciting range of theatre experiences.

Funding of \$644 000 has been provisioned in 2007-08 to support these initiatives, comprising theatre development strategy, \$219 000; local stages regional theatre initiative, \$175 000; theatre presenters initiative, \$50 000; triennial project grants, \$50 000; and Out of the Square, \$150 000. In relation to current status, of course, the theatre development strategy, local stages regional theatre initiatives and theatre presenters initiative were established in 2006-07 and are currently underway. Out of the Square has been operating since 2004. Arts SA will receive its first triennial project grants applications in August 2007, with funding available from January 2008.

Dr McFETRIDGE: I congratulate the government on the announcement in Port Augusta—and, minister Hill, you really were the rose between the thorns in the paper this morning. Thank you for your cooperation.

The Hon. M.D. RANN: I would like to thank you, ma'am, as chairperson and also all members of the committee on both sides, making this the most enjoyable estimates committee I have experienced in the past 22 years. I thank Mr Mackie and all the officers from my departments for their outstanding work.

The CHAIR: Thank you to the advisers. In respect of the line, Premier and Cabinet, Minister for the Arts and the arts payments, I declare the examination of the proposed payment completed. In respect of the other line which remained open—Premier and Cabinet, Minister for Social Inclusion and Sustainability and Climate Change (those items relating to \$152 701 000 in the estimate of payments and the administered items \$31 964 000)—I declare the examination of those proposed payments adjourned and referred to committee B.

Department of Education and Children's Services,
\$1 700 459 000
Administered Items for the Department of Education and
Children's Services, \$157 399 000

Witness:

The Hon. J.D. Lomax-Smith, Minister for Education and Children's Services.

Departmental Advisers:

Dr J. Keightley, Chief Executive, SSABSA.
Mr C. Robinson, Chief Executive, Department of Education and Children's Services.
Ms C. Williams, Assistant Director, Accounting and Financial Management Improvement.
Mr R. Bos, Director, Financial Management Services.
Mr G. DeGennaro, Deputy Chief Executive, Resources.

Membership:

The Hon. I.F. Evans substituted for Dr McFetridge.

The CHAIR: The estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of proposed payments to facilitate changeover of departmental advisers. Has the timetable for this afternoon been agreed to?

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

The Hon. I.F. EVANS: Yes.

The CHAIR: Changes to committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 7 September. I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each. There will be a flexible approach to giving the call for asking questions based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule.

A member who is not part of the committee may at the discretion of the chair ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*. There is no formal facility for the tabling of documents before the committee. However, documents can be supplied to the chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical

and limited to one page in length. All questions are to be directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response. I also advise that, for the purpose of the committees, 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 Portfolio Statement, Volume 2, part 9. Minister, do you wish to make any opening comments in relation to this section?

The Hon. J.D. LOMAX-SMITH: I would be very happy to make opening comments about the whole portfolio.

The CHAIR: Is the member for Davenport happy for that to occur now?

The Hon. I.F. EVANS: Yes.

The CHAIR: Please proceed.

The Hon. J.D. LOMAX-SMITH: This relates to the education and children's services portfolio. As everyone knows, education is the key to young South Australians gaining the skills, values and attributes they need to live, work and contribute to our community in the 21st century. That is why I am proud that the state budget 2007-08 has again increased investment in education and children's services. The 2007-08 budget provides, on average, an additional \$708 for every government school student when compared to the 2006-07 budget. This is an increase of 6.7 per cent. Since 2001-02, spending for each student has increased by \$3 606. The 2007-08 budget increases total spending in education and children's services by \$127.2 million compared to the 2006-07 budget.

The key to this year's state budget is both additional education dollars and also investment right across government to assist children and families. Teachers are the first to tell me that young people do not learn in isolation. Mental and physical health, access to community services, transport, housing and location all impact on the opportunities and aspirations of every child. Our whole of government approach includes support for children and families through additional services in health, recreation and sports, the arts, family and community services, housing and transport in city and regional communities.

Our investment reflects the Rann government's long-term commitment and the central role of education and children's services in South Australia's Strategic Plan for the future. We are engaged in significant reform and revitalisation of the state's education system, extending from early childhood and education to the training landscape. This requires change, renewal and reinvestment, because our services must first and foremost be about children and their future.

The government's reform agenda and investment includes connecting services for children and families with reinvested funds of \$5.5 million, which have been added to the \$23.3 million program to deliver 20 new children's centres which join up education, health and community services. In addition, it will streamline education children's services from birth to year 12 and beyond school, with investment in school infrastructure, including the \$216 million education works initiative and a strategic asset management system to improve the quality of schools and preschools. Capital works funding includes new major works for 14 schools and preschools in 2007-08.

We will also continue our security upgrade grants, solar schools program, and our ecologically sustainable development grant programs in 2007-08. We will also develop stronger school-to-work connections, with \$13.3 million from

our \$84 million school-to-work strategy this year supporting teachers in schools across Catholic, independent and government schools as we work together to deliver a new SACE system. Building skills for the future will be enhanced with \$4.7 million to be provided to enhance the trade schools for future initiative, bringing support over the period 2006-07 to 2010-11 to \$29.5 million for our school-to-work strategy to enable young people to gain practical, higher-level skills for work.

The 21st century education system will also be supported by legislative reform, which includes measures to ensure young people are in school, training or work until at least their 17th birthday. While we are revitalising services, the cornerstone of our education system, of course, is the quality of our teachers, leaders and all staff who work hard to enable young people to develop and learn. This year we invest \$54.9 million in delivering the latest instalment of a 14 per cent pay rise for our teachers. As a government, we are committed to working with teachers, staff, parents and students, so that our massive reform agenda can be implemented and can help achieve our end goal to have a modern education system that strives on excellence where every child can reach their full potential.

I would like to put on record my appreciation to the hard-working staff in schools, preschools, district offices and, of course, our central office, for their ongoing commitment to education in the state. It is only by all working together that our massive reform agenda will be effectively implemented. I look forward to another productive year that generates improved opportunities for all young people and the future of South Australia.

The CHAIR: Member for Davenport, do you wish to make a statement?

The Hon. I.F. EVANS: No.

The CHAIR: Question?

The Hon. I.F. EVANS: What access do non-government schools have to programs such as Healthy Eating Guidelines, the Premier's Be Active Challenge, solar schools, and the greening schools programs (or is it the ecologically sustainable development program—I think you mentioned ESD)? How does the government ensure quality of access and funding to these programs for the non-government school sector?

The Hon. J.D. LOMAX-SMITH: The programs about which the member for Davenport has required information are the ESD grants program, the Premier's Active Challenge and the Healthy Eating Guidelines. The ESD grants are part of the DECS program for their own schools, and that is part of an internal strategy within DECS. The Premier's challenges have traditionally been inclusive in that all of these programs have been devised to reach State Strategic Plan targets. So, our Premier's reading challenge led the way and, I have to say, has been an extraordinarily successful program. It has been taken up by parents, families, communities, teachers and children in both public and non-government schools, and it has proved to be one of the most successful ways of engaging children in reading opportunities.

Within our public school system we have supported that, of course, by our major \$35 million literacy program. We have also supported it across the early childhood sector with books that have gone into child-care centres and kindergartens. The reading challenge is very popular in non-government schools, which have the same access to the program. The Healthy Eating Guidelines is a DECS program. I understand that there may well be Healthy Eating Guidelines

in other systemic parts of the non-government system but, of course, we do not make independent schools adhere to the guidelines set down in DECS schools.

The Hon. I.F. EVANS: To clarify, do I understand that the only program out of those I have listed to which they have access is the Premier's Be Active Challenge?

The Hon. J.D. LOMAX-SMITH: The member for Davenport seems confused. The independent schools are independent. The DECS budget is to provide facilities for DECS schools, so it would not be proper for independent schools to access the funding that is provided for government schools.

The CHAIR: Member for Davenport, in asking your questions, would you please refer to the budget line?

The Hon. I.F. EVANS: The second question refers to Budget Paper 4, Volume 3. Is the government considering increasing the funding to non-government schools to 25 per cent of the average government school recurrent costs? If the government does increase funding to non-government schools to 25 per cent of the average government school recurrent costs, what would be the cost to government per year? What are the average government school recurrent costs? I understand that the minister has been lobbied on this issue.

The CHAIR: Member for Davenport, that does not give an identifiable reference. Can you please give an identifiable reference?

The Hon. I.F. EVANS: It is in the appropriation lines.

The CHAIR: You said Budget Paper 4, Volume 3. That is not sufficient to identify the line of reference.

The Hon. I.F. EVANS: It is in the appropriation lines, Madam Chair.

The CHAIR: Can you give it a more relevant reference so that people can find it? That is the requirement at all times.

The Hon. I.F. EVANS: Well, there is not actually a budget line that specifically refers to that amount, because the way your government, chair, does the budget papers, it is not described. But the minister knows, and you know and I know, that within Budget Paper 4, Volume 3 there is funding to the non-government schools sector, and this question applies to that funding.

The CHAIR: Can you identify that funding?

The Hon. I.F. EVANS: That is what I am asking the minister to do.

The CHAIR: Minister, in the absence of an identifiable line, you can do your best.

The Hon. J.D. LOMAX-SMITH: The member for Davenport has not been able to identify a line that he wishes to interrogate, but he might be interested to know that this year there has been \$16 million invested above and beyond the normal arrangements into the non-government schools to support children who are disadvantaged or who have disabilities, and that was well received by the non-government sector. I am not sure what his question relates to.

The Hon. I.F. EVANS: It relates to administered items. Page 9.4 deals with administered items and cash flow statement to do with non-government schools. The question stands that, in relation to non-government schools, is the government considering increasing the funding to non-government schools to 25 per cent of the average government school recurrent costs? If the government did increase funding to non-government schools to 25 per cent of the average government school recurrent costs, what would the extra cost to government be per year? What are the average government school recurrent costs?

The CHAIR: Some of that question is hypothetical. Again, minister, supply what information is possible, but the question is not clearly within the parameters for estimates.

The Hon. J.D. LOMAX-SMITH: I think that the member for Davenport is referring to some arrangements that date back to 1993-94 or a review that occurred in that period where there was some debate about how funding for the non-government sector should be regulated. The reality is that I have very good relationships with the non-government sector—the independent and Catholic sectors—and we have ongoing discussions about how to fund their schools and we will continue to do that.

The Hon. I.F. EVANS: Minister, is it not true that you have had a meeting with some representatives of the non-government school sector in the past few weeks who have raised that specific issue with you? I am simply asking you those questions to try to clarify the position. You know and I know that it does not date back to 1993. It comes from lobbying you have received within weeks of today.

The Hon. J.D. LOMAX-SMITH: I imagine that if the member for Davenport can predict what is in my mind, he is a very fortunate man, but the reality is that I have ongoing discussions with the non-government sector on a very regular basis and, if I do have discussions with leaders in those sectors over a range of issues, they might be related to the future SACE, a range of programs, funding or initiatives, or registration or licensing of a whole range of structures. But if I do have private discussions, I would imagine they would be private, and I would think he would understand that.

The Hon. I.F. EVANS: So, you cannot even advise the committee what the average government school recurrent costs are, even though your department has those calculations?

The Hon. J.D. LOMAX-SMITH: I do not think that is relevant to the discussion or the point about budget lines.

The Hon. I.F. EVANS: I refer to the same budget line. Minister, can you advise what funding is available for capital works for the non-government schools in this year's budget? If it is none, will the government be reinstating the industry subsidy for non-government schools or is it looking at other schemes to assist in funding non-government school capital works?

The CHAIR: I was interested in the reference to the same line; I am still trying to find the previous line. Do you have something more specific, member for Davenport?

The Hon. I.F. EVANS: Madam Chair, look at the appropriation lines. It gives you only one line. It does not describe it. I cannot write the description if the budget papers do not describe it. As long as it has one word in there about non-government schools, I am entitled to ask a question about non-government schools. You can play this game all night, Madam Chair, but I am not going to wear it. You have been here long enough—

The CHAIR: Order!

The Hon. I.F. EVANS: —and so have I to know how this works. If it mentions non-government schools—

The CHAIR: Order!

The Hon. I.F. EVANS: —I am allowed to ask a question on non-government schools.

The CHAIR: Order! The questions must relate to an identifiable line and identifiable matters within the budget paper. I am seeking your assistance in enabling the minister and her advisers to identify the information you seek. Please proceed with decorum. Minister, are you able to provide any response?

The Hon. J.D. LOMAX-SMITH: I think that the member for Davenport has written letters on this matter, if I recall, and that he has been interested in this matter. I may be confused—I cannot be sure—but I think he has raised this matter previously. Certainly, there was a system implemented by the previous Liberal government that gave funding to the non-government sector, but it was an anomalous funding mechanism that was not within the budget. It was not a budget line that could be identified, nor was it a budget line that was in the budget or portfolio statements, and it was not an identifiable line within the administered items. The reason for that was that the previous funding came from the DECS budget.

The Hon. I.F. EVANS: Sorry, the previous funding came from the—

The Hon. J.D. LOMAX-SMITH: The DECS budget, I am informed. So, there is no budget line to interrogate.

The Hon. I.F. EVANS: I turn to Budget Paper 4, Volume 2, page 9.2. I am interested as to why there is an increase in the workforce for SSABSA and what extra work they are doing this year that requires six more staff?

The Hon. J.D. LOMAX-SMITH: I understand that there were some unfilled positions, some of them relating to IT, during the period of last year and those positions have now been filled.

The Hon. I.F. EVANS: Even if they were unfilled, wouldn't they have been budgeted for last year?

The Hon. J.D. LOMAX-SMITH: The honourable member was looking at the estimated result.

The Hon. I.F. EVANS: I was looking at the workforce descriptions going from 74 to 80.

The Hon. J.D. LOMAX-SMITH: I think that this is the detail from the board's budgeting analysis, and I might ask Dr Keightley whether she could explain that to the honourable member. A decision over those budget allocations is made by the board, and I respect them because the board does a brilliant job. It runs a complex and difficult system. It is creative and innovative in relation to the study it does in a range of areas to increase involvement by certain categories of young people. Some of the innovation it has begun has been integral in the development of the future SACE. The board is independent and it makes decisions about staffing. I pass the honourable member over to Dr Keightley.

Dr KEIGHTLEY: Our head count is 80 full-time equivalents. In the previous year we did not fund a small number of positions. Some of those were related to the IT industry because, at the time, we knew that we would not be able to fill them because there was a shortage of workforce. Several other positions were not filled on a relatively short-term basis and, certainly, were not filled at 30 June last year. They are all now fully funded for this year. There have been some changes in the IT industry; and, in fact, today we have just signed off completing the full IT complement of staff, so that the total head count is funded for this coming year.

The Hon. I.F. EVANS: I have no further questions on this line.

The CHAIR: There are no questions from my right. We do not have a separate line for this area, so it is just a matter of thanking the SSABSA and non-government school advisers.

Additional Departmental Advisers:

Ms J. Andrews, Deputy Chief Executive, Schools and Children's Services, Department of Education and Children's Services.

Ms J. Riedstra, Director, Infrastructure Management Services.

The CHAIR: Minister, I understood that your previous opening statement related to the whole portfolio area, so there is no need for a statement now?

The Hon. J.D. LOMAX-SMITH: No, madam. I might bring a different member of staff to advise if it is a specific issue related to another area. Ms Julieann Riedstra might talk about capital works if one of those questions is raised.

The CHAIR: Does the member for Davenport wish to make an opening statement now or proceed to questions?

The Hon. I.F. EVANS: I do not have a statement; I will go to questions. I refer to Budget Paper 4, Volume 2, page 9.37. Given the government's backdown on not charging an extra WorkCover compensation levy on schools, has the saving target for the department been reduced or will the savings of \$170 million over four years still have to be found from within the department?

The Hon. J.D. LOMAX-SMITH: The honourable member is speaking, I think, about the full year impact of 2006-07? So, he is talking about the year impact of last year's budget. Is that the line?

The Hon. I.F. EVANS: That is the line that relates to the budget savings, yes, and the WorkCover levy was a budget saving.

The Hon. J.D. LOMAX-SMITH: The issue the honourable member raises is about workers compensation. I am very pleased that we have been through a process of consultation on that matter, because it has allowed us to listen to the community and the principals. It is our belief that workers compensation still needs some reform. It is an area in which we have made considerable progress, but the Premier this morning gave a commitment that schools will not have to find nearly \$17 million in their budgets in the next four years. That commitment was given this morning.

Our view of workers compensation is that it is an area that should be administered better. We have been in a process of improvement for some years. For example, 25 per cent fewer open claims are present currently compared to previous years, and I think this is a great tribute to the way the system has been managed to date. However, through the consultation process, we have learnt that there are other ways we might bring about better management of this system, and we will continue to work with the principals who have suggested ideas for streamlining the system. Certainly, there are ways we can improve the system, and we will go about working with them to find them.

The Hon. I.F. EVANS: The minister did not clarify the point. The point of the question was to clarify whether the savings target for the department would be reduced or whether the savings target would remain at \$170 million over four years? What is the minister's understanding of the new savings target?

The Hon. J.D. LOMAX-SMITH: We aim to be effective and efficient within our expenditure. The reality is that, overall, our government has put more money into education—overall in the first five years, 38 per cent more per capita per child in education. This year that investment has come to \$3 606 on average per child; and this year again, over last year's budget, \$127 million more in the education budget. There is rearrangement and reinvestment within the department. We could not fund the massive reform agenda unless we were prepared to examine the way we do business and unless we were prepared to spend money wisely.

I think that any parent would expect a responsible government to want to reduce the number of injuries within the workplace. We have a moral obligation to reduce the number of injuries within the workplace and to spend our money effectively in schools rather than in workers compensation claims, and we will strive to achieve that goal. Obviously, it will require diligence, and we will have to review that matter as we go forward. Importantly, the government listened to the views of the community leaders and the principals. We have decided that we will not impose that levy on schools because we realise it is a blunt instrument and there are other ways we might be able to achieve more effective management.

The Hon. I.F. EVANS: Madam Chair, I will ask my second question this way: the same budget line, page 9.37. Minister, last year you announced \$170 million worth of savings over four years, and that figure included approximately \$16.9 million over four years for workers compensation. Today you have dumped the workers compensation levy, and I am asking you: as a result of that decision, can you please advise the committee what is your new savings target?

The Hon. J.D. LOMAX-SMITH: I can assure the committee that we will always strive to reduce our workers compensation expenses, but the reality is that the schools will not have a levy imposed upon them, and will not be asked to make savings. The reality is that we will always seek to spend every dollar on children's education.

The Hon. I.F. EVANS: Minister, do you know your savings target over the next four years—adjusted, as I have explained in my previous question—and, if so, what is it?

The Hon. J.D. LOMAX-SMITH: The budget line you quote from last year is—

The Hon. I.F. EVANS: The budget line I quoted was this year's budget line.

The Hon. J.D. LOMAX-SMITH: The budget line you quoted was last year's because it states:

The full year impact of the 2006-07 state budget savings measures is \$18.2 million.

That was not the four-year impact, as you recall. The reality is that we will seek to redefine our workers compensation processes, and I do not think that any responsible government would want to do other than that.

The Hon. I.F. EVANS: Can you ask your chief executive what his new saving target is after today's decision? Someone at that table must know what the new savings target is? For a year you have known it is \$170 million over four years. Today you dump \$17 million of it. I am asking you: is it \$170 million still, is it \$153 million, or is it some figure in between? Someone at that table must know.

The Hon. J.D. LOMAX-SMITH: Perhaps someone at that table might have asked that question in last year's budget estimates, because it appears—

The Hon. I.F. EVANS: Last year, you hadn't dumped the WorkCover levy, minister, with due respect. So, asking this question last year wouldn't have made any sense at all.

The CHAIR: Member for Davenport, this is not a time for debate. It is a time for questions.

The Hon. I.F. EVANS: It is a pretty simple question, Madam Chair.

The Hon. J.D. LOMAX-SMITH: As a point of clarification, it might be worth taking us back to Thursday 21 September 2006. All of these savings were outlined at that point: \$16.9 million over four years—as part of local

management, schools will manage their workers compensation obligations. It was defined then.

The Hon. I.F. EVANS: That was part of the \$170 million, I understand, minister. As that has now been dropped, what is the new figure?

The Hon. J.D. LOMAX-SMITH: We will still continue to reform the workers compensation system and, hopefully, we will still make some savings.

The Hon. S.W. KEY: My question relates to Budget Paper 4, Volume 2, page 9.6: 2007-08 Targets/2006-07 Highlights, and also (the reference is program 1): Early Years Education and Care (Birth to Preschool) program, on page 9.10. What progress has been made with the government's agenda in the early childhood services area and, in particular, with regard to children's centres?

The Hon. J.D. LOMAX-SMITH: I thank the member for Ashford for her question. Since the release of the government's Early Children's Services report 'The Virtual Village' in 2005, significant progress has been made. For some years South Australia has been a leader in early childhood education and care. We are the only state that offers fully-funded universal preschool, and the release of the report and the subsequent action that has been taken only elevates our standing in this area. Our children's centres are also leading the nation in providing integrated care and education from birth to year 7. Significant steps have been taken since the release of the report, including the establishment of an interministerial committee into early childhood development and the development of 20 children's centres, and the recent residency of leading early childhood development expert, Fraser Mustard, as our Thinker in Residence has helped us to distil and formulate further views in this area.

Our Early Years literacy program has also been progressing well, with 575 families accessing the Learning Together program, a program that is having amazing benefits not only for children but also in helping parents improve and understand the benefits of literacy. We have seen training programs across the state for teachers, additional one-on-one support for students, the roll-out of the Reading Recovery program, and new early childhood coordinators appointed to districts. The children's centres are a major initiative of the government and they are progressing well. Centres at Enfield, Elizabeth Grove, The Parks, Hackham West and Keithcot Farm are already operational and providing a fantastic service to the local communities.

I am pleased that an additional \$5.5 million has been added to the \$23.3 million allocated for children's services so that community development managers can be appointed for all centres. I will soon be making an announcement about the location of the final five children's centres after extensive consultation with local communities. All other centres are either in construction or in the process of undergoing a feasibility study in community consultation. The government has made a strong commitment to the early years across a number of portfolios, and we will continue to work hard as we know that the first five years of a child's life are vital to a child's successful development.

Ms CICCARELLO: My question is from Budget Paper 4, Volume 2, page 9.7: Targets 2007-08, Highlights 2006-07. Minister, what progress is being made with the Education Works initiative?

The Hon. J.D. LOMAX-SMITH: I thank the member for Norwood for her question because I know this initiative has caused some interest in her electorate as well. Education Works is building on our commitment to public education as

a driver for all young people to achieve their best. While we have invested significantly in maintaining our existing school infrastructure, the reality is that we have ageing school buildings, with about 75 per cent of our schools over 25 years in age. There has also been a demographic change, and these factors have impacted on schools. Across Australia families are smaller while some of our schools are today in the wrong location because local demographics have changed over the years.

All these factors impact on the quality of our school infrastructure and the opportunities and choices we can offer young people. Education Works is building six new schools at an estimated total cost of \$134 million in partnership with private industry. These are proposed for three areas in the metropolitan area, namely: Enfield-Gepps Cross-Northfield, Playford-Smithfield Plains, and Woodville Gardens-Mansfield Park. In addition we are reinvesting up to \$82 million in reconfigured schools. The school communities have been invited to examine facilities and services and consider whether they can be more effectively aligned and services delivered. This may include restructuring, amalgamating or even closing some schools to enable reinvestment of savings into reshaped schools and services. Of course, no school will be closed without the support of the local school community.

Whilst the focus is on buildings, Education Works is not only about bricks and mortar; we have also been working with communities over the last eight months to look at how we can ensure that children have more opportunities to achieve their best. We cannot afford to have our schools and preschools stagnate and young people lose opportunities because we did nothing. At this stage, all 17 schools and preschools involved in stage 1 have voted to close, and we have had a request from an additional school that was just outside our original catchment zone to be part of the project. Therefore we have the support of 18 school and preschool communities for the building of the six new schools. We have been consulting extensively with those communities and we are now investigating the preferred locations and finalising the education briefs for the new schools.

We have asked all school communities to look at where they are in their local demographics, and we are currently getting expressions of interest from school communities about stage 2 of the Education Works initiative. These expressions of interest will be considered before more detailed work occurs on these proposals. This is a major reform agenda for our school infrastructure, the biggest in 30 years, but it is certainly not just about improving facilities and buildings; it is about providing more opportunities so that every young South Australian can reach their full potential.

Ms FOX: I refer to Budget Paper 4, Volume 2, pages 9.6 and 9.7—2007-08 Targets, 2006-07 Highlights. What is the government doing to slow the drift of enrolments from public to private schools?

The Hon. J.D. LOMAX-SMITH: The Rann government's commitment to investing in public schools and education is building confidence back into the public system where the previous Liberal government was intent on ripping the heart out of public education. Through this government's major investment in literacy, its commitment to smaller class sizes, and this massive Education Works initiative, we are reducing the drift from public to private school enrolments.

Under the previous Liberal government 13 300 students exited our public schools from the time the Liberal Party took office in 1993 until it left in March 2002. Whilst there is still a drift to the private system, this has slowed dramatically to

a mere trickle. The estimated enrolment decline in 2007 is 0.1 per cent compared with a decline of 0.6 per cent in 2006 and 1 per cent in 2005. This is a significant achievement and a direct result of this government's focus on school retention and its major investment in public education, which ensures that every young South Australian has access to the highest quality education throughout their life.

The Hon. I.F. EVANS: I refer to Budget Paper 4, Volume 2, page 9.37. Given the government's backflip on charging schools an extra WorkCover levy (which was to save \$16.9 million over four years) which was to be directed into education, which programs will now not be undertaken as a result of that decision or how will those programs that were to be funded from the savings as a result of the workers compensation reforms now be funded?

The Hon. J.D. LOMAX-SMITH: I will ask the CE to respond to that question.

Mr ROBINSON: The decision has just been taken not to pursue the levy system which would have amounted to \$7 million in a full year and \$3.5 million in the first half of the next calendar year (this coming financial year). The department will be managing its total budget of \$2.141 billion and attempting to come in right on target with that figure which was released in the budget. However, we will not achieve \$3.5 million worth of savings in the coming financial year from any levy for workers compensation.

We will continue to have discussions with school principals, employee representatives and other interested parties, because we want to make sure that we get people back to work as quickly as possible after they have been on workers compensation. We also want to make sure that we reduce the number of cases that come into the system in the first instance, so part of the process will be to try to get some efficiencies without having an upfront levy or rebate scheme of the kind that was being discussed before this decision was made. We will pursue those matters and manage the total planned programs within the total budget allocation for the department.

The Hon. I.F. EVANS: As a supplementary, I am unclear from that answer. If the government is not going to require the department to find the \$16.9 million savings that were to come from workers compensation reform, the previous answer makes no sense, as the government would not have to worry about going through the process that the CE has just outlined because the savings would not be required. Will the minister clarify whether savings of \$16.9 million are still required of the department?

The Hon. J.D. LOMAX-SMITH: The reality for the member for Davenport is that we do have a system whereby there has been extensive consultation. The suggestion that was put as a way of reducing the expenses from our workers compensation system was one that was put through a consultation process that went through 17 meetings. Unlike some previous governments that made decisions that have never been consulted upon—such as closing schools—we did have extensive consultation. The original proposal that was put by the department involved a 1 per cent levy and a rebate for high achievement; and, on top of that, there were some red tape cutting initiatives. There were also some issues about notification.

There was also some discussion about additional professional support for principals and assistance in return to work programs. There was a whole range of issues, but the bottom line is that schools must achieve targets in terms of the government's overall safety in the public sector strategy. Any

responsible employer would seek to reduce costs in their workers compensation liability. However, the other side of that purely financial desire is a humane one, a proper and decent one, whereby as employers we would not want our staff to be injured in the workplace. We would want them to be treated respectfully. We would expect them to be counselled and returned to work promptly, because what is apparent is that, the longer the hurt and the disruption occurs and the longer someone is out of the workplace, the more stressful and difficult it becomes and the more difficult it is to get a placement.

The reality is that the reform of the workers compensation system as a policy initiative and a humane and proper system has to occur and the department will not resile from that. Whether we can achieve savings is yet to be proven. The reality is that all the stakeholders said that they would suggest that there were ways we could make significant savings. They said that they understood where there were bottlenecks and problems and that they would carry on talking. The initial initiative would not have taken place until next year. The government has made it quite clear, and the Premier has said quite lucidly, plainly and matter of factly:

It is still our belief that the way in which workers compensation is run in our schools needs reform. We admit that our attempt at a solution would unreasonably impact on school communities. This will save schools having to find \$17 million in their budgets in the next four years.

We are talking about \$17 million in a \$2 billion budget. We will make every attempt for humane and proper purposes to reduce our workers compensation liabilities, and that is the right thing for our staff.

The Hon. I.F. EVANS: I refer to the same budget line. Using your own words that this will save schools having to find nearly \$17 million in their budgets in the next four years, does today's decision mean that the government is committed to finding the nearly \$17 million of savings from areas in education other than schools' budgets?

The Hon. J.D. LOMAX-SMITH: As our budget stands at the moment, every child gets \$3 606 more than when your party was in government. Every child receives more services. We have introduced counsellors into primary schools. We have reduced class sizes. We have introduced literacy programs. We have initiated an agenda in early childhood about which your party would not have dreamt. Your party (the opposition) and various opposition spokespeople have ridiculed our initiatives such as the Premier's reading challenge. They have ridiculed any discussion about school retention and engagement. They have ridiculed the idea of lifting the school leaving age. They have ridiculed the idea of a new and reformed future SACE, and they have dragged the chain because they have been in denial.

They were in denial about the capital works backlog. They have been in denial about the initiatives that are necessary in civil society for early childhood development. They have been in denial about the initiatives required to skill our workforce and our young people. They never drilled down into the data. They never bothered to question that only 55 per cent of year 8 students reached a year 12 certificate. They never questioned that the school retention numbers had fallen dramatically during their time in government. They never considered the disconnect between unemployed youth and a skills shortage. They never even discussed a skills shortage. We actually have a Prime Minister who says that it is wrong to keep children in education—

The Hon. I.F. EVANS: You will have to come back in and correct that.

The Hon. J.D. LOMAX-SMITH: —and school any longer. They have ridiculed everything we have done. I think that they are in a very weak position now to criticise our massive investment in education, our massive reform agenda and our massive building strategy.

The Hon. I.F. EVANS: I refer to the same budget line. My third question in this segment is: does the minister now accept that the nearly \$17 million in savings proposed through the workers compensation reform would have had to come from schools' budgets for curriculum resources and student services that are used to employ extra staff, SSOs and teachers?

The Hon. J.D. LOMAX-SMITH: I have to say that I am surprised that the member is unaware of the support his party gave to the government regarding the reforms to the materials and services charge system. In fact, the materials and services charge can only cover the costs of essential items and services needed by students for their studies.

The Hon. I.F. EVANS: I didn't mention a services charge.

The Hon. J.D. LOMAX-SMITH: You were talking about fees; you mentioned fees.

The Hon. I.F. EVANS: No, I didn't. I will repeat the question for you, minister. Does the minister now accept—

The Hon. J.D. LOMAX-SMITH: I am afraid you do mumble. Could you say it clearly?

The Hon. I.F. EVANS: I did not mention fees.

The Hon. J.D. LOMAX-SMITH: I am sorry, could you say it clearly then?

The Hon. I.F. EVANS: Certainly. Does the minister now accept that the nearly \$17 million in savings proposed through workers compensation reform would have had to come from school budgets for curriculum resources and student services that are used to employ extra staff, SSOs and teachers?

The Hon. J.D. LOMAX-SMITH: Thank you; I am sorry, I misheard you. The levy that was proposed was a proposal for discussion. It was never the final shape or form of the way that savings initiatives would have panned out. We have gone through, as I said, a very extensive discussion period. It was clear that the amount of the levy could have been adjusted quite significantly and it was under discussion with the interest groups. The sums were always speculative and not based on a final state of the way the levy would have been implemented. The numbers that have been bandied around have clearly not been accurate.

The other issue is that it is pure nonsense to suggest that staff would have to be sacked because of this levy, even if it had been at the maximum level of 1 per cent. The reality is that the staffing formula within our schools is set down within a range of enterprise agreements. We have formulae that relate to class sizes (which are significantly smaller, I might add, than when the member's party was in government). There is a significant number of counsellors and literacy experts and significant input from behaviour management specialists—who are all staff who were never employed, never dreamt of and never sought by the previous government: in fact, the implementation of those programs and the extra resources being put into schools, as I said, have been ridiculed by those in opposition. So, the idea that there would be a reduction in staffing is a nonsense, because the staffing is set. It is part of our agreement and our staffing model for schools, and it is funded.

The Hon. S.W. KEY: My question relates to investment in education, and I refer to Budget Paper 4, Volume 2, page 9.6, targets and highlights. The minister has told the estimates committee that there has been an increase of \$3 606 per student. Can the minister provide some more details about that increase and indicate from when it is being calculated?

The Hon. J.D. LOMAX-SMITH: Education is clearly the key for young South Australians to gain skills, and it has been a continuous and pivotal platform for the government. I am pleased that the member has mentioned the increase of \$3 606. The difference between the 2006-07 and 2007-08 budget is a \$708 increase, which amounts to 6.7 per cent in the last year. The 2007-08 budget increases total expenditure by \$127.2 million, compared to the 2006-07 budget. We have provided an additional \$5.5 million for the children's centres and an additional \$4.7 million for the trade schools. This year, \$54.9 million is invested to deliver the latest instalment of our 14 per cent pay rise.

Since being elected, \$665 million has been invested by the government into school infrastructure. In addition to this massive investment, there is the \$216 million Education Works initiative. This budget provides funds to continue our Security Grants program, our Solar Schools program and our Ecologically Sustainable Development program and provides \$31.4 million, in conjunction with the commonwealth government, for 14 new major capital projects in schools and preschools. In toto, \$47.7 million will be spent on all school capital projects in the 2007-08 financial year. A further \$10 million is being invested this year from the Rann government's \$35 million Early Years Literacy program, providing mentoring, reading recovery programs and early intervention.

As a government, we understand that we need to invest more in those students with additional needs. Equity does not always mean equal treatment. Total funding of \$142 million a year is allocated to support some of our most needy students: those with disabilities and additional needs. This includes the additional funding of \$24.1 million in 2006-07 to support growth in the number of students with additional needs in our schools. Some \$10 million is also provided in 2007-08 to help support 68 000 students across the state who receive the School Card allowance. This ongoing investment in education and children's services in the state highlights our commitment to improving the education opportunities for all South Australians, so that every child can reach their full potential.

Ms CICCARELLO: My question relates to Budget Paper 4, Volume 2, page 9.6: 2007-08 Targets/2006-07 Highlights. What is the government's plan to reform education and care legislation?

The Hon. J.D. LOMAX-SMITH: I thank the member for Norwood for that question: I know that she has been interested in our legislative reform. We have made a commitment to reforming education to ensure that we have the best possible system for young children and people in South Australia. The reform agenda set out for education, care and children's services over the next two years will be significant, and will transform the education and care sectors. The first stage of these reforms is well under way. It includes amending the Senior Secondary Assessment Board of South Australia Act to underpin the future South Australian Certificate of Education and to amend the Education Act to raise the compulsory education age to 16 years, meaning that young people must be engaged in school, training or work until they turn 17.

It is important that the changes to the SSABSA act are made quickly so that the new SSABSA board can be in place in plenty of time to oversee the implementation of the future SACE, which will begin in 2009. Proposed changes to the Education Act, rather than just lift the leaving age to 17, will put in place an increased compulsory education age requiring all 16 year olds to be in approved learning, training or work. This can include normal school activities, participation in approved non-school based programs, such as an apprenticeship or traineeship, TAFE courses, enrolment in a trade school or other registered training organisation or, if a 16 year old has obtained substantive employment, they can apply for an exemption.

I will be working closely with education stakeholders over the next 12 months to put the required operational arrangements in place so that this change can apply and be in place from 1 January 2009. Consultation has been occurring with stakeholders on both these pieces of legislation over the past six months, with the intention to bring the draft bills into the house for debate before the end of this session.

Ms FOX: My question relates to physical education, and I refer to Budget Paper 4, Volume 2, page 9.6: 2007-08 Targets/2006-07 Highlights. With one in four young people classified as obese, what is happening in schools to teach students about healthy lifestyles?

The Hon. J.D. LOMAX-SMITH: The Rann government acknowledges that healthy bodies support healthy minds, and physical activity is an integral component of the school curriculum. South Australian students have a range of options in addition to the normal school-based physical education classes, which include swimming and water safety and team-based sports. This year, students also have the opportunity to take up the new Premier's Physical Activity Challenge. This challenge, for which \$1.68 million was allocated over four years, has already inspired more than 10 500 students in more than 200 schools to be involved, and many of the students have already completed the first four weeks of the physical challenge, and will receive a medal at the end of the year.

Of these students, any who complete a further six weeks will ensure that their schools are recognised for their achievement, with the top achieving schools in the running for equipment prizes. The challenge will be complemented by a further injection of \$1.55 million over four years to support the introduction of mandatory healthy food guidelines in school canteens. All government schools and preschools must comply with the mandatory healthy eating guidelines, which were introduced this year, by the end of the 2008 school year.

Mandating the Eat Well SA schools and preschools healthy eating guidelines builds on the work already happening in schools and preschools across the state in the fight to control obesity. While school canteens will be the focus of this policy, the food standards will also apply to vending machines, school excursion camps, and events such as sports days. The guidelines are also included in the curriculum, and students will learn about nutrition, food hygiene and safety. Controlling obesity does not stop at the school gate. A combination of physical activity and healthy food both at home and at school will ensure that we are helping our children to have the best opportunities in life.

The Hon. I.F. EVANS: I refer to Budget Paper 4, Volume 2, page 9.37. The unions have called off the proposed industrial action tomorrow on the basis that the government outline all the cuts for the next three years. Can the minister outline all the proposed cuts for the next three

years to the house that she has and will be outlining to the union?

The Hon. J.D. LOMAX-SMITH: I think the member for Davenport is still confused. The budget savings to which he refers were in the 2006-07 budget, not in this year's.

The Hon. I.F. EVANS: So, there are no budget savings in this budget? Is that what you are trying to tell us?

The ACTING CHAIR (Hon. S.W. Key): Member for Davenport, I ask you to direct your questions through the chair.

The Hon. I.F. EVANS: Through you, Madam Acting Chair, is the minister trying to tell us that there are no savings in this budget?

The Hon. J.D. LOMAX-SMITH: I cannot say it more plainly; I will say it once more. The budget savings to which the member refers are in the 2006-07 budget, not in this budget.

The Hon. I.F. EVANS: My third question is the same question put in a different way. What is the budget saving for this year?

The Hon. J.D. LOMAX-SMITH: The budget savings which are listed are the impact of the 2006-07 budget. It is the budget line to which you refer.

The Hon. I.F. EVANS: Madam Acting Chair, is the minister trying to tell us that in all the budget papers there is no figure for budget savings for this year? That was the question. What is the budget saving amount for this year?

The Hon. J.D. LOMAX-SMITH: I realise how difficult the budget papers are to read, but you have quoted the page which you referred to, page 9.37. You have quoted the only line that, to my knowledge, explains what you are trying to ask, and I have answered the question.

The Hon. I.F. EVANS: If it is the only line in the budget to your knowledge and the only line in the budget to my knowledge, then we agree on that. So, Madam Acting Chair, why can the minister not answer the question?

The ACTING CHAIR: I just remind the member for Davenport to direct his questions through the chair.

The Hon. I.F. EVANS: I just did.

The ACTING CHAIR: Then you did. This is not an opportunity for open dialogue. I know that it is an informal session in that we are sitting down, but I think that that is as far as the informality goes. A much stricter chair is coming back.

The CHAIR: I understand, member for Davenport, that you enjoyed three questions while I was away. Member for Ashford, do you have any further questions?

The Hon. S.W. KEY: My question is in regard to school infrastructure. I refer to Budget Paper 4, Volume 2, page 9.9—Investing payment summary. Can the minister tell the committee what programs are available to schools in the 2007-08 budget to improve their school infrastructure?

The Hon. J.D. LOMAX-SMITH: The government's record on school infrastructure speaks for itself. Since being elected, we have spent \$665 million on our school infrastructure. In addition, we have announced our \$216 million Education Works initiative, the biggest reform agenda for our school infrastructure in 30 years. The government has spent record levels on school infrastructure since being elected. We have provided an additional \$2 million per annum on school maintenance since the former Liberal government was in power, lifting the annual maintenance budget to \$12 million. We have introduced a \$17 million Better Schools program and the \$25 million School Pride program. During the

2007-08 financial year, \$47.7 million will be spent on 113 ongoing school and preschool capital projects across the state.

There has been \$31.4 million worth of new projects announced at 14 schools and preschools in collaboration with the federal government. In addition, we have announced a \$36 million maintenance program over three years, which will provide \$12 million annually to schools and preschools for maintenance priorities. As well as all these ongoing major initiatives, the \$1.25 million Solar Schools program will continue. We have already provided funding to 112 schools to install solar power, and are well on our way to achieving our target to solar power 250 schools by 2014. Our ecologically sustainable development grants, worth \$1 million annually, will continue to be rolled out. Already, 300 schools have achieved their targets in water conservation, and more than 50 have achieved their targets in energy conservation. These grants will help our schools achieve the South Australian State Strategic Plan target, which means that money can be spent on educating our children rather than paying for electricity bills, and we can help South Australia achieve its goals of becoming world renowned for being clean, green and sustainable.

On top of this, our \$5 million Security Grants program will continue to be rolled out and our capital works assistance scheme will also continue. This program helps schools provide state-of-the-art gymnasiums and halls. It is impossible to deny that since being elected we have provided additional funding to deal with the backlog of maintenance that we inherited. Our ongoing infrastructure funding program, coupled with our comprehensive Education Works initiative, demonstrates the government's commitment to ensuring all students have the best facilities in which to learn.

Ms CICCARELLO: My question is from Budget Paper 5, Capital Investment Statement, page 43. Minister, can you provide an update on the measure being introduced by this state government to improve student safety on school buses?

The Hon. J.D. LOMAX-SMITH: Given the tens of thousands of journeys these school buses have made every year over many years right across the state, our buses have an outstanding safety record. Each year the department invests more than \$25 million in transporting children to state schools. Since being elected to office, the state government has purchased 56 new buses for the 300-strong government-owned fleet. National research estimates that, relative to school bus travel, a child's risk of death or injury is seven times greater if travelling by private car, 31 times greater if walking and 228 times greater if cycling. School bus travel, quite rightly, is considered by experts to be one of the safest forms of transport available for children.

In August 2006, the state government introduced a significant change in policy which will assist in maintaining the outstanding safety record of school bus travel into the future. A key element of this policy change is the phasing in of high standard lap sash seatbelts (the same as those used in cars) as school buses are replaced, as well as other comprehensive safety and comfort measures including reinforced floors to prevent seats being torn from the floor in an accident, new guidelines and an education strategy to require students to wear seatbelts, rollover strength to prevent the roof collapsing in the event of a rollover, lights that flash as the bus stops for students to board and alight, a uniform yellow colour for all government-owned school buses and rear signs telling passing motorists to slow to 25 km/h, as well as air-conditioning.

This change in policy heralded the start of a new area in regional school bus travel. While this will be an expensive and lengthy exercise, we still would be only the second state in Australia to begin to phase in seatbelts in all school buses along with Western Australia. Private operators will be required to tender for school transport services that meet the new safety standards, including the need for seatbelts to be fitted when their contracts expire.

In addition to ensuring that all new buses are equipped with enhanced safety features, the process of retrofitting seatbelts to 53 existing buses within the DECS fleet is well underway and proceeding to schedule. I understand that, through the generosity of the Masonic Foundation and the public of South Australia, there have been contributions which have allowed the cost of retrofitting four of these buses to proceed.

As a result of this government's policy change, Orroroo Area School and Cummins Area School will both have a new medium bus with seatbelts. A further two new medium buses with seatbelts will soon be sent to Kangaroo Island Community Education at Parndana campus. Penong Primary School, Wudinna Area School, Karkoo Primary School, Jamestown Area School, Miltaburra Area School, Browns Well Area School, Cummins Area School, Port Neill Primary School and Karcultaby Area School have each received a small bus fitted with seatbelts. Schools that will soon receive a bus fitted with seatbelts include East Murray Area School, Hincks Avenue Primary School in Whyalla, Tumby Bay Area School, Mount Compass Area School, Ceduna Area School, Karoonda Area School and Streaky Bay Area School.

Equipping all school buses with seatbelts will take some time as was the case with the introduction of seatbelts in cars. However, the state government has taken action to address an issue that was neglected for years under the previous Liberal government.

Ms FOX: My question relates to junior primary class sizes, and it refers to Budget Paper 4, Volume 2, programs 2 and 3, page 9.8. How is the state government improving junior primary education through reducing class sizes?

The Hon. J.D. LOMAX-SMITH: The member for Bright's question is pertinent because the government has made significant investments in the early years of children's lives and we have made this one of our main priorities in both education and health. The report, *The Virtual Village*, was a significant undertaking that was the result of massive consultation within the community. It confirmed that investment in the early years of schooling reduces the risk of failure at school and antisocial behaviour, which can be difficult and costly to turn around as children get older. Smaller class sizes give teachers greater opportunity to provide individual attention and tuition to children. Smaller classes mean those children's special needs, learning difficulties and talents can be identified and addressed early.

Smaller classes also mean that problems do not go unnoticed until years later when intervention strategies can be less effective. Smaller class sizes in the critical years give children the best possible start to their schooling. The JP160 teacher scheme allocates additional junior primary teacher salaries and SSO time to reduce class sizes and improve literacy and numeracy outcomes in schools. In the index of educational disadvantage categories 1 to 3, the early years scheme is an initiative to reduce class sizes in the early years of schools with an index of educational disadvantage in categories 4 to 7. This additional funding provided by the government for early years education ensures that no junior

primary school class need be greater than 21 in category 4 and 24 in categories 5, 6 and 7 based on the agreed February enrolment of the school year.

We have also implemented our \$35 million Early Years Literacy Plan. This plan requires every primary school to develop a literacy implementation plan and special training for every preschool to year 3 teacher. It also provides the equivalent of 125 teachers across primary and preschools to focus intensively on literacy improvement. Under the previous Liberal government, junior primary classes were staffed at a ratio of one teacher for every 26 students. We have reduced the average size of reception to year 2 classes in state schools to 19 students in 2006. In 2006, the state's most disadvantaged schools had an average junior primary class size of 15 students.

At the start of 2007 we delivered on our commitment to further improve early years education by further reducing class sizes in year 3. The 2006-07 state budget provided an additional \$32.1 million to fund an additional 100 year 3 teacher salaries over four years. This reduced year 3 class size of 30 students by up to eight a class in the most disadvantaged schools and by a minimum of four students in all schools. A total of 364.1 junior primary teacher salaries were provided to schools at the start of the 2007 school year under the Rann Labor government's class size reduction initiatives. Supporting our teachers and reducing class sizes means that our children get the best start to their schooling to achieve their full potential and to have the skills and values they need for a better future.

The CHAIR: At the chair's discretion the member for Mitchell has asked to put a bracket of questions, and I am pleased to accommodate him. The member for Mitchell.

Mr HANNA: My first two questions relate to major resource variations, Budget Paper 4, Volume 2, item 9.37. The first question relates to the press release put out by the minister on 14 June, which specified a number of possible areas of savings or cuts and a total figure of about \$170 million to be saved over four years. I will give the minister the information. The press release to which I referred said that there were to be total savings of \$170 million over four years, and it specified the number of items, such as the WorkCover levy, efficiency dividend, and so on.

The specified items added up to about \$104 million per year. In what manner might the efficiency dividend of \$36 million over four years be achieved, and how on earth might the unspecified \$66 million over four years be achieved by schools?

The Hon. J.D. LOMAX-SMITH: I think that those details are best answered by Mr DeGennaro. The budget for education is around \$2 billion, and there are various ways that processes could be restructured, but these are really management issues.

Mr DeGENNARO: We intend to undertake an ongoing review process within the Education Department with the stakeholder groups to identify improvements in our operations and processes to achieve the efficiency gains which we need to achieve and which were set out in last year's budget in that particular line.

Mr HANNA: My second question is to test the impact of those savings or cuts in a particular school. I have a leaked memo, apparently, from Hamilton Secondary College, which specifies the impact on that school. I am happy to provide the minister with a copy of this memo to facilitate an answer which she might bring back later rather than deal with it now. However, in summary, the seven points in the memo refer to

a \$7 million WorkCover levy cut with an impact of \$80 000 to the school; \$7 million from surplus to teachers (here an impact of \$20 000 on the school); \$1.8 million savings on energy use (here an impact of \$40 000 per annum on the school); \$0.7 million savings on water use for the school (this would be an impact of around \$4 000 per annum); cuts to programs such as Be Active, etc., could amount to around \$35 000 for the school; cuts to grants by \$2 million (impossible to quantify); and \$7.4 million for SASIF interest, which would be a cut of around \$43 000 for the school. As I say, I am happy to provide this leaked memo to the minister and look forward to her bringing back a reply to test the veracity of this information for the benefit of the school.

The Hon. J.D. LOMAX-SMITH: One of the problems when you go into a process of consultation, as we have done, is that people jump to conclusions and extrapolate from the information they are given to a scenario which, in many cases, is not accurate. Clearly, there are misconceptions and misunderstandings in the list the member for Mitchell has read out. In particular, let us discuss the impact of water and electricity savings. We have State Strategic Plan targets in these areas. We are asking business to reduce water usage, and wise and sensible domestic users are trying to do the same.

As a government, we have set targets across all parts of the public sector. Schools should not and cannot regard themselves as being separate from those initiatives. One of the ways we promote sustainability in our schools is not only through the curriculum but also with grants to the schools for initiatives to improve the sustainability. Some of that, of course, relates to solar power in schools. I think we aim to get 250, and we are on track for that. Also, we have a target of reducing water and energy consumption. As the honourable member will appreciate, expenses for water and power come from the state government as part of the entitlement of the schools.

If we say that the target is to reduce the use of water by 25 per cent, the initiative we implement to make that occur will be to reduce the funding allocated to the water charges by that amount. I am pleased to tell the member for Mitchell that already 300 schools have reached their targets which means that, because they have reached the target, those 300 schools will not have a cut in their resourcing. This is not actually a penalty they will feel because they have achieved the goal. To date, 50 schools, as I understand, have achieved the electricity targets. Again, they will not feel the impact of a cut because they are living within that target aspiration.

So many of those ideas for budget savings are achievable, and properly so. In fact, I think we know what every parent would say if asked, 'How would you like the government's money to be spent in your school? Would you like the government's resourcing to go on electricity bills or would you prefer to have a new SACE system or a children's centre or more art or more music—or whatever?' I think that all parents would say, 'Let's not waste money, let's put it into education.' The whole initiative for us is to invest in education. So the bottom line is that we have spent more money. We have spent more money on programs, on teachers, on smaller classes, and any savings have been reinvested. So this is not cuts. This is a massive reinvestment program, a massive reform agenda, underpinned by new money, but also redirecting funds in a better way. I cannot imagine a parent who would rather have injured teachers or water wastage or power cost wastage, rather than the money going into

children. That is the goal. These are driven by the desire for reform.

Mr HANNA: My third question is in relation to the highlight specified in item 9.7 of Volume 2 regarding the Education Works initiative. I would particularly like the minister to give us a comprehensive update on the plans for the public private partnership development of a new school site, including queries such as the amount that government might be expected to pay on the lease, if there is continuing private ownership of the land, whether the government would be obliged to purchase the land at the end of the lease if that is the arrangement, and who would be responsible for ongoing maintenance on site if indeed the land is held in private hands.

The Hon. J.D. LOMAX-SMITH: There is a scant budget line in there. We are still in the early days of these negotiations. This is a massive investment in education in our state. \$216 million overall will be invested in, firstly, the six new schools but then, in addition, the subsequent phase. The subsequent phase of investment will not be part of a PPP agenda, only phase 1 which is for the six large new school sites. For the moment all I can say is that we predict that the value of those schools will be \$134 million. But the exact shape of the tendering, the documentation, the design and the lease payments has not been resolved, because we have not worked through the issue that far.

The Hon. J.D. LOMAX-SMITH: I will ask Mr Robinson to comment.

Mr ROBINSON: Obviously there are several stages in the triple P process. The first stage, which has been completed, was to have a round of community consultations leading up to a gauging of the interest in the school communities that were identified for those six super schools, to see whether the parents and school communities in those areas were interested in progressing in one of these triple P new school proposals. As you are probably aware, that process has been finished. Some 17 schools initially were identified and held a vote and a majority of parents in each case—overwhelming in most cases—voted in favour of coming into the arrangements. An additional school canvassed the minister about being involved and it has also been involved in the triple P process.

The stage that we are currently in now is in developing the design specifications, through further consultation with the schools involved and their school communities, about the educational parameters for those schools and what the new schools need to include. That process will be used to develop the specifications that will be given to the marketplace so that the different consortia can form and put in an expression of interest in the process. So that is the stage we are up to at the moment. This is a long-term project. The schools will not be opening until 2010 or 2011. The stage we are up to now is developing the specifications ready to go to the marketplace.

Mr HANNA: I have a supplementary question, if I may, Madam Chair.

The Hon. J.D. LOMAX-SMITH: May I make a suggestion that instead of going to government questions we could proceed with questions from the other side of the chamber.

The CHAIR: Thank you, minister. A clarification, member for Mitchell?

Mr HANNA: Whether there is any plan at all for extending an Education Works type initiative to the southern suburbs.

The Hon. J.D. LOMAX-SMITH: Can I just say that there is nothing I would like more but at the moment that is not on the agenda. What I do perceive as being highly likely is that there will be some expressions of interest that are quite attractive and viable from southern suburbs schools, and of course we would look upon those favourably, because at the moment most of the activity has been in the northern suburbs.

The Hon. I.F. EVANS: I refer to Budget Paper 4, Volume 2, page 9.26. The minister has been claiming that there has been a 25 per cent reduction in workers compensation costs. Can you advise what the costs were last year and what the costs are this year?

The Hon. J.D. LOMAX-SMITH: I did say earlier that the number of open claims had reduced, but the actual cost is variable, and I understand the cost per claim has now increased because, of course, the salaries have gone up. Can you just repeat the exact detail of your question?

The Hon. I.F. EVANS: I am trying to establish how much the department spends each year on workers compensation. You have previously said on radio there has been a 25 per cent cost reduction.

The Hon. J.D. LOMAX-SMITH: That is an error if I said that. I said there was a 25 per cent reduction in open claims.

The Hon. I.F. EVANS: The question still stands: how much does the department spend each year on workers compensation?

The Hon. J.D. LOMAX-SMITH: I think I said there was a 25 per cent reduction in open claims.

The Hon. I.F. EVANS: Today you said that, but on radio you have been saying 25 per cent of costs. Regardless, how much does the department spend each year on workers compensation?

The Hon. J.D. LOMAX-SMITH: No, no, I just thought I would correct that: if I did say a reduction in costs, it is a reduction in open claims, because the costs have risen because the salaries have risen and, therefore, absences cost more money. I am informed that the claims in 2005-06, which is the last year I have figures available for, were \$22.96 million.

The Hon. I.F. EVANS: I am a bit confused about these figures. Relating back to the previous question: the annual report, under 'Employee Benefit Costs', refers to 'Workers Compensation: consolidated \$18.935 million for 2006; DECS, \$18.906 million'; and, for 2005, '\$40.501 million from consolidated and \$40.488 million from DECS'.

The Hon. J.D. LOMAX-SMITH: If you would like to ask a question of the expert on workers compensation, I am very happy for that to occur, but we do not have the information from the annual report here to interrogate because we are in estimates.

The Hon. I.F. EVANS: You have just given us an answer that the cost of workers compensation is about \$22 million, or \$20 million—rough enough—and your annual report does not reflect that. I am trying to establish how these figures are actually calculated.

The Hon. J.D. LOMAX-SMITH: I will look into it.

The Hon. I.F. EVANS: Am I right in assuming that, in the workers compensation costs as reported, there is a small component over and above DECS funded by consolidated somehow? The DECS component appears to be about 95 or 96 per cent—almost 100 per cent of the cost. Then there is this small extra component from consolidated. Does anyone know how that works?

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

The Hon. I.F. EVANS: Minister, can I ask you this question on the same budget line as a supplementary? For a year you have been advocating reform to workers compensation to reduce costs, and today I am asking you what is the cost, and you do not know. I am not sure what we are to make of that.

The Hon. J.D. LOMAX-SMITH: I would have thought any employer who was acting honourably would want to reduce the pain and suffering and loss of work. It is good practice in any business.

The Hon. I.F. EVANS: I refer to the same budget line, page 9.26. As part of the government's WorkCover reforms, you are proposing to ask schools not only to pay a 1 per cent levy on salaries but also to pay for the replacement of injured teachers for the first four weeks. Is that reform still—

The Hon. J.D. LOMAX-SMITH: Excuse me, I think you are talking about something that was ruled out this morning. I think you are living in the past.

The Hon. I.F. EVANS: That is what I am clarifying. What was ruled out this morning? The 1 per cent levy was ruled out. What I am asking is: under the reforms that will now go forward, will the school still have to find the payment for the replacement of injured teachers for the first four weeks?

The Hon. J.D. LOMAX-SMITH: The actual shape of the reforms is still going to be determined, but what has been ruled out is the financial cost. That has been described repeatedly. I have repeated what the Premier said, and those savings will not have to come out of the school budgets.

The Hon. I.F. EVANS: Minister, following that answer, was it your understanding that included in the cost savings of \$6.9 million was the cost of schools finding the replacement for injured teachers for the first four weeks?

The Hon. J.D. LOMAX-SMITH: This was only a discussion, and the way it was shaped was never finalised because the consultation was still in progress, and the whole shape of the package has only been partially described by the elements; but this is not delineated in the budget papers. Mr DeGennaro can explain it to you because you seem to be very interested in this matter, but there is no actual budget line that defines this because you are talking about the 2006-07 budget papers.

The CHAIR: Minister, do you want Mr DeGennaro to provide supplementary—

The Hon. J.D. LOMAX-SMITH: In the hope that it might clarify, because I am unable to answer the question in any way because it is related to a question from last year's budget paper, and we have described the answer repeatedly. He does not like the answer. Because he does not like the answer does not mean that I can give him a different one.

The CHAIR: Mr DeGennaro.

Mr DeGENNARO: As the minister has said, the levy has been ruled out; the schools covering the first four weeks of lost time is ruled out, and any other financial cost has been ruled out, and that occurred through the Premier's announcement this morning.

The Hon. I.F. EVANS: With reference to the same budget line, does the government intend to proceed with the requirement that schools be asked to cover the extra costs of the placing of unplaced teachers resulting from this increase from 15 to 30 days per term?

The Hon. J.D. LOMAX-SMITH: There has been a significant reduction in unplaced teachers. Those costs are

reducing because we have appointed many of those teachers to permanent positions.

The Hon. I.F. EVANS: I'm sorry; I couldn't hear anything.

The Hon. J.D. LOMAX-SMITH: I was explaining that there was a budget line that referred to savings that might have been generated by dealing with unattached teachers. These teachers were permanently employed but not appointed to a school. Over the last few months we have made significant progress in the appointment of teachers.

The Hon. I.F. EVANS: My question was: is it the minister's intention to change the system so that schools which currently have to pay for 15 days will now have to pay for 30 days?

The Hon. J.D. LOMAX-SMITH: I am confused as to whether you are talking about unattached teachers or workers compensation.

The Hon. I.F. EVANS: I am asking about unplaced teachers.

The Hon. J.D. LOMAX-SMITH: I will ask Mr DeGennaro to answer.

Mr DeGENNARO: I think the question is about the unattached teachers measure. Our discussions with the stakeholder groups are not yet completed and no decision has been taken or proposal put to the minister. The line in last year's budget related to unattached teachers. We have been talking to stakeholder groups about ensuring that unplaced teachers who are able to be put into schools are placed in online positions in schools which are funded positions—and we are still completing those discussions.

The Hon. I.F. EVANS: I refer to the same budget line. In her answers today, the minister has indicated that she still expects schools to take on a more proactive role in managing their workers compensation obligations. Will the minister explain how she expects schools to do that without incurring more costs and what she actually expects of schools. She said in her media release today that principals have been telling her that there are savings to be made. Perhaps the minister can enlighten us as to how that can occur without incurring extra costs for schools, now that she has ruled out those extra costs.

The Hon. J.D. LOMAX-SMITH: It is clear that there are many ways to improve the workers compensation system. We have received several suggestions and we are working on the reforms that we can initiate. Clearly there is a range of suggestions about red tape, better coordination of rehabilitation support, better assistance in schools, and there are also some documentation issues through some schools failing to notify of claims, and that must be resolved. Clearly, we will continue to work with principals and unions on this initiative.

The Hon. I.F. EVANS: I refer to the same budget line—workers compensation.

The Hon. J.D. LOMAX-SMITH: There is no budget line for workers compensation.

The Hon. I.F. EVANS: That is interesting, because I was going to ask the minister that very question. There is a budget line for employee expenses. That is why I went back to the annual report because I thought somewhere the workers compensation costs of the department must be reported, and lo and behold they are in the annual report. Why there is no budget line so that we can monitor it I am not sure, given the minister's interest in this issue.

I note that, according to the annual report, the workers compensation costs, which are reflected in the budget papers somewhere in the expense line, have gone down from

\$32 million in 2003, \$34 million in 2004 and \$40 million in 2005 to \$18.9 million in 2006. I can only assume from those figures that somewhere within the department it has saved \$21 million on workers compensation in the last year (between 2005 and 2006). I am not quite sure how I should read that. Is that the level of claims? It makes no sense to me.

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

The Hon. I.F. EVANS: The whole reporting of this workers compensation issue in the document is unclear.

The Hon. J.D. LOMAX-SMITH: As a former minister, the member will know that the minister plays no part in the way that these reports are set out. They are formulated by higher powers.

The Hon. I.F. EVANS: Will the minister explain the difference between the 2005 figure of \$40.488 million from DECS and \$18.9 million?

The Hon. J.D. LOMAX-SMITH: I will take the question on notice.

The Hon. I.F. EVANS: Out of 20 officers and a minister, no-one knows?

The Hon. J.D. LOMAX-SMITH: It is easy to attack the staff.

The Hon. I.F. EVANS: I am not attacking the staff. The minister knows that she can invite her staff to answer a question at any time. I am not attacking the staff; I just cannot understand why she does not ask one of her staff to answer.

The Hon. J.D. LOMAX-SMITH: I think the chair has been fairly generous in allowing you to talk about the annual report. We are not here to be interrogated about the annual report; we do not have it historically, archivally and going back over several years at our fingertips.

The Hon. I.F. EVANS: I refer to Budget Paper 4 Volume 3, page 9.9. Why is the expenditure on minor works reduced to \$3 million?

The Hon. J.D. LOMAX-SMITH: That is a charming question. Every time we have a new opposition spokesperson for education, they ask the same question. This is almost like an omnibus question. It comes up every year, and the answer is always the same. It relates to the classification of minor works. I understand this classification confuses the opposition, because it asks this question every year. I will ask Ms Riedstra to answer it.

Ms RIEDSTRA: The reference to minor works in the investment payment summary on page 9.9 refers to capital works projects. The investment payment summary is a summary of Budget Paper 5, Capital Investment Statement, pages 39 to 43. The Capital Investment Statement lists all new works and all other projects that have a budgeted cash flow of more than \$300 000 in 2007-08. Projects with a cash flow of less than \$300 000 are combined under the category 'small projects' shown on page 43 as \$591 000. Referring to the investment payment summary at page 9.9, the amount for small projects has been transferred to the other minor works category at the bottom of the table. The definition here of other minor works is those capital works with a cash flow less than \$300 000 in 2007-08.

The Hon. I.F. EVANS: In relation to Budget Paper 3, page 2.18—Education Works or the super schools—what different staffing arrangements, facilities or curricula will these new schools have compared with an existing school of the same size?

The Hon. J.D. LOMAX-SMITH: The existing schools of the same size are relatively few within our state, but staffing formulas are set down. One of the great advantages

and opportunities in our Education Works investment strategy (which is the biggest capital investment for maybe 30 years) is that, first, it allows teachers to teach within their areas of expertise, instead of being in a smaller school where they might have to teach out of their expertise and specialty. Secondly, it also allows teachers to have professional opportunities within a larger school. It certainly means that, where our teachers are rare and in short supply, we will utilise their skills more effectively. The school ratios in terms of class sizes are set down and will not change. There will be the same number of children in classes because we regulate that and it is a commitment to have small class sizes.

The significant change will be the opportunity to ensure that specialist teachers teach within particular areas of expertise. At the moment, there is no intention to have any change in the staffing schemes in place across the state, but we are discussing the matter with the unions and the school communities, because clearly there will be different opportunities in terms of the way specialist subjects might be taught. There will be economies of scale, so that there might be opportunities to have special interest schools and, depending on the location of the school, there will be opportunities to be involved in the trade schools initiative. Certainly, the most exciting things are the new buildings, the sustainability, the massive investment and avoiding the maintenance backlogs of the old schools, but the really significant issue with these schools is the educational outcomes and opportunities for children.

I think that is why the community has taken to them so readily and been so enthusiastic and voted to be part of these schemes. Parents are very smart and they can see that there are real educational advantages in having schools of a larger scale and a larger size, and particularly being part of this massive new Rann government initiative.

The Hon. I.F. EVANS: For the record—and you mentioned the operational costs of the 18 schools that will not exist—all those savings (maintenance, ground watering and all those sorts of things) will stay within the DECS budget?

The Hon. J.D. LOMAX-SMITH: The issue about the savings is one to which people are attracted, but clearly it is a better use of resources to be consolidated on site. In terms of the savings, I think that some of the savings are related to inefficiencies within the system, let me say. It is clearly a less efficient way to run a school when it is smaller.

The Hon. I.F. EVANS: Sorry, I am a bit slow, minister; you might have to put it in big words for me. I misunderstood, I think. I asked whether all the ongoing operational savings from the 18 schools that you are closing will stay within the DECS budget.

The Hon. J.D. LOMAX-SMITH: Every year we have increased the DECS budget, so whatever savings have occurred have been less than the increased expenditure. As I have said, \$3 606 more per student on average, which is a very significant investment in education.

The Hon. I.F. EVANS: I refer to page 2.18 of Volume 3. Under this line in last year's budget papers it showed under public-private partnership payments of \$9.56 million in 2008-09 and \$13.07 million in 2009-10. What are the figures now for 2008-09, 2009-10, 2010-11 and 2011-12, how much of these are consultancy payments and how much are payments to the private sector for the public-private partnership?

The Hon. J.D. LOMAX-SMITH: I am afraid that we do not have last year's budget, so we cannot see those figures before us.

The Hon. I.F. EVANS: I will ask the question in a different way. Last year there were itemised payments for public-private partnerships. What I am asking is: what are the figures in the budget for the payments for the public-private partnership as part of the Education Works strategy?

The Hon. J.D. LOMAX-SMITH: I will say it again: we do not have last year's budget before us. We can talk about the figures that we have, and Mr DeGennaro can say what we have before us. However, we are not able to interrogate and interpret the member's version of the numbers from last year.

The CHAIR: Minister, I think the member is referring to Budget Paper 3.

The Hon. I.F. EVANS: That is what I said.

The CHAIR: I did not catch that, and the minister also may not have. Not everything is being picked up between you and your microphone, member for Davenport.

The Hon. J.D. LOMAX-SMITH: Is the member referring to page 2.19?

The CHAIR: Budget Paper 3, page 2.18. Is that correct, member for Davenport?

The Hon. I.F. EVANS: Yes, that is right: Education Works.

The Hon. J.D. LOMAX-SMITH: Sorry, I still did not quite hear. I presume the member means page 2.19, 'Memorandum items—measures prior to the 2007-08 budget'; is that the line?

The Hon. I.F. EVANS: No, I mean 'Education Works is a key strategy in improving schooling outcomes', and so on, on page 2.18. Education Works is being funded through a public-private partnership. The minister has been telling us about it for the last half an hour. I am asking for the payments which were recorded in last year's budget but which, for some unknown reason, have disappeared this year.

The Hon. J.D. LOMAX-SMITH: The member is interrogating a line of text. Mr DeGennaro may be able to answer the question.

Mr DeGENNARO: Last year's budget contained expenditure for the PPP process and an estimate prepared by Treasury of the PPP payments at that point. Those provisions were made in last year's budget for the anticipated stream of annual payments for the PPP project, and they were an estimate at that time. What the payments will be is subject to the PPP process that Mr Robinson described earlier. We had an estimate made of those payments in last year's budget, and that was published last year.

The Hon. I.F. EVANS: I refer to the same line. What is the estimate of the payments this year? Have the estimates changed?

The Hon. J.D. LOMAX-SMITH: I think there is some confusion. We are not building the buildings this year.

The Hon. I.F. EVANS: You were not building them last year either, minister, but you put figures in your budget.

The Hon. J.D. LOMAX-SMITH: It is quite a long lead time, and there is nothing further in the budget statements on these pages to interrogate. I think the member has to understand that we are about to engage in a very technical public-private partnership, and it would be quite improper for us to reveal anything and breach those issues before they have been published to the market. It would create significant confusion. There are issues that cannot be discussed openly because we are about to be involved in a commercial negotiation.

The Hon. I.F. EVANS: I do not understand that, Madam Chair. They put figures in last year's budget, and the same commercial factors applied. What is the difference this year? If they were prepared to put them out last year and give them

12 months more to prepare with the figures, what is the difference this year? All I am asking is whether the figures are still valid: are they still the current estimate?

The CHAIR: Which figures, member for Davenport?

The Hon. I.F. EVANS: The figures which were in last year's budget, which refer to page 2.18, the Education Works strategy and how it is being funded, Madam Chair.

The Hon. J.D. LOMAX-SMITH: There is no further information available.

The CHAIR: I cannot find the figure. I find education—

The Hon. I.F. EVANS: You do not have to find a figure: you just have to find a line that relates to it, and Education Works is the subject that is funded by a PPP.

The CHAIR: However, member for Davenport, as I heard your question, it was whether the figures that were in last year's budget were valid. It is difficult for the minister to respond—

The Hon. I.F. EVANS: No, I was asking for an update on the figures, and I reached the point of trying to get something out of the minister that might indicate where they are in their estimate. I am trying to protect your schools, Madam Chair; I would hate them to be closing down south.

The Hon. J.D. LOMAX-SMITH: I think everyone knows that this government does not close schools.

The Hon. I.F. EVANS: Yes, sure. I refer to Budget Paper 3, page 2.19. I am not sure that I am reading this correctly, but there seems to be a \$13 million reduction in the trade school project through a lower infrastructure requirement. Can the minister explain that?

The Hon. J.D. LOMAX-SMITH: Yes, I can explain that. The trade school initiative is a very significant initiative and part of our School to Work Program. We, of course, have also been implementing an increase in the age of compulsory education. We have reformed the SACE and we have made a commitment to build 10 trade schools for the future. That commitment was in the 2006-07 budget, but it relates to several other strategies. The commitment was \$28.4 million, and we have been involved in significant further work on the initiative in conjunction with industry, training experts and DFEEST.

So, the Trade Schools of the Future Project now includes significant investment for brokering students into school-based apprenticeships and higher level traineeships. There is an operating budget involved, and the additional \$4.7 million will be allocated to operating costs of the trade schools. The new model for the 10 trade schools and the additional investment will provide the best possible opportunities for young people to become skilled and move into sustainable employment.

The Hon. I.F. EVANS: I could not hear part of that, minister, so excuse me if you have covered this point. As I read it, there will now be \$2.9 million of additional operational support. It is unclear whether that is just a one-off or whether that is an annual ongoing figure.

The Hon. J.D. LOMAX-SMITH: It is recurrent funding, and it is 4.7 in the out years.

The Hon. I.F. EVANS: So, it is 2.9 this year and 4.7 every other year for 10 schools?

The Hon. J.D. LOMAX-SMITH: I think it is just ongoing, operating at the level of 4.7, as I understand it.

The Hon. I.F. EVANS: As I understand it, we have a \$4.7 million operational cost recurrent for the 10 schools. That is \$470 000 a school per year. What staffing allocation are these trade schools getting?

The Hon. J.D. LOMAX-SMITH: I will ask Mr Robinson to define how many staff will work in the new schools.

Mr ROBINSON: The \$24.8 million that was announced last year will be allocated over four years, including last year—2006-07 to 2009-10. The difference now is that, of that \$24.8 million, \$16.486 million over that period is for the operating costs of the program, and \$8.3 million is for the infrastructure investment in the schools. From 2010-11 onwards, there is an additional \$4.722 million, which will be ongoing, to assist with the operational costs of the program.

Essentially, what will happen in the 10 trade schools, which will be government schools or a partnership of more than one in some cases, is that there will be two full-time officers, who are drawn from industry and who will work with local employers to broker opportunities in apprenticeship placements in the local area for the students. The trade school will be a hub with neighbouring high school students able to access this service through the trade school itself. Students will need to have a part-time job with an employer in the area of their trade in order to be enrolled in a school-based apprenticeship, and that will be in a whole range of trades in the certificate III level, in particular, and other high skill certificate III and IV areas. So, there will be two people in the schools who will negotiate those places, working with Australian apprenticeship centres to sign up apprentices with employers, and working with TAFE and other vocational educational and training providers to provide the off-the-job technical training required for those students.

Schools will themselves offer some rudimentary training, and students will then be able to do the more advanced training in their apprenticeship through properly constituted registered training organisations, such as TAFE, which already has facilities and staff in the different trade areas. This is a different approach to the Australian technical college model, where they are building new facilities from scratch and offering a limited number of trades to their students. These students will be able to access the full range of trades available from across the training system, pending the availability of those training workplaces with local employers.

The Hon. I.F. EVANS: On a point of clarification, I thought I heard you say that, from 2010, there is an extra \$4 million or so. What is it between now and 2010?

Mr ROBINSON: The total is \$24.8 million for the initiative, which was announced in last year's budget for the four years beginning 2006-07. That is the total amount of funding for the next four years. As I said, there is \$16.486 million in operating costs and \$8.314 million in infrastructure costs to establish and commence the operation of the trade schools. After that four-year period, which begins in 2010-11, there will be \$4.722 million for the operating cost of the trade schools continuing each year into the future.

The Hon. I.F. EVANS: The way I understand it is that, essentially, the operation will be about \$400 000 to \$500 000 a year ongoing per school. There are 10 of them—\$4.7 million; that is about \$470 000. So you will have two apprenticeship brokers, essentially, working out of them. That is about \$120 000. Who actually teaches them their trade, or are they not taught the trade at school at all? So, the school is a shopfront. I am trying to work it out. From the building industry, I am trying to work out exactly how this will work. What will be taught at these trade schools?

The Hon. J.D. LOMAX-SMITH: I think the member for Davenport does not understand the concept that we are suggesting. The issue about retaining young people in

education is that they should work towards their senior SACE certificate, and that they should be involved in literacy, numeracy and other subjects within the school. The school-based apprenticeship scheme, the school retention and engagement strategy and the skills to work agenda is to recognise that the days are gone when young boys left school at 12 and went into a full-time apprenticeship. The reason for that is multifactorial. One element, of course, is that parents do not want their children to leave school at 12. It is no longer appropriate, as my father did, to leave school at 12 to go into an apprenticeship. Also, employers do not want younger, unqualified students going into work. The want maturity, employability and good literacy and numeracy skills.

In fact, many of the trades training courses require a level of numeracy that would shock many people in this room. Whenever I have been into a trade-based training organisation and looked at the mathematics they have done, I actually think that it is of a very high level and a level of intellectual engagement that the old tradies would have been surprised by. These days many of those classical trades are IT based and, very significantly, require high-level mathematics. So, the need is to get year 11 at least, and preferably year 12, and to have some SACE certificates as a prerequisite for ongoing training. The opportunity of a trade school, of course, is that those young people who might otherwise have dropped out will, we hope, stay at school longer, but they will be given a real life experience that will be life changing, which is not just providing the low-level certificates that they might get in the usual VET in Schools system but will be industry focused, job outcome focused and sustainable employment focused so that the young person will spend most of their time as a school student with a more flexible SACE system and more individual capacity to shape the SACE that they take, and they will be spending only a small proportion of their time on job competencies and in the workplace.

We believe that in the future this will be the most important way to do it, and I have every confidence that industry sectors will want to be engaged in recruiting these young people because they will be employable, focused and job ready, and they will have already started their apprenticeship which will cut down the training time, so that when they leave school they are ready to go. For a community like ours which is underperformed in this area, we are now really shining the spotlight on the issue of senior secondary education and making sure that everybody knows that the purpose of education is not just to go to university, making sure that everybody knows that a trade, a skill and an apprenticeship does not turn you into a second-class person, and making sure that parents know that this is a credible and decent course for them to follow.

I think this is one of the most important reforms we have undertaken, and I am very confident that, with the experience of our CE and the cooperation of DFEST, these young people will not be doing third or second-rate VET courses in schools, the best that we can deliver—it is never as good as in the workforce: they will be receiving the best available from either a TAFE, a registered training organisation or on-the-job training for real jobs, real life and real opportunities.

The Hon. I.F. EVANS: I again refer to page 2.18 of Budget Paper 3. The Education Works strategy involves the closing of 18 schools, and those sites are obviously going to be sold. Last year it was identified that there would be \$31 million of income from land sales, \$6 million last year.

What is the budget amount this year for land sales, and which sites are proposed to be sold?

The Hon. J.D. LOMAX-SMITH: We have not determined where our Education Works schools will be built. Some of those schools may be on currently owned land. Some of them may be built on land which is the subject of an exchange from another department. Some of them might be built on land which is the subject of a land swap or an arrangement with a local council. We are very flexible about these issues. Our only motive and our only driver is to get the best location for the community and to make sure that it is delivering for the demographic and the community that is part of the change. We have no proposal to sell any of this land yet. There is a long way to go.

In particular, in terms of those new schools that will be built, we have given an absolute commitment to the existing schools that they will not be allowed to go into decline. I am particularly keen to make sure they maintain their enrolments and that they maintain their capital works agenda because we have an obligation for those three years' worth of senior secondary students who will never be the beneficiaries of our new program and who need to have their lives and their last years of schooling looked after. So, talk of selling the schools now is actually quite premature. Clearly, in the long run, where land is surplus to requirements, we would sell land. I do not know that we would want to land bank inner suburban land, but that would have to be done following consultation. Clearly, there might be planning changes by the local council, and clearly that is a long way down the track. So, there are no sales out of Education Works this year.

The Hon. S.W. KEY: I move:

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

Motion carried.

The Hon. I.F. EVANS: I refer to the same line again. Given the minister's answer, how did the department establish that it could budget \$31 million worth of income from land sales?

The Hon. J.D. LOMAX-SMITH: Clearly, it was an estimate based on the information that was available.

The Hon. I.F. EVANS: Given that answer, what is the estimate for land sales this year and was the \$6 million achieved last year, or was no land sold last year as part of it?

The Hon. J.D. LOMAX-SMITH: There was land sold last year but I do not have the details here and I am not sure it is in the budget documents. I will ask Ms Riedstra to comment.

Ms RIEDSTRA: There were land sales in 2006-07. They were not related to Education Works.

The Hon. I.F. EVANS: What were the land sales?

Ms RIEDSTRA: There was a portion of Woodville Primary School, Price Primary School, Aberfoyle Park Primary School and the west campus of the Christies Beach High School.

The Hon. I.F. EVANS: Can Ms Riedstra, if the minister allows, advise us how the \$31 million was arrived at?

The Hon. J.D. LOMAX-SMITH: I believe it was a calculation related to an estimate.

The Hon. I.F. EVANS: Is the estimate based on housing value, or how is the value established? You are selling a school site, which will have ovals and everything else. Do they value it in the \$31 million as a development site, as in

housing, or do they just put in the site and the capital value of the school as it stands?

The Hon. J.D. LOMAX-SMITH: We believe that the figures were an estimate delivered by Treasury. I am informed that was how the number was derived.

The Hon. I.F. EVANS: I refer to the same line. A figure of \$4.689 million has been identified as an operational saving this year out of the Education Works Strategy. There is a figure of \$10.9 million next year and \$16 million the year after. Can the minister describe how those operational efficiencies are made as part of the Education Works Strategy, and can she also advise whether the \$16 million is an ongoing recurrent amount?

The Hon. J.D. LOMAX-SMITH: I am informed that the honourable member is referring to stage 2, which is not the new school building PPP program.

The Hon. I.F. EVANS: Will the minister explain to me then how the operational savings are made as part of stage 2?

The Hon. J.D. LOMAX-SMITH: We have called for expressions of interest from school communities that believe their school community will be better served with a different school configuration. Some schools have amalgamated, some schools might combine their leadership team, and some schools might collocate child-care services. There is a range of ways. Also, we have the strategy for re-investment. If the schools do not volunteer, the strategy does not get implemented.

The Hon. I.F. EVANS: I am sorry, I missed that?

The Hon. J.D. LOMAX-SMITH: Stage 2 is not one that is driven by the government, it is one that requires expressions of interest. Communities come forward and ask what things might be happening to their community. It is one that is community driven.

The Hon. I.F. EVANS: But the minister is confident after budget of \$16.07 million in 2009-10 on a voluntary program?

The Hon. J.D. LOMAX-SMITH: Our view is that the communities are very interested in these programs. We have had quite significant interest in what might occur locally in many communities. If the community does not come forward, the savings will not be generated and will not be re-invested.

The Hon. I.F. EVANS: The minister can take this question on notice, but will she provide me with a breakdown of how those operational savings I have mentioned are calculated? The minister can take that on notice and provide it in due course, but it seems odd to me that you can budget \$30 million worth of operational savings on a voluntary program but, when the member for Mitchell asked you about any extension of the program, it was very unclear as to what was happening. You must be fairly confident to have \$30 million worth of operational savings in the budget.

The Hon. J.D. LOMAX-SMITH: I know that this is difficult to explain, but what we do know is that, as I recall, in the past 10 years, we have lost 24 000 children between the ages of five and 18. We predict that, in the next 10 years, we will lose 26 000 children, and that is the overall number of children in South Australia. We are talking about a 50 000 drop in child numbers in South Australia because of later marriages, smaller families and reduced population numbers generally. A loss of about 50 000 is very significant in terms of our education infrastructure. It does not reflect anything about public/private drift. I am talking about fewer children.

One can look at some of our big secondary schools. I have a friend who went to Enfield high who describes it when it had 1 500 children; now it has barely 200. That is a demographic shift. The honourable member will realise that a floor

area calculation is within the education department, and we calculate that between 25 and 40 per cent of our schools is excess to need. At a conservative level, we would say that we have 25 per cent too much floor space. The way that figure was calculated was on an assessment of how much space we have.

The CHAIR: Minister, can I clarify that you are certain of the figure to which the member for Davenport referred? If you intend to provide any further response, I want to be sure before we leave here that we are clear.

The Hon. J.D. LOMAX-SMITH: We have not answered it because I think what the honourable member was getting at was how we calculated the potential savings out of Education Works 2.

The Hon. I.F. EVANS: I do not think that the minister has answered it. I am happy for the officers to go away and send me a detailed brief, or I can ask questions when I next have a face-to-face brief with the officers. It seems to me that if you can nail a figure of approximately \$30 million, then somewhere someone in the department has a list.

The Hon. J.D. LOMAX-SMITH: I am sorry, what was the line of the honourable member's questioning? No, there is no list, but I spoke of 50 000 fewer children, which I find a really startling number. I was actually quite shaken when I was first told of that number, because it seems quite shocking and does explain some of the challenges in education, not to mention the massive maintenance backlog we inherited or the age of our schools which are mostly over 25 years, and not to mention the fact that a significant number of schools were built for much larger student cohorts. You begin to realise that we must do something very significant if we are going to maintain the quality of our infrastructure. Mr Robinson has some comments to make.

Mr ROBINSON: This is an estimate based on an overall figuring around a potential, if you like, take-up of Education Works stage 2. It is very much an estimate because of the nature of the process. We have issued an expression of interest process across the state to all the regions, and we have asked our regional directors to work through the school principals, and to start working with local communities to see if there is an interest in those communities about consolidating schools and increasing the size of a new school to make the programs more viable. South Australia has a lot of small schools because of the concentration of the population in the Adelaide area, and there are quite a lot of small schools in regional centres and in some urban areas that are quite close to each other. However, they are getting smaller every year because of that demographic change that the minister mentioned.

We are not driving the process in any individual site in any predetermined way. We are asking people to explore the interest, to have people examine what is happening in their local area and whether they think the current arrangements, or some future arrangement, would be better for the education of their children, and then people are starting to come back with proposals which can then be considered on their merits. Some of those proposals might require a reinvestment of capital to consolidate an existing site so that it can accommodate a neighbouring school, and then that other school might close, but that would only occur after a full process of consultation, and after the governing councils of each school were able to poll all the parents of that school to see if there was a majority in favour of going ahead. So, it is a very interactive process, it is being driven by what people want to do on the ground, and those estimates are a potential of what

might occur. However, I can assure the committee that the reality will end up being different because it is dependent on so many local decisions that are yet to be taken. The process of asking people to consider this, and for people to start having their discussions, is just commencing.

Mr PEDERICK: My question refers to Budget Paper 4, Volume 2, page 9.6, Targets 2007-08—children's centres. I believe there will be a new children's centre in Murray Bridge. What consultation has taken place or will take place? Initially it was to be located at Fraser Park, as promised, or is it moving to Murray Bridge South school as a measure to save \$2 million?

The Hon. J.D. LOMAX-SMITH: We are not involved in cost-saving measures, and we have a commitment to putting a children's centre in Murray Bridge. This has been a long tale of consultation and discussion with the communities involved. Six years ago a review of early childhood services was undertaken in Murray Bridge South. That was before the government announced its review of early childhood services, and our subsequent response involved an investment in early childhood development and, in particular, building collocated, integrated children's centres.

Fraser Park Primary School had been chosen as a site for an early learning centre at that time, and funding was approved for the project. An early learning centre is not the same as the early childhood development centre collocated integrated services that we are proposing. In 2005, when we announced our proposal for the 10 children's centres which are early childhood development centres with collocated health, families and communities, and education services on the same site, with early intervention and treatment, it seemed logical to expand the project at Fraser Park Primary School and turn that into one of our new era of children's centres. This would include relocating Murray Bridge South Kindergarten to the Fraser Park Primary School site.

We performed a full feasibility study, which is part of our normal process before embarking on a major capital works program, and this feasibility study, which by then was the second consultation, uncovered a number of concerns with the Fraser Park Primary School site. One was the presence of significant asbestos and ageing buildings, combined with a significant decline in enrolments. Enrolment studies have shown many parents bypass Fraser Park Primary School to attend other schools, including the Murray Bridge South Primary School. Incidentally, the enrolments at Fraser Park Primary School in 2002 were 131, and I understand last year were just over 70.

All these reasons suggest we need to find another location in Murray Bridge for the children's centre. We do not want to put good money into an investment that will not be good for the community, and we need to think where the services will be best placed for the future community. We are absolutely committed to the children's centre in Murray Bridge. As I have said, the money is committed for Murray Bridge. The people deserve, and we want to build, a children's centre there. So, we are now embarking on a feasibility study at Murray Bridge South Primary School before making a final decision on the location, when we have all the results of that study.

Initial conversations with the broader community indicate Murray Bridge South Primary School could be a better location. It has an enrolment of 275, which is not in decline. Murray Bridge South Primary School is also in close proximity to the high school and thus has strong links, and these perhaps could be made with an opportunity to have a

B to 12 service as a possibility in Murray Bridge in the future. Therefore, at the moment we are working on this project and, of course, the local member should have ongoing input and consultation within that process.

Mr PEDERICK: Just a follow-up question, and I refer to the same budget line. Does the minister have any idea when that final decision will be made and which side of this coming Christmas that will be?

The Hon. J.D. LOMAX-SMITH: I am mindful that the community has been engaged in multiple consultations and it has been very difficult, so I would like it to be as soon as possible.

Mr ROBINSON: We are expecting the final centres to be announced in the not too distant future. We want to complete the work before we have a final announcement, but we are expecting it to be in the not too distant future.

The Hon. I.F. EVANS: I refer to Budget Paper 4, Volume 2, page 9.9. The formatting of your investment payment summaries has changed from last year to this year. I am just trying to understand where the Education Works money is in this year's investment payment summary. I am assuming it is in the 'works in progress—other works in progress' budget line. Can you advise me how much is in the 2007-08 budget for Education Works?

The Hon. J.D. LOMAX-SMITH: These are specific school projects and this does not include Education Works, I am informed.

The Hon. I.F. EVANS: This is where I am confused, because last year, in the investment payment summary, you did include Education Works to the tune of \$7.3 million. We know that you are talking about a \$216 million program and that \$134 million is a made-up value of what you think it might be worth one day—and there is \$80-odd million doing something else.

The Hon. J.D. LOMAX-SMITH: You might disparage it, but we are investing in education; we are rebuilding schools. I think that this has to be the biggest program of investment. We are putting \$134 million into new schools and \$82 million in our Education Works stage 2: 20 children's centres, \$23.3 million; 10 trade schools, \$24.8 million; and \$31.4 million of announced capital works program, as well as ongoing money of \$47.7 million on 113 ongoing school and preschool capital projects, not to mention \$36 million in our asset maintenance program over three years. There is a significant amount of building going on.

The Hon. I.F. EVANS: Thank you for those figures. I refer to the same line. Can you advise the committee why there was \$7.3 million for Education Works in last year's investment payment summary and there is nothing in this year's investment payment summary; or is there money in this year's investment payment summary but it is just not identified anywhere?

Mr DeGENNARO: Through the minister, last year's budget contained estimates and, as described earlier, Education Works part 2—so not the new super schools but the invitation to schools to consider the type of reinvestment and reconfiguration they might want to talk about and bring forward. That estimate was made last year. The invitation to consider whether they wished to come forward in a voluntary process was issued to schools earlier this year. They have been invited to consider what their communities might put forward in terms of how their sites might be reconfigured or combined. The proposals would be the basis for the investment that would go in.

Last year there was the estimate. The invitation has been issued earlier this year and, through our Education Works team, we are working with sites on the ideas that they are bringing forward.

The Hon. I.F. EVANS: Sorry, Madam Chair, but that does not explain to me—and due respects to the officer—why the minister could put a figure in last year's investment summary and you cannot put a figure in this year's. Surely, if you have done all that work to have a figure for last year and you have been working really hard over the past nine months, there must be a figure that you can put in this year's. Let me also ask this so that I am absolutely crystal clear: is it the advice to the committee that there is no money in the investment payment summary relating to Education Works in this year's budget?

The Hon. J.D. LOMAX-SMITH: I will refer that again to Mr DeGennaro. I do not believe that there is a line.

Mr DeGENNARO: Through the minister, last year's budget contained provision for reinvestment of \$82 million. The strategy announced that there was a total of \$82 million available for reinvestment—Education Works stage 2. In the materials and the statements issued in September of last year, it was clear that an invitation would be issued to schools and preschools to consider the opportunities they would have to reconfigure and improve their educational provision and to come together with other sites to provide a better service. Out of those proposals, the efficiency gains and the effectiveness gains that would occur would be the basis for the reinvestment of \$82 million. An estimate was made in general terms last year. That invitation has been issued to sites and, through our Education Works team, we are working with those sites to progress and firm up the ideas that they are bringing forward as communities. It is an entirely voluntary process and that is the policy that is being implemented. The estimate last year was a part of that \$82 million figure, and \$82 million is still available within the totality of the budget to reinvest into schools as they come forward.

The Hon. I.F. EVANS: Why is there not a line that shows last year's expenditure of \$7.3 million with a zero figure allocation for this year's budget? There is a whole range of figures within the budget documents showing a budget figure last year with zero expenditure—your trade school expenditure is a classic example. In this line, you have budgeted \$7.3 million last year and you have spent not a cent, and there is no budget line reflecting that and I cannot understand why the change of format.

The Hon. J.D. LOMAX-SMITH: The member for Davenport might not like the way the budgets are presented but I think it is consistent and you do not repeat what was put in last year's.

The Hon. I.F. EVANS: Can the minister explain why the trade school figure of \$2.9 million, which was shown last year as a budget item and was not spent, is in the budget this year as \$2.9 million, with a zero expenditure? Why was the same format not used for the investing statement?

The Hon. J.D. LOMAX-SMITH: I cannot explain why Treasury documents in the budget are printed in the way in which they are: it just is so. The member might not like it, but neither he nor I are in a position to change it.

[Sitting suspended from 6.30 to 7.30 p.m.]

Membership:

Mr Griffiths substituted for Mr Pengilly.

The Hon. I.F. EVANS: I refer to Budget Paper 3, page 2.19, Education Works (the same page we have been using all night). In last year's budget there was a figure of \$3 million for Education Works for the implementation team and project support. I am wondering what the figure is in this year's budget because, again, Treasury has changed the configuration. Can the minister tell us how much is in the budget this year for the Education Works implementation team and project support, and the names and titles of the officers involved and which agency they come from? I understand it might be a mixed project team between Treasury and education.

The Hon. J.D. LOMAX-SMITH: I think the member's question is: who are the officers involved? Is that what he is asking?

The Hon. I.F. EVANS: I am asking what is the budget amount this year for the Education Works implementation team, the officers involved and which agencies they come from.

The Hon. J.D. LOMAX-SMITH: Is this page 2.18, still relating to Education Works as a key strategy?

The Hon. I.F. EVANS: That is right.

The Hon. J.D. LOMAX-SMITH: The Chief Executive discussed where we are in the process. Clearly, the financial issues will be managed through Treasury officers, and the education brief plans will be managed through the education department. This is a cross-portfolio initiative, requiring Treasury and DECS to work together.

The Hon. I.F. EVANS: I understand that. Can the minister provide to the committee the names and titles of the officers involved, which agencies they are from and the cost this year of that implementation team?

The Hon. J.D. LOMAX-SMITH: I think it is beyond the realms of possibility to expect a minister to name all the staff involved in projects.

The Hon. I.F. EVANS: But it is possible for the minister to say, 'I will take it on notice and provide it to you.'

The Hon. J.D. LOMAX-SMITH: We can do that. However, you cannot expect a minister to know the names of all the officers in a department.

The Hon. I.F. EVANS: I did not ask that. I am happy for the minister to take the question on notice and provide the information to me. Sometimes one might just want to get the information eventually, not necessarily tonight.

The CHAIR: I will clarify exactly what it is that the member for Davenport seeks. Is it the immediate project team—all the officers in all the schools who are involved, who are developing the proposals—or is there some specific thing that the member is seeking? I hear the minister, and I think she is looking at a very broad—

The Hon. J.D. LOMAX-SMITH: I think the problem is that the team will change as different schools are involved. There will be principals, coordinators and district directors. It is a fairly broad spectrum question.

The Hon. I.F. EVANS: Let me clarify it for the chair—because the minister did not seek clarification. I will ask the question as of today's date. What is the amount in this year's budget for the Education Works implementation team, bearing in mind that last year there was a \$3 million figure? As of today's date, can the minister provide the names and titles of the officers involved and which agencies they are from? I am happy for the minister to take the question on notice and write to me about it.

Mr ROBINSON: There are two different processes. The PPP process, which is the Education Works stage 1 around

the six super schools (as they are called), is one set of processes that involves work by ourselves and Treasury. Education Works stage 2, the process where we are doing another level of consultation out there, is a much broader exercise. I am taking your question to refer to the Education Works stage 1 around the PPP process; is that correct?

The Hon. I.F. EVANS: That is correct.

Mr ROBINSON: We will take that on notice, and supply you with the names of all the people who are in the project team and the budget for this financial year for that project team's work.

Membership:

Mrs Geraghty substituted for Ms Fox.

The Hon. I.F. EVANS: I refer to the same budget line. Has the government received any advice or done any estimates that the government's Education Works strategy will require fewer teachers and/or school service officers under the existing staffing formula?

The Hon. J.D. LOMAX-SMITH: I have answered before that there are staffing formulas in place. There is no question that, by having a larger school, you would have a lesser ratio or larger class sizes. That is not how the education department works.

The Hon. I.F. EVANS: I refer to the same budget line. Following on, can you put a figure on the amount of budget savings made as a result of that? Has the department done any estimates?

The Hon. J.D. LOMAX-SMITH: The staffing formulas are fixed, so we are not saving money by having larger class sizes or less teachers.

The Hon. I.F. EVANS: So if there are less teachers you are not saving money?

The Hon. J.D. LOMAX-SMITH: I have explained before that the staffing ratio is fixed.

The Hon. I.F. EVANS: If you accept that there are going to be 'less teachers'—and I think they were the words you just said, that there's going to be 'less teachers'—

The Hon. J.D. LOMAX-SMITH: When did I say there were less teachers?

Mr GRIFFITHS: About 15 seconds ago.

The Hon. I.F. EVANS: You just used it. Not 15 seconds ago did you say 'less teachers'.

The Hon. J.D. LOMAX-SMITH: No, there are not less teachers.

The Hon. I.F. EVANS: So there will be the same number of teachers teaching at the one school as there are for six? Is that what you are saying to the committee?

The Hon. J.D. LOMAX-SMITH: I think you are trying to get to a situation where you are suggesting that there will be larger class sizes or less teachers in a larger school, and that is not what I said happened. I said there was ratio of teachers to children. I can understand that if you have a small school with 10 children you might be extrapolating to the view that they are over resourced to the point where they have no economies of scale. Clearly, there are regional and remote schools that are very small, and have a higher cost per capita and a higher staffing ratio per capita, because you cannot have part-teachers. But that is not the situation that we are in. We are not talking about multiple, tiny schools; we are talking about moderate sized schools with a ratio that is fixed within our enterprise agreements.

The Hon. I.F. EVANS: I will ask it this way then—same budget line, Madam Chair. Are there any expected savings

on salaries as a result of the reduction from 18 schools down to six under the Education Works strategy and, if so, what are the estimates?

The Hon. J.D. LOMAX-SMITH: I think I see what you are getting at—because your questions are oblique and not actually to the point.

The Hon. I.F. EVANS: A bit like the budget papers.

The Hon. J.D. LOMAX-SMITH: I suspect that what you are trying to get at is whether there will be less principals. Well, of course there will be.

The Hon. I.F. EVANS: And will there be less teachers? And has there been any estimate of the budget savings? That is what I am asking. We know there will be less principals, but will there be less teachers—

The Hon. J.D. LOMAX-SMITH: Principals are teachers and, clearly, there will be less principals if there are no longer 18 schools.

The Hon. I.F. EVANS: Outside of principals, will there be less teachers?

The Hon. J.D. LOMAX-SMITH: I suspect that the ratio will have to be fixed in the future. I imagine that it may be possible to have one teacher less. Who knows? But the reality is that the formulas are fixed. We have a commitment to keeping class sizes small. The question you are asking is creative and imaginative, and hypothetical, and I do not believe that it can be answered.

Mr ROBINSON: Essentially, if there is a secondary school with 200 students in it, one that has 600 students will have three times as many teachers as the 200. Obviously, at the margin there may be a situation where at a school there might be a slight difference in the number of teaching staff across a new site, as opposed to an old site. But, basically, with the schools that we are talking about there is going to be the same teaching force as was in the component parts. But there might be more efficiency in the leadership side for the principals. Of course, there could be at the margins some efficiencies in the support staff. There is a set formula for each size of school, and it goes on student numbers. Student numbers will determine the staffing level in the new schools as they do in the schools now.

The Hon. I.F. EVANS: I refer to the same budget line. So that I have it crystal clear, will all of the savings, both initial and ongoing, from the government's education works be going to the education portfolio, or will any of the savings be returned to consolidated revenue?

The Hon. J.D. LOMAX-SMITH: Are you still taking about teachers?

The Hon. I.F. EVANS: I am talking about savings under Education Works, both initial and ongoing.

The Hon. J.D. LOMAX-SMITH: The Education Works process will clearly have some economies of scale. They will be more efficient schools to run. What is important is that almost every element of the school will be cheaper in terms of maintenance, because they will be new schools without the maintenance backlogs. There will be efficiencies in terms of energy and water use, because these schools will be built to higher levels of sustainability principles. There will be savings in terms of ongoing management of the school. Clearly, there will be less principals. That will allow us to invest more money in other areas.

The Hon. I.F. EVANS: I understand all of that, minister, but, just so that I am crystal clear, all of the savings, initial and ongoing, stay in the education portfolio, or do any of them go to consolidated revenue?

The Hon. J.D. LOMAX-SMITH: I will ask Mr DeGennaro to explain this to you, because although I have said it several times you do not seem to understand it.

Mr DeGENNARO: The budget papers last year made it clear that any gains or efficiencies were being reinvested. Last year, from memory, the four year net growth in expenditure was \$76 million. After all the gains and efficiencies there was an increase in expenditure, and that continues to be the case.

The Hon. I.F. EVANS: Is that the case up until 2009-10, or does that continue on every year after that as well, or does it change after 2010?

The Hon. J.D. LOMAX-SMITH: I do not think we can predict what will happen hypothetically in the term of the next government. The current budget only is the one that we can interrogate.

The Hon. I.F. EVANS: They do show 2010-11 in the forward estimates, so I thought I would ask the question, minister, given that you have predicted what is going to happen in the next government. So I am wondering whether you will allow the officer to clarify whether that continues. Once the buildings are built and the capital works side of it is finished there will be ongoing operational savings, then there will be a rental payment or a lease payment to some finance group—whoever the PPP project is with. Do those ongoing savings, or any part of them, go to the education portfolio or back to consolidated revenue? That is what I am trying to establish.

The Hon. J.D. LOMAX-SMITH: The State Strategic Plan targets—for instance, for energy savings—will be locked in at 25 per cent of current usage in the current schools, but when we build a new school there will be a different baseline. It will be hard to suggest that there will still be a 25 per cent reduction because that will be a new school with different workings, so a lot of those projected forward savings cannot be calculated on the basis of a new school because it does not have a budget at the moment that we can look at.

The Hon. I.F. EVANS: On the same budget line, let me understand the picture we have painted here for the past three hours just so that I understand what we are saying. Last year you trotted out a budget that did have estimates for the forward payments to the PPP: you had made that calculation, and you had made the calculation of the budget savings, and all that was forward projected last year. Nine or 10 months down the track, the government is coming in and saying, 'Now we actually cannot project'. Not one of you could tell us tonight the payments that were going to be proposed, even though they were in last year's budget and not this year's budget, and now you cannot tell us the savings. That does not make any sense to me, given that you have been working on it for at least an extra nine months from last year. You must know what the operational savings are from closing the 18 schools, because you have all their costs; you know what their savings are. The simple question is: under your model—and it is a model that you are designing, not me—do all the savings go to education or can some of them go back to consolidated revenue? What is the model? That, essentially, is the question.

The Hon. J.D. LOMAX-SMITH: I can understand why you would want to undermine a project which was investing in schools—

The Hon. I.F. EVANS: That is an unfair reflection, minister.

The Hon. J.D. LOMAX-SMITH: —and building new products and infrastructure. I can understand that you would find it hard to support reform through the process. But the issue about the schools is that we are talking about investing and building new schools. There will clearly be some operational savings to do with electricity and water; clearly, there will be fewer principals, but the staffing formulae and the way they operate will be exactly the same as other schools of similar size. There will be no particular difference. I expect that they will be cheaper to run because they will be new buildings, so although there will be overall the same funding model of staff, the overheads will undoubtedly be cheaper. But to project what those savings might be in terms of overheads, I think is asking rather too much.

The Hon. I.F. EVANS: Let's forget the projections, even though they were estimated last year. Let's go to the principle. As to the model you are designing, will the savings (both initial and ongoing) all stay with education or will some of them go back to consolidated revenue?

The Hon. J.D. LOMAX-SMITH: This is an investment strategy with more money each year going into education.

The Hon. I.F. EVANS: On the same line, can the minister give us an update on the finance model (the PPP model) that the government is considering for the Education Works strategy?

The Hon. J.D. LOMAX-SMITH: I think that it has already been explained by the CE how the PPP is going to operate and how we are planning it ahead. I think that question has been answered.

Mr GRIFFITHS: I apologise for the fact that I am not aware of the line number, but my question relates to the aquatics programs. As you are aware, I have written to you and spoken to you several times about this. I know that an announcement was made today, but I have been contacted by the aquatics centre in my electorate. Can the minister clearly explain the decision and what that will mean to the 11 aquatics centres in South Australia?

The Hon. J.D. LOMAX-SMITH: First, there is no budget line for aquatics, so you are right not to mention one. It is not identified in the budget and it is not a designated strategy within our documents. The review that was performed over the past eight months has been completed. It has passed through the department CE's office, and there will be some reforms, but those reforms are not ready to announce yet; it will be in the next few days.

The Hon. I.F. EVANS: I will ask a question on the same topic now that that matter has been opened. Is the minister prepared to make the report public and, if not, why not? Can the minister advise us how much the review cost to do and what budget line paid for it?

The Hon. J.D. LOMAX-SMITH: There is no budget line for these programs; they are internal programs. We have a policy whereby we will look at all of the programs through the department, and I think it is fair to say that there is a very strong sense of conservatism within the community at large, and they believe that reviewing or examining any program is problematic because there may be a chance of change.

We have had massive reform, not only for the things I discussed earlier tonight but also there have been enormous changes in the community and in education generally. Some of the programs we have examined in the last year have been programs that have been in place for 30 years. Some of those programs have been unchanged for 30 years. I think it quite appropriate that, in the 21st century, the department should go through a review process, looking at what we do and

looking at how we do business to see whether we can do it more efficiently, effectively and economically.

Certainly, we have a very crowded curriculum. Teachers and principals generally make a case for there to be reviews and examinations of what we do. Many teachers would like us to clear out our curriculum and make less material. Last year we started a process looking at aquatics and music, and that was an internal departmental process—part of day-to-day business. I would have thought it quite responsible for the department to review the processes that are carried out. We have approximately 170 000 children and approximately 20 000 staff, and some of the programs have been in place for a long time. I am very pleased that we have now reviewed two areas. The decision has not yet been made about what will be implemented. It has not been signed off on by me, but that review work has been completed by the department. There is no budget line.

The Hon. I.F. EVANS: Is the minister's advice to the committee that no decision has been made?

The Hon. J.D. LOMAX-SMITH: No. I said that the process has not been signed off on by me.

The Hon. I.F. EVANS: Has the decision been made then?

The Hon. J.D. LOMAX-SMITH: Well, the decision has not been made because I have not signed off on the reviews.

The Hon. I.F. EVANS: Now the minister has confirmed that a decision has not been made. Will the minister explain why I am getting emails from aquatics program staff saying that the program has been saved? Has any officer from the department contacted them saying that the matter has been saved?

The Hon. J.D. LOMAX-SMITH: This morning under questioning, the Premier said that the view that aquatics and music were to be cancelled was not true, that there were reviews and that the programs were not being cancelled.

The Hon. I.F. EVANS: Will the minister advise whether there has been any communication to those departmental staff involved in the aquatics program advising them of an outcome?

The Hon. J.D. LOMAX-SMITH: Of course not. The outcome has been the same we have spoken of for the past eight months. There is misinformation about programs, and there has been a lot of talk about a review being a preliminary to cancelling programs. I have consistently said that decisions have not been made, but we are reviewing the programs, and that is true. We are not cancelling programs: we are reviewing them.

Mr GRIFFITHS: My understanding was that, in the 2006-07 financial year, the minister indicated that this would be reviewed in terms of a saving in future years of \$6 million. Certainly that is the figure community groups involved with aquatics programs have mentioned to me. They say that they are at threat because of that value over the forward estimate period.

The Hon. J.D. LOMAX-SMITH: There is no question. If one looks at the budget savings measures in last year's budget one can see that there is no mention of aquatics.

The Hon. I.F. EVANS: That is a little hard to tell because you must think that an efficiency dividend of that amount could mean anything.

Mr ROBINSON: As soon as the review was announced about aquatics, an assumption was made by many people that that meant the program was going to be cut. There has never been any statement saying that the program was to be cut. A review has been undertaken to look at the future of the program, to look at how effective it is and to look at where

it goes from here. Many people have assumed that it was to be cut and have started campaigning around the notion that it was to be cut. As you know, just having a review of the activity has caused people to conclude something that is just not the case. I think that people have been premature about assuming that a review means that a program will be discontinued or cut back.

Mr GRIFFITHS: I think we must recognise that the review was more than just an internal assessment of the future of the program. The community at large was invited to comment. I am aware of thousands of signatures on petitions received on this matter. It is a very emotive issue within the community and it is one the community intends to fight very strongly for. These programs, as I understand it, are at risk of closure at the end of term 2, with no surety of their continuing into term 3, and people want to know where their future lies.

The Hon. J.D. LOMAX-SMITH: It is fair to say that we do have consultation with the public. Certainly, as I understand it, a lot of interesting views were personally expressed to me in the letters I received and also when I visited schools. Some of the insights into different ways things were done in different parts of the state were interesting in the submissions to me that I read. Clearly, the honourable member would want us to consult. I do not think the honourable member is saying that we should have a review and not receive public comments. That would not be his thought, I am sure. The honourable member would want us to receive public comments, yet we cannot seem to have the public comment without the assumption that we are going to cut a program. It is a very difficult position. You want to consult, yet it results in a level of hysteria.

Mr GRIFFITHS: I made my comments on the basis that it appeared to me from the comments of the minister and the officer that it was an internal review only. I want to reinforce the fact that the community had been invited to provide feedback on this issue.

The Hon. J.D. LOMAX-SMITH: Absolutely. We are not arguing with that. Clearly, if you are looking at a program, it is good to get everyone's views. That is not in dispute.

Mr GRIFFITHS: It appears that it is just the timing of the announcement about the future that is in dispute.

The Hon. J.D. LOMAX-SMITH: There is also some confusion. We employ many staff, and if you change their work practices you might well go into negotiation, but we do not have any record of having sacked staff. The level of misinformation is actually quite unfortunate for the staff involved, because that has probably made them more distressed than they need be.

Mr GRIFFITHS: I have made no accusation of staff being sacked, but I am aware that, out of about 200 (or a fraction over) of the number of staff involved in the aquatics program, only eight will have some guaranteed future employment, depending upon the decision.

The Hon. J.D. LOMAX-SMITH: The reality is that, as an employer and as an education service, we have the right to review our processes. The notion that you should never review anything is a very conservative one because it means that we have to carry on with the status quo. This morning I said that those programs have been in place for 30 years and were in place before the modern fax was common, let alone the mobile phone—and there are not many things that you do in the world which have gone on unchanged since before the fax was invented. I think it is true to say that schools have changed, cars have changed and even local government has

changed. It has been around a long time and to suggest that as an organisation we should never review a program is a nonsense: we have an obligation to do so.

We also have an obligation to look at a range of programs we do and to see how best we can serve the community, because when you do have reforms across the system and you have a culture which wants progressive improvement, which seeks to do things better and which seeks to spend money better, you need to review what you are doing and ensure programs are running smoothly and effectively and that they deliver. I really am surprised that the opposition would not want us ever to review anything. I cannot believe that is really true.

Mr GRIFFITHS: I have not said that.

The Hon. J.D. LOMAX-SMITH: I know; I did not believe it was true. I would never think that of you; you are a progressive.

Mr PEDERICK: In light of the minister's answer, I guess she would have viewed the report, even though it is not signed off. Can she guarantee that in some way, shape or form aquatics and music programs will survive?

The Hon. J.D. LOMAX-SMITH: I can guarantee that we will have some reform, but it would be unthinkable to imagine education in South Australia without music, and it would be unthinkable that we would not have some form of aquatics program. Certainly those programs are part of the curriculum, and many young people involved in SACE subjects are involved in those areas. These are areas which are used by mainstream schools, specialist schools and special schools. I think that the idea that we would abolish music is like saying we would abolish Christmas.

The Hon. I.F. EVANS: In the reforms which you will announce in the next couple of days in relation to both aquatics and music, is any extra cost likely to impact on families as a result of those reforms?

The Hon. J.D. LOMAX-SMITH: There is nothing in the budget relating to this.

The Hon. I.F. EVANS: That was not the question.

The Hon. J.D. LOMAX-SMITH: That was the answer.

The Hon. I.F. EVANS: I understand that. You have taken questions on music and aquatics now for 20 minutes and I am asking whether any of the proposed changes will have an impact on cost to those students.

The CHAIR: Member for Davenport, the minister did initially indicate that it was not a budget line and that it was not identified as a special program or target in any way. She has generously used this opportunity to provide information for the benefit of the committee, but it really is up to her as to how far she wants to go with answering this line of questioning which does not relate to the payments before us in any direct way.

The Hon. J.D. LOMAX-SMITH: Madam Chair, Mr DeGennaro has some additional information relating to a previous question. May I seek leave to have him insert the response into the record?

The CHAIR: Is this in relation to this matter or another matter?

The Hon. J.D. LOMAX-SMITH: Another matter.

The CHAIR: This is providing information in relation to an earlier question for which that information is now available?

The Hon. J.D. LOMAX-SMITH: Yes, thank you.

The CHAIR: I am very happy for Mr DeGennaro to provide that on your behalf.

Mr DeGENNARO: Through the minister, there was a question about the annual report and workers compensation. I believe the reference was to page 152 of the DECS annual report wherein two figures were cited: a movement in the provisions figure for 2005 of \$40 488 000, and a movement in the provisions figure for 2006 of \$18 906 000. Those figures relate to workers compensation liability in the DECS balance sheet. That liability is based on actuarial assessments and calculations. They are undertaken by Treasury and provided to agencies to value various liabilities, particularly workers compensation. That annual report and those figures reflect the actuarial valuation of those workers compensation liabilities. The result of the process in 2005 was that there needed to be an increase in the provision for workers compensation liability (the \$40.488 million) and, in the following year, there was an increase of \$18.906 million. That is an actuarial assessment of the liability.

That is different from the claims cost that we pay each year. The information is on the public record: it is page 152 of the annual report. The figures I have just cited are the result of the actuarial assessment of the outstanding liability for workers compensation.

The Hon. I.F. EVANS: Given the answer that the officer has just provided (and I thank him for that because I think, on any assessment, it is confusing), perhaps the minister could advise the committee on which budget line the workers compensation cost to the department is reflected? In the expense lines, if you look at page 9.26 by way of example, on the employee benefits and costs it mentions salaries, wages, annual and sick leave, long service leave, payroll tax and superannuation, but not workers compensation. I am interested to know where it is in the budget. It must be there somewhere. One assumes you pay a cost for workers compensation and I am just trying to find in—

The Hon. J.D. LOMAX-SMITH: I thought it was usual for the members to cite the budget line, not to ask to be given a budget line. We will take it on notice.

The Hon. I.F. EVANS: I will ask it this way then: will the minister confirm that the WorkCover expenses are in the expense line called 'other expenses'?

The Hon. J.D. LOMAX-SMITH: I will ask Mr DeGennaro to answer in which line within the budget he believes it can be identified.

Mr DeGENNARO: Through the minister, page 9.26 has a line under 'expenses' called 'other expenses' in the 2007-08 budget of \$31.039 million. That figure contains the workers compensation costs.

The Hon. I.F. EVANS: Will the minister advise how much of the \$31.039 million under 'other expenses' is workers compensation expenses?

The Hon. J.D. LOMAX-SMITH: We will have to take that on notice.

The Hon. I.F. EVANS: I will make a request for the minister to consider and I will write to the Treasurer about this. I do not think your agency is the worst agency within government in relation to workers compensation; there is a group called police and a couple of others that have some problems. But it just makes sense to me that, if the reforms you wish to make in workers compensation are to be properly analysed, there should be a separate line for workers compensation, because it must be a significant cost to the agency. We have spent two hours tonight running around this issue trying to establish where it is. It seems to me that, in future, it would make a lot of sense to have a separate stand-out line for workers compensation. If the government is serious about

reforming workers compensation within the public sector, exposing those agencies which need to work harder at it would be in everyone's best interests. I do not think your agency is the worst by a long shot, but it is a nonsense to have no workers compensation line as such.

The Hon. J.D. LOMAX-SMITH: The department will be touched to hear such kind words. Can I thank you.

The Hon. I.F. EVANS: I have got to ask it; I am sorry. Given the minister's previous answer, can anyone explain why last year there was only \$1.5 million budgeted for other expenses, which includes WorkCover—workers compensation costs?

The Hon. J.D. LOMAX-SMITH: Yes, I think we can explain that.

Mr DeGENNARO: You will see the actual numbers change through the years. You will see that the 2005-06 actual number is 24.692 million, the estimated result number is 29.949 million, and the 2007-08 budget number is 31.039 million. They are all on the same calculation basis. The 2006-07 budget figure of 1.569 had a different classification basis, which we have reformed for the estimated result. So, the 2005-06 actual number has got a consistent classification of treatment of workers comp in the other expenses line, as have the estimated result and the 2007-08 budget figure. The 2006-07 budget figure treated workers compensation costs that year and for that budget number in the salaries and wages area, rather than in the other expenses. So, for the 2006-07 budget figure the workers comp was in the salaries and wages line, rather than in the other expenses line. That is why that number is out of kilter. It is an accounting treatment difference.

The Hon. I.F. EVANS: Now it is clear we all understand it, Madam Chair. It is becoming consistently clear to all of us.

The CHAIR: We do, and if we look at the salaries line we can almost see that reflected.

The Hon. I.F. EVANS: I bet you the bloke in Treasury who designed that got a promotion.

The CHAIR: He could have given us a note.

The Hon. J.D. LOMAX-SMITH: I think it was required by Treasury.

The Hon. I.F. EVANS: That is a Treasury design if ever there was one.

The CHAIR: Having got that sorted out, does the member for Davenport have other questions?

The Hon. I.F. EVANS: Yes, we do, actually. I refer to Budget Paper 4, Volume 2, page 9.17. This is in regard to resource entitlement statements, and all schools have them. I just want to clarify that the resource entitlement statement document that I have been given from my local schools show that in the standard salary rates they already include leave loading, superannuation, payroll tax, WorkCover and long service leave. So, therefore my question to you, minister, is: are not schools already being charged a WorkCover charge against their resource entitlement statement, and was not any proposal that you consulted on about charging a further WorkCover levy doubling up? Are they not already paying or being charged, in effect, through the resource entitlement statement?

The Hon. J.D. LOMAX-SMITH: The resource entitlement statement is a peculiar art. It is difficult to comprehend when you first see it.

The Hon. I.F. EVANS: Treasury designed it, minister.

The Hon. J.D. LOMAX-SMITH: Yes; but it is explicable. I think Mr DeGennaro will explain to you again why it is an 'in/out' calculation, as he puts it.

Mr DeGENNARO: Through the minister; first, the government has determined that there will be no workers compensation levy charge on schools, as was announced this morning. Resource entitlement statements calculate the base number of students at a school and the number of staff to which a school is entitled. We convert the number of staff into a dollar value by applying a standard cost to each staff member—and that includes salary, long service leave, annual leave and other costs, payroll tax costs and an amount for workers compensation. That is the amount that we provide as a standard cost for each staff member and it is also the amount we charge the school, irrespective of the actual salary of the teacher.

So, no matter what the level of salary of a teacher, we provide the same dollar amount for each teacher and we charge out the same amount, and the same teacher is still in the school. So, for our purposes, it is just to turn the number of teachers allocated to a school into a sum for the purposes of costing. When a school buys a teacher they pay that standard sum. If they buy teachers on top of their entitlements, through whatever local decisions they are making, that is the charge. If they are running vacant positions they receive that standard cost as a cash entitlement. It is a standard cost devised in order to have a standard sum for each teacher for every school and not reflect variances in different pay rates or on-costs of teachers.

The Hon. I.F. EVANS: If the minister allows it, can the officer advise at what rate the resource entitlement statement is charged for workers compensation?

The Hon. J.D. LOMAX-SMITH: I think this relates to the accounting scheme of ‘dollars in, dollars out’. It is not a real charge. Mr DeGennaro will explain it again.

The Hon. I.F. EVANS: On the resource entitlement statement there is a salary cost and an on-cost component. The on-cost component is not broken down, and I am trying to establish what charges are being made against the resource entitlement.

The Hon. J.D. LOMAX-SMITH: Mr DeGennaro is about to explain it to you.

Mr DeGENNARO: The standard costs are advised to all schools. I have explained the standard costs going in and the standard costs being charged out to associations and others, because the same question has been asked. It is entirely a round robin between schools and DECS central office accounting. It has no impact on the number of teachers in the school; it is just a standard cost that we fund schools and then charge back out. So, if a teacher is there for a full year there is no financial impact upon the school at all. I need to add that all workers compensation costs are paid centrally by the department; schools do not pay those costs.

The Hon. I.F. EVANS: Let me put it another way, because I am new to this game; I have only been in this portfolio eight weeks and do not have the benefit of your experience. My understanding is that an assistant principal coordinator level 2 is, under the resource entitlement statement, charged \$100 123. The principal level 2 is not paid that; they are paid something less than that. The difference between what they are paid and the charge is the on-cost. I accept that all schools are paid the same. I am asking what percentage of the on-cost component is workers compensation. Is it charged at 2 per cent, 3 per cent, 5 per cent, 1 per cent?

The Hon. J.D. LOMAX-SMITH: It is a misunderstanding of the funding.

Mr DeGENNARO: The schools are not paying for long service leave or payroll tax. What the school—

The Hon. I.F. EVANS: But the resource entitlement statement is charged that, isn't it?

The Hon. J.D. LOMAX-SMITH: The resource entitlement statement is not a charge to the school; it is an allocation.

The Hon. I.F. EVANS: Okay, it is allocated against the resource entitlement statement. Let me just clarify it for the minister. The minister's own document states:

The 2007 standard salary rates have been adjusted to reflect the new enterprise agreements, salary increases and variations in the average salary for each category. The 2007 standard salary rates include leave loading, superannuation, payroll tax, WorkCover and long service leave oncosts.

At what rate has WorkCover been included?

Mr DeGENNARO: Another way to look at that resource entitlement statement is to remove the dollar column and just allocate a principal. The dollars have no bearing on the allocation of staff. It is in order for DECS to identify the total cost of the allocation of staff. We pay salaries and payroll tax centrally. Schools are funded based on the number of staff entitlements they have. Schools are not paying the costs of long service leave, payroll tax and workers compensation. It is an attribution to try to get to a standard cost for staff members in a school.

The Hon. I.F. EVANS: Okay. I will come about it a different way.

The CHAIR: The member for Davenport may need to go to a SASSO training program for governing council members if we are to have any chance of his understanding this.

The Hon. I.F. EVANS: I have actually been on a number of school councils—six, from memory. A lot of school councils contact me and say, ‘What does this mean?’ They are very upset that the department might have been double dipping with the WorkCover proposal. If the minister allows, can the officer advise us what is the percentage of oncosts that is charged in total that makes up the salary paid and the salary allocated to the resource statement?

The Hon. J.D. LOMAX-SMITH: I do not think the member has listened. This is an attributed value for a staffing model: it is not an oncost.

The Hon. I.F. EVANS: What is the attributed value of the oncost? What is the percentage? Somewhere in the department there must be a document that says a teacher gets the salary and the department will allocate an oncost to that salary against the resource entitlement statement, and a breakdown of that oncost will be allocated.

The Hon. J.D. LOMAX-SMITH: We cannot give you a more specific answer because you are asking a question that will not accept the response we keep giving you. We will write down the answer and see whether that is any better. We will take the question on notice and try to explain but, failing that, the chair is correct, SASSO does have some really good training programs.

The Hon. I.F. EVANS: Well, I will ask another question if that is the sort of answer the minister wants to give. I will give you a specific example, and you can provide an answer in writing, minister. Let's take the position of assistant principal, level 2. In the resource entitlement statement for 2007, the standard rate for that position is \$100 123. Can the minister please advise in writing how much of that amount is allocated to leave loading, superannuation, payroll tax and WorkCover (it is referred to as WorkCover in the minister's own document, not workers compensation, so I will use

WorkCover), and how much is allocated to long service leave oncosts within that figure? Can the minister also advise whether those rates are consistent for all positions referred to on page 33 of the resource entitlement statement?

The Hon. J.D. LOMAX-SMITH: The answer is the same as the last time. It does not matter what the headline figure is, the answer will be the same.

The Hon. I.F. EVANS: Minister, I do not know whether you are charging 30 per cent, 10 per cent or 5 per cent overhead. As minister how do you know whether you are getting good value for your workers compensation dollar unless you know what allocation you are making against the resource entitlement statement?

The Hon. J.D. LOMAX-SMITH: These are attributions for the cost of a teacher in the resourcing entitlement—

The Hon. I.F. EVANS: Will the minister agree to provide in writing answers to the questions I have just provided?

The Hon. J.D. LOMAX-SMITH: Three questions ago I explained that we will take it on notice and write down an explanation so you can understand the resourcing entitlement system, and we will try to explain it. The same answer has been given to each of the questions. You had a headline figure of a different sort of teacher. You had a principal 1 and a principal 2, and someone else.

The Hon. I.F. EVANS: It is the same example every time.

The Hon. J.D. LOMAX-SMITH: It does not matter which starting point you have, the answer will be the same, and we will write it down.

The Hon. I.F. EVANS: Will that include the question I asked one or two questions ago, not three questions ago?

The Hon. J.D. LOMAX-SMITH: We will write it down.

The Hon. I.F. EVANS: For that question?

The Hon. J.D. LOMAX-SMITH: It is the same question.

The Hon. I.F. EVANS: But, for that specific question, will you write it down?

The Hon. J.D. LOMAX-SMITH: It is the same question.

The Hon. I.F. EVANS: Will you write it down for that specific question?

The CHAIR: Order! The minister has undertaken to provide information that she believes addresses the questions asked, and she will do so by 7 November. Is that correct, minister?

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

The Hon. I.F. EVANS: Sorry, 7 November? Seventh of what date?

The CHAIR: It is 7 September.

The Hon. I.F. EVANS: September. I thought you said November.

The CHAIR: Sorry, I did say November but I meant September.

The Hon. I.F. EVANS: The minister accused me of not listening, but I thought I heard that. Again, on the same budget line—

The Hon. J.D. LOMAX-SMITH: Which budget line was that?

The Hon. I.F. EVANS: It is 9.17.

The Hon. J.D. LOMAX-SMITH: That is a page, not a line.

The Hon. I.F. EVANS: Budget Paper 4, Volume 3.

The Hon. J.D. LOMAX-SMITH: But which line?

The Hon. I.F. EVANS: The expense line.

The Hon. J.D. LOMAX-SMITH: There are several.

The Hon. I.F. EVANS: That is right; pick one. Minister, you sat here and said to us that WorkCover is under other expenses. How do I know what is under other expenses?

The Hon. J.D. LOMAX-SMITH: Well, I do not know what the question is and, if I do not know what the question is, I cannot guess which line it is.

The Hon. I.F. EVANS: If you let me ask the question, you can tell me.

The Hon. J.D. LOMAX-SMITH: No, it is your job to tell us the line: it is not my call.

The Hon. I.F. EVANS: I am telling you it is under employee wages and salaries costs, and that is in relation to 10-year tenure. Does the minister support the continuation of the 10-year tenure system, and does the minister guarantee to keep it?

The Hon. J.D. LOMAX-SMITH: I cannot find a line that says employee wages.

The CHAIR: It is not related.

The Hon. J.D. LOMAX-SMITH: And it is unrelated to anything in the budget.

The Hon. I.F. EVANS: Hang on a minute. The teachers are paid salaries and wages based on—

The Hon. J.D. LOMAX-SMITH: A normal budget line which says salaries and wages.

The Hon. I.F. EVANS: There is not a budget line that says salaries and wages—

The CHAIR: Order! The question—

The Hon. I.F. EVANS: I just want to check it, because I reckon in a state budget there will be a budget line that says salaries and wages.

The CHAIR: Order! The question as I heard it was related to the tenure system, which is not related to salaries and wages.

The Hon. I.F. EVANS: Actually, it is, Madam Chair. You have been an industrial officer in your time, and you know that, as industrial conditions change, the salaries and wages costs change and therefore it will have an impact on salaries and wages. That is why I am asking a question under that line. Are you seriously saying I cannot ask a question on 10-year tenure in this budget?

The Hon. J.D. LOMAX-SMITH: There is no budget line which says wages and salaries on page 9.17.

The CHAIR: I think a question relating to changes and conditions is one for question time.

The Hon. I.F. EVANS: We will go to page 9.26, minister. We have found a line that says salaries and wages. I am asking: does the minister support the 10-year tenure process and guarantee to keep it?

The Hon. J.D. LOMAX-SMITH: There is nothing to do with tenure in a wages budget line.

The CHAIR: The question is not an estimates question. It is a question that can be asked in the house at any time. That sort of information can be sought of the minister as a general question. It does not specifically relate to estimates.

The Hon. I.F. EVANS: I will ask it this way, then. In the expenses of your department, there are costs associated with the administration of the placement of teachers. Do you think you would save much money in those costs—any money—if the 10-year tenure system was abolished?

The Hon. J.D. LOMAX-SMITH: That is a hypothetical question and unrelated to a budget line.

The Hon. I.F. EVANS: Madam Chair, I cannot believe that you are going to disallow a question on a matter that is clearly within the budget somewhere. This is not a criticism of the minister. I understand you cannot go down to every

detail of every industrial agreement in the budget, but everyone knows industrial agreements affect salaries and wages. There have been media reports that the government is in negotiations with the union to have appointment for life and abolish the 10-year tenure. If you are denying the opposition the opportunity to ask questions here on that process, I think that is unfair and ridiculous.

So, I ask you to again rule whether I am able to ask a question on that matter, because in every one of the budget sections—R to 2, 3 to 7, 8 to 12—there are costs for the administration of the 10-year tenure system, but they are not identified line by line and neither they should be. However, you must be able to ask questions on the cost of administering the teacher placement system.

The CHAIR: Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. The overarching purpose of estimates is to query the budget. It is not to ask any question relating to the operation of any agency or any government policy and so on. The minister has assured us that there is not a specific line. The minister has answered the question as it relates to these budget papers, on my understanding, which the minister may wish to confirm. The fact that there is not an item relating to it in this budget paper simply means there are other opportunities for you to ask that question and not this one. Does the minister wish to add anything?

The Hon. J.D. LOMAX-SMITH: This relates to industrial relations, and the cost of employing teachers is not likely to be different on whatever tenure they are employed. There is no budget line that relates to the cost of employing teachers or their tenure. It is not relevant to a debate on budget lines.

The Hon. I.F. EVANS: So, there is no cost in the budget of administering the 10-year tenure system?

The Hon. J.D. LOMAX-SMITH: Industrial relations issues are a different matter and not related to the budget lines.

The Hon. I.F. EVANS: It is wrong; she's on the record. On page 9.17 of volume 3, under 'expenses', which includes employees' benefits and costs, can the minister advise how many employees are involved in administering the placement system of teachers?

Mr ROBINSON: All the teaching staff are permanent employees of the department. As alluded to before, people are employed at different levels in the system. We have some contract staff as well, but the bulk of the teaching staff are permanent employees and the costs associated with those staff essentially are the same, irrespective of their tenure in any one school. This is about a process where after 10 years they go to a different school, but each year in the system there will be quite a lot of turnover between schools and staff will move from one school to another and there is a whole overarching cost associated with administering that system. It will be very impractical to be able to identify any precise figure on the administration of one small element of a total staffing system.

The Hon. I.F. EVANS: I understand that, with due respect to the officer. I did not want to ask that question but I was trying to establish how much you expect to save by abolishing the 10-year tenure system. There are media reports that you are negotiating that with the union, and clearly there would be a document somewhere in the agency saying, 'Have we got a deal for you minister: we can save you X, Y, Z dollars.' I was trying to establish it. There would be a big cost

saving if the department abolished the 10-year tenure placement system.

The Hon. J.D. LOMAX-SMITH: Can I just say, Madam Chair, that this is going off on a tangent about something that does not exist, is not on the policy agenda and is nothing that is tangible or—

The Hon. I.F. EVANS: Not being negotiated or discussed?

The Hon. J.D. LOMAX-SMITH: It is not anything that I have ever discussed. The reality is that, if the member for Davenport were the minister, it might be his policy agenda. However, this is an irrelevancy and does not match a budget line. It is not a budget saving. It is not a budget proposal. It is not delineated in any of the budget documents, and it is totally irrelevant.

The CHAIR: Do you have anything to add, minister?

The Hon. J.D. LOMAX-SMITH: I think that Mr DeGennaro understands where this issue came from, because it was raised in one of the discussions he had with some stakeholders.

Mr DeGENNARO: In discussion with stakeholders about unattached teachers, and through a series of meetings, we have been talking through the processes of placing teachers. In one of those discussions, we talked conceptually about the 10-year rule. However, that was on the basis that there was no policy proposal, no recommendation, no advice to the minister and, indeed, no endorsement or approval from the minister for any change in the existing policy. So, it was a discussion with stakeholders about the concept and the generality of the 10-year rule. However, we did it as a department in a general discussion in consultation with stakeholders. Again, I confirm and repeat that the minister has never been advised of, endorsed or approved that concept or that proposal.

The Hon. I.F. EVANS: I refer to page 9.20 of Budget Paper 4, Volume 2. This question is in relation to the government's claiming to fund students to certain levels. I am trying to establish how exactly these figures are established. It might seem basic to you and the officers, but I want to try to clarify exactly how these figures are established. The way I understand it is that year 11 and 12 students are funded to the tune of \$14 665; years 8 to 10 to \$13 748; years 3 to—

The Hon. J.D. LOMAX-SMITH: Did you say page 9.20?

The Hon. I.F. EVANS: I am coming to that.

The Hon. J.D. LOMAX-SMITH: You are talking about something that is not on that page.

The Hon. I.F. EVANS: I do not want to give you six pages, so I have given you just one as a reference by way of example. There are four different funding levels of students in the budget documents so, rather than giving you four pages, I have given you one as a reference. I will explain the question. For years 8 to 10 it is \$13 748 per student; for years 3 to 7, it is \$10 800 per student (which is the page I referred to); and for years R to 2 it is \$11 783 per student. I note that the language is careful in that it refers to 'school students'. I want to check whether these costs I have quoted include any of the sub-programs of 1.1, which is early childhood education and care, birth to preschool, or sub-program 1.2, the preschool services. I assume that they are not school costs and therefore not included in those calculations.

The Hon. J.D. LOMAX-SMITH: Do you include preschool in formal schooling costs?

The Hon. I.F. EVANS: I want to make sure that, when the budget documents talk about years R to 2, those costs do

not include any of the students in preschool. I know that it is a simple question and that logic says that they should not; I am just making sure that they do not.

The Hon. J.D. LOMAX-SMITH: That is right. The problem is that the preschool debate is confused, because in some places it is called 'prep' and in others it is called 'preschool' or 'reception', whereas our preschool is the year two years before year 1. However, I understand that in some states preschool is the year before year 1. It is very confusing, but you are quite right: in South Australia preschool is two years before year 1 or one year before R.

The Hon. I.F. EVANS: On the same budget line, the budget papers say that the government, on average, spent \$11 204 per student. Is that figure calculated in exactly the same way as the average expenditures per student in 2001-02? If not, how are the calculations different? The minister keeps referring to a 2001-02 figure, so I just want to make sure that we are comparing apples with apples.

The Hon. J.D. LOMAX-SMITH: Some of the 2001-02 figures are not apples. Clearly, the department has had a different configuration, so that some of the staffing numbers or a whole range of overall budgets that you might wish to quote are clearly not in the same category because DETE existed before DFEST and DECS, but I understand that these costings have been properly audited.

Mr ROBINSON: Yes. The figures you are talking about—there is a figure for R to 3, one from 4 to 7 and one from 8 to 12. Those figures reflect the overall costs per student in the system for providing different stages of schooling in South Australia.

The Hon. I.F. EVANS: The 2004 Australian Productivity Commission's report on education states:

Expenditure data presented for the 2004 report onward are not directly comparable with data presented in earlier reports for three reasons:

1. Data presented in the 2003 and earlier reports included recurrent grants made by the Australian government for capital expenditure.
2. They excluded notional user cost of capital. . . for state and territory governments.
3. Data presented in the 2001 and earlier reports were recorded using cash based accounting principles.

These changes mean that reported expenditure by the Australian government in 2001-02 to 2003-04 on both government schools and all schools will be lower than in 2001 and earlier years, and expenditure by state and territory governments on government and all schools will be higher. Do any of the figures that the government is using—the \$11 204 per student, the extra \$708 and the \$3 606 more being spent per student now than in 2000-01—include a notional user cost of capital and, if so, what is the amount in each of those figures?

The Hon. J.D. LOMAX-SMITH: It does not matter which way you cut the issue. We have significant numbers of extra teachers in junior primary schools and we have smaller class sizes. We have a \$35 million literacy program, a \$10 million behaviour strategy, we have trade schools, SACE and children's centres. Whichever way you look at it, there is more money going into education. It does not matter how you compare year by year, but each year more dollars go in. That is irrefutable. There is no area for negotiation or argument. Every year more money goes into capital works. Even the maintenance budgets have gone up, and the project costs have been very generous in terms of school pride strategies and better school strategies that we have had over the years. So, unequivocally, there has been more money

going into education. I am informed that all those numbers have gone through the right accounting process. As you will realise, this is quite technical and I will have to take the advice of the people in Treasury about these numbers, but I have every reason to believe that they are accurate.

Mr DeGENNARO: Our budgets are accrual based. These program cost estimates are based on the accrual budget and, therefore, there will be an element of depreciation, and that is a proxy for the using up of assets. The Productivity Commission uses other methodology, which is not what budgets are based on. I just confirm that our cost of programs here includes the depreciation aspect, which reflects the consumption of assets.

The Hon. I.F. EVANS: The minister has claimed that the government is spending \$3 606 more per student this year than in 2001-02. The minister made comments to the effect that there were some differences in the 2000-01 calculation because of the structure of the department.

The Hon. J.D. LOMAX-SMITH: I was just explaining that you cannot compare all the figures directly, because there were different structures. Clearly, when you look at some of the data in our annual reports, it is difficult to quantify the number of executives, the number of staff, the buildings or the assets because, of course, the department was split. However, the numbers to which I referred have been calculated through Treasury, and I can only presume that they are accurate, because they have been checked many times.

The Hon. I.F. EVANS: I accept the fact that the minister may think they are accurate, but if they are not comparable, as she has just said, I question their value. I have no doubt that Treasury is saying to the minister that there is \$3 606 difference in spending, but if one cannot directly compare the method of calculation of the figures, what is the value of them?

The Hon. J.D. LOMAX-SMITH: I think that you might wish to undermine the investment. You might wish to portray the education department as having not received funds. You might like to deny that we have invested money in children's centres. You could be a denier of the fact that we are building trade schools. You can claim that we are not reviewing SACE. You can suggest that we have not employed more junior primary teachers. You can claim that we have not invested in the junior primary sector and the birth to five age range. You could suggest that we have not introduced the Premier's reading strategy. But it would not be true: it patently has occurred. It does not matter which way you attack it: the money has gone into the department.

The Hon. I.F. EVANS: I have never made any of those statements, but it was an entertaining minute. How much of the extra \$708 figure that the minister is using is simply the increased cost of the enterprise bargaining agreement?

The Hon. J.D. LOMAX-SMITH: I was asked that question last year, and the fact remains that I think it was a 14½ per cent enterprise agreement over the cycle, and there was a 38 per cent increase in funding. So, clearly, salaries play a part. However, the salaries are only a lesser part of the equation. I am informed that the enterprise bargaining agreement accounts for \$54.9 million out of an increase of 127.20 over last year.

The Hon. I.F. EVANS: So, that is about 40 per cent. I cite page 9.17 as a reference, but it is not that relevant. I again raise the issue that we talked about before the dinner break of the 'floating teachers', as the minister described them in her press release of 14 June. I am trying to establish what you mean by 'floating teachers'. Are they totally made up of

temporary placed teachers? If not, what else are you including in the description of 'floating teachers'?

The Hon. J.D. LOMAX-SMITH: I think you are referring to matters in last year's budget.

The Hon. I.F. EVANS: There are still floating teachers in the system this year.

The Hon. J.D. LOMAX-SMITH: But they are not part of the budget—

The Hon. I.F. EVANS: They are not budgeted for in this budget? Is that what you are saying?

The Hon. J.D. LOMAX-SMITH: They are not listed as an item here.

The Hon. I.F. EVANS: Neither are permanent teachers; and neither are principals; and neither are school SSOs. They are all under 'salaries and wages'. So, pick a salaries and wages figure; the question is the same. It was page 9.26, I think, before. In there somewhere is a figure for a floating teacher, however you describe them. I am just trying to establish precisely what you mean by floating teacher.

The Hon. J.D. LOMAX-SMITH: The matters were part of the budget announcement last year.

The Hon. I.F. EVANS: And they are carried forward to this year, are they not?

The Hon. J.D. LOMAX-SMITH: There is no specific issue in here that can be highlighted.

The Hon. I.F. EVANS: Do any of the salary and wages go to what you would describe as floating teachers?

The Hon. J.D. LOMAX-SMITH: Elements within that number comprise all of the employees.

The Hon. I.F. EVANS: Including floating teachers?

The Hon. J.D. LOMAX-SMITH: That is our employee list.

The Hon. I.F. EVANS: What does the minister mean when she describes 'floating teachers', as she did in her press release of 14 June this year?

The Hon. J.D. LOMAX-SMITH: They are the same as those in the September press release. They were the unattached teachers, the number of which we are fortunately reducing by appointments in schools.

The Hon. I.F. EVANS: Are they totally made up of temporary placed teachers, or are there other descriptions that you would put in there?

Ms EVANS: There is a small number, who are permanent teachers within our service for various reasons, including geographical reasons and particular curriculum specialities, who are unable to be placed in a permanent position. They are sometimes placed in schools in a supernumerary position, or, sometimes, where they are full-time teachers, placed against a part-time position, and central office picks up their salary for the top up. These numbers vary throughout the year. I think that that is what the minister is referring to as floating teachers.

The Hon. I.F. EVANS: Schools such as Adelaide High School and North Adelaide Primary School have written to me, concerned that you are going to change the system in relation to these teachers and ask the schools to pick up more of the cost. Is that being ruled out as part of today's announcement, or is that still up for negotiation?

Mr ROBINSON: The discussions that have been held with stakeholders have included this issue. Schools get an allocation, as we have been talking about before, to cover the cost of staff, based on their overall student numbers. We are having discussions with stakeholders about reducing the number of unattached teachers, so they are placed in the available jobs that exist in the system. We will have fewer

unattached teachers in the system and all of the teachers gainfully placed in a school. So, when schools say they are going to have a cost, it is not really an additional cost; it is about taking one of these unplaced teachers instead of another teacher from the ranks of available teachers. So, it is about ensuring that these unplaced teachers all have a permanent placement in a school, rather than remaining as an unattached teacher, which involves a cost, but there is also a productivity loss to us because they are not teaching fully if they are in that situation.

The Hon. I.F. EVANS: Just so that I can write back to Adelaide High School and allay their fears, Adelaide High School has written to me saying:

Unplaced teachers: Increased costs to schools (from 15 to 30 TRT days per term), 19 000 extra on 2007 figures—\$38 000 in total per year.

Would I be correct in writing back to them and saying that there is actually going to be no extra cost?

The Hon. J.D. LOMAX-SMITH: I think it would be worth mentioning that the matters you are describing are from last year's budget. There is no budget line attached to them this year. They are not mentioned in the budget documents; however, there is a process of consultation going on and that process will continue.

The Hon. I.F. EVANS: In relation to the energy and water savings that you are also consulting on—

The Hon. J.D. LOMAX-SMITH: Also last year's budget savings.

The Hon. I.F. EVANS: Also carried forward in this year's budget figures.

The Hon. J.D. LOMAX-SMITH: Related to the budget documents?

The Hon. J.D. LOMAX-SMITH: Is the minister honestly saying to the committee that nowhere in the budget documents are there estimates of the savings announced last year—the figures do not carry them; there are no savings from last year?

The Hon. J.D. LOMAX-SMITH: As far as I know there is no mention of water and electricity savings in the budget.

The Hon. I.F. EVANS: I understand that, but the reality is that, if savings were announced last year to go over four years, I think it is a fair assumption that in the budget figures there are estimates of the savings, and I am only trying to ask the question on behalf of Adelaide High School. I am quite happy to write back saying that you would not accept the question, if that is the decision of the minister. I am just trying to establish how this is going to work, because Adelaide High School—and this would be of interest—has written saying that in relation to energy it is being consulted that schools may be expected to reduce consumption by about 25 per cent on the 2001 usage. What they say about implications for the Adelaide High School is that it will be a \$40 000 per year extra cost if the reduction target cannot be met. The letter further states:

The school is used after hours by the School of Languages and we have no control over their use of power and water. Since 2000-01, all the classrooms have been air-conditioned and the ovals have been refurbished. A fourth oval is being developed—

at the extra cost of \$40 000. I am wondering how you are going to make adjustments. Are you going to do this school by school based on what improvements have been made to the school since 2000-01?

The CHAIR: The member for Davenport, again, you have not identified a budget line and I remind you that this is not an opportunity for asking questions on any matter relating to

the operation of the department. The minister may be able to provide information but she may also welcome a letter from you on the matter to which she might reply in the normal course of events. Minister, are you able to provide any information at the moment?

The Hon. J.D. LOMAX-SMITH: I think that I have described the energy and water savings target previously. This was, as the member knows, the same issue; it was in last year's budget. Clearly, there are still consultations going on about achieving these targets, and there are grants available—grants going to many schools.

The Hon. I.F. EVANS: Does that come out of the grant line?

The Hon. J.D. LOMAX-SMITH: There are grants available. I explained the ESD grants, and those sorts of grants will go to schools to allow them to have energy audits and some minor refits. Some of the schools you have named have applied for those grants.

The Hon. I.F. EVANS: One last question on the temporary placed teacher: if schools are staffed on a formula, who pays for the temporary placed teacher placed at the school?

The Hon. J.D. LOMAX-SMITH: I will ask Ms Evans to answer that.

MS EVANS: The vast majority of our teachers go into online positions. So, even though they might be permanent, they are placed in temporary positions that are actual vacancies and, therefore, funded by the school.

The Hon. J.D. LOMAX-SMITH: I place on the record one matter. I said earlier that I thought the EB was 14.5 per cent. I understand that it was only 14 per cent. I am sorry; I make a correction. The enterprise agreement from 2005 to 2007 was 14 per cent, not 14.5 per cent.

The Hon. I.F. EVANS: I want to ask a question about a matter about which I wrote to the minister in relation to guidance officers. This comes under 'salaries and wages', because it relates to a back payment.

The CHAIR: The honourable member is drawing a very long bow. The minister may be able to provide some information, or it may be something she will reply to in due course.

The Hon. I.F. EVANS: This relates to salaries and wages, and I thought that, being a strong industrial officer, you would back me on this, Madam Chair. Why does the minister believe that all former guidance officers grade 2 employed by the education department as at October 1991 should not have been treated equally as a group when the government advised them that for reclassification purposes they would, and why does the minister believe that all former guidance officers grade 2 employed by the education department as at October 1991 should not receive back pay for the period 1 October 1991 to the date of the individual separation, and adjustment to the individual superannuation payout and an adjustment to the individual separation packages?

To explain it further to the committee, in October 1991 the position of guidance officer grade 2, through award restructuring, was implemented into the professional services stream at PSO2 level. Applications for reclassification to PSO3 were submitted in September 1992. In September 1993 they were advised that the appeal was not approved. In October 1993 a review of the reclassification decision was requested by the guidance officers. They were told by the then commissioner of public employment that their application would be heard as a group. They appealed to a tribunal. An independent consultant's report was commissioned, and that report stated:

The remuneration at PSO3 level would be a fair and reasonable outcome at award restructuring. . . the group has been treated as a whole and it would be inappropriate to consider them on a case-by-case basis.

The committee should be aware that 11 officers have received back pay and six officers have not.

The CHAIR: That was a very interesting question, but I cannot see that it is relevant to estimates. Nevertheless, the minister may care to respond.

The Hon. I.F. EVANS: It will have to come out of the salaries and wages line if they pay it.

The CHAIR: My question to the minister is: why did Flaxmill get 17 copies of *The Mouse That Roared* and Lonsdale Heights get only 15? It is an equivalent question. The minister may care to answer.

The Hon. J.D. LOMAX-SMITH: This is a fascinating archival issue, and it really exposes the member for Davenport as a frustrated industrial advocate. I must commend him for his enthusiasm in retrieving this matter after it has been through various iterations in the time when his party was in government. It is still a matter where there is clearly disagreement. However, it is an industrial matter and not appropriately discussed in estimates.

The Hon. I.F. EVANS: Is the minister prepared to meet with representatives of the group concerned to try to resolve the matter?

The Hon. J.D. LOMAX-SMITH: Absolutely not.

The Hon. I.F. EVANS: Fair enough. That says something.

The CHAIR: And, minister, can you tell me how many books Lonsdale Heights is getting?

The Hon. I.F. EVANS: Madam Chair, you can treat this with humour, but these people have been duded. These people have been duded, and I am allowed to ask the question.

The CHAIR: That is the issue. It is not an estimates question. There are other avenues for you to raise this matter with the minister.

The Hon. I.F. EVANS: You go back through estimates and look at the questions that have been allowed over the years, and that is clearly within the gamut.

The CHAIR: Member for Davenport, this is not an estimates question. Please proceed with estimates questions.

The Hon. I.F. EVANS: Minister, you have mentioned today your WorkCover announcement, and I think we have established that workers compensation is in the budget. You mentioned the schools having to meet targets as laid out in the strategy, Safety in the Public Sector 2007 to 2010. Will the measures of the success of it be done on a global basis or will it be done site by site? How will they be judged against those targets. For instance, some of the targets are: total new workforce injury claims to reduce the number of all claims by 20 per cent or more in new claims by 2009-10 from the base year 2005-06; from the base year 2005-06 to reduce by 20 per cent or more all new claims frequency. What I am trying to establish for the schools is whether that will be judged site by site or will you take a global sweep of the department?

The Hon. J.D. LOMAX-SMITH: The phrase 'global' has a slightly idiosyncratic term in education circles, but the department takes its workers compensation responsibilities seriously. As an employer of a very large workforce, it is our responsibility to reduce injuries, hardship and illness. I think that, as a large employer, we take our obligations, properly,

very seriously and we would want to achieve the targets across government and we will strive to do that.

The Hon. I.F. EVANS: In relation to Safety in the Public Sector, which you are now tying all schools to—

The Hon. J.D. LOMAX-SMITH: Which budget line is it?

The Hon. I.F. EVANS: It is under 'Other expenses'. Workers compensation is under 'Other expenses'. We established that earlier, you might recall, except for the 2005-06 year where it was only \$1.5 million because Treasury did it differently, but for 2004-05, 2006-07 and 2007-08, it is in the 'Other expenses' line. I am trying to establish the difference between the number of claims and new claims frequency?

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

The Hon. I.F. EVANS: That is what I thought you would do, because I could not understand it either.

The Hon. J.D. LOMAX-SMITH: While the honourable member is considering a budget line, we might bring forward that answer from Ms Evans, who can explain that succinctly.

Ms EVANS: The number of claims, the number of open claims or live claims, might be of long duration. The number of new claims, the new claims frequency is just the new claims that come on.

The Hon. I.F. EVANS: That is my point, with due respect to the officer. In this document called 'Safety in the Public Sector' to which all the schools will now be tied, it has two objectives: one is about new claims frequency and the other one is about new claims. I am trying to work out the difference. I think you have just advised us that they are the same.

Ms EVANS: Sorry, I misunderstood your question.

The Hon. I.F. EVANS: Are they the same?

Ms EVANS: No, they are not the same.

The Hon. I.F. EVANS: What is the difference between new claims and new claims frequency?

Ms EVANS: I think I will take this on notice.

The Hon. I.F. EVANS: Minister, I refer to the funding per student on pages 9.24 and 9.25. The way I understand the \$14 665 figure is that you take the total expenditure of sub-program 3.3—\$274.905 million—and divide it by the number of students—23 307—to get a figure of \$14 665. Those calculations do not work out in any of the sub-programs that identify government funding per student. I am wondering how the department establishes the figure of \$14 665 on page 9.25. The reason I think that it is the sub-program cost divided by the students is that footnote (g) says that that figure is derived from the total sub-program cost divided by the number of students. I am not sure how they have reached that figure because, unless my calculator is wrong on all three of them, none of the figures match.

The Hon. J.D. LOMAX-SMITH: Perhaps you are using the wrong ones.

The Hon. I.F. EVANS: What numbers should I have been using, rather than those in the budget papers, minister? Do not tell me they are not in the budget papers.

The Hon. J.D. LOMAX-SMITH: No, they are, but you are miscalculating. Mr DeGennaro will explain.

Mr DeGENNARO: What we do in putting together the Portfolio Statement, as you will see on page 9.24, is to provide the net cost of the sub-program. Again, this is a Treasury requirement in compiling a portfolio statement. The net cost of the sub-program is published and that is the revenue minus expenses, so it is the net cost of the program.

Note (g) shows that the calculation of the total funding for government schools per student is based on the total sub-program cost. It is the gross expenditure divided by the number of students; whereas, on a previous page, the net cost is the net cost of the program to the government. The calculation uses a total sub-program cost, a gross expenditure, which is the logical thing to do, as that is what is expended in relation to students in those schools in those year levels, divided by the number of students in those year levels.

The CHAIR: Is that as the result of accrual accounting?

The Hon. I.F. EVANS: Sorry, Madam Chair, what line number is that? I am just wondering which line number accrual accounting is in the budget.

The CHAIR: It is understanding the difference between the net and the gross.

The Hon. J.D. LOMAX-SMITH: Sub-indices.

The CHAIR: No answer? When Mr DeGennaro was explaining the difference between the net and the gross—the total cost, at least—my question was as to why those are different. Is that a different accounting treatment?

The Hon. J.D. LOMAX-SMITH: No, it is not.

Mr DeGENNARO: The total sub-program cost, which is note (g), and divided by the number of students, is the total expenditure which is obviously spent on schools and year levels, divided by the number of students. That is the total expenditure. It is not an accounting matter, it is a gross expenditure number. The net costs of a program offset revenues. Net cost is the net cost to the government, but the gross expenditure, divided by students, is what is calculated for their spend per student.

The CHAIR: Thank you.

Mr DeGENNARO: Which is the right figure. That is what is spent on students for their education.

The CHAIR: Thank you.

Mr GRIFFITHS: As an extension of the answer provided on that question (and using the trusty little calculator on my phone) it would appear to me that the two figures multiplied actually come to \$341 million. Therefore, can you confirm there is actually \$67 million in income across this sub-program line to give a net cost?

The Hon. J.D. LOMAX-SMITH: We do not have a pocket calculator so, if you are suggesting we check it, we cannot do that. We will have to take it on notice.

The Hon. I.F. EVANS: In Budget Paper 4, Volume 3, page 9.14, I note that expenditure has dropped from \$102.447 million to \$93.243 million, even though you have 20 more attendances this year than last year. Will the minister explain that?

The Hon. J.D. LOMAX-SMITH: Can I just confirm you are on page 9.14 related to preschool services?

The Hon. I.F. EVANS: I think I am.

The Hon. J.D. LOMAX-SMITH: Is that so?

The Hon. I.F. EVANS: Yes, I believe so.

The Hon. J.D. LOMAX-SMITH: Could you repeat the question, please?

The Hon. I.F. EVANS: Last year you spent \$102.447 million, that is 2005-06 actual. This year your budget is \$93.243 million, so roughly a \$9 million reduction in expenditure. The attendances in 2005-06 were 15 230, the attendances this year are 15 250, so you are expecting more attendances for \$9 million less. I am just wondering what the explanation is.

The Hon. J.D. LOMAX-SMITH: I think it is a budgeting change. Perhaps it is best if Mr DeGennaro explains it to you. It is a different accounting treatment of the overheads.

Mr DeGENNARO: The first point to make is that there is absolutely no change in service delivery in this sub-program 1.2, preschool services. What occurred over those years, 2005-06 actual to 2006-07 budget, 2006-07 estimated result and 2007-08, is a number of changes. I will go through some types of changes. Between the actual and the 2006-07 budget numbers—so between the \$102 447 number and the \$108 877 number on page 9.14—there were changes in accounting data improvements, so we are continually improving our accounting measurement. There were changes in interest recorded against this sub-program, and there were changes in policies around interest that agencies notionally received on accounts held at Treasury. There was a grant paid in the 2005-06 figures but not in the 2006-07 budget, so there are numbers which go both ways here. Wage increases flowed through.

There was a one-off book grant payment in the 2006-07 budget, which was not in the 2005-06 actual payments, and there were other minor variations. So, those sorts of changes reconcile the 102 to 108. Between 108 and 91 there has been a change in the apportionment of overheads. With the 2005-06 actual number, the 2006-07 estimated result number and the 2007-08 budget number, they are based on the same allocation model, whereas the 2006-07 budget figure had not been based on that new apportionment process, which was based on the 2005-06 actuals. So, there has been an accounting recording improvement which has caused variations in this. That is the general explanation of that number. To give a more detailed explanation we would need to take it on notice.

The Hon. I.F. EVANS: I might have misheard: did you mention interest?

Mr DeGENNARO: Between agencies and Treasury, agencies have cash balances in special deposit accounts. Up to a certain time—and I would have to go back and check the records of when it occurred—agencies received notional interest on their cash holdings in Treasury. That was changed. There was no change in expenditure authorities or net expenditure but what occurred, from memory, is that Treasury changed the interest earning and that then changed the appropriations. So, that was an internal change between agencies and Treasury, but that does not affect the allocations across programs. So, the explanation is a number of movements and changes in expenditures but also changes in the accounting data, which is captured, and changes in the allocation of overheads across all programs.

The CHAIR: Anything to add, minister?

The Hon. J.D. LOMAX-SMITH: I do not think there is any more response that can be given to that question.

The Hon. I.F. EVANS: I refer to page 9.15. I am just interested in the interest and other finance costs that have gone from \$93 million in 2005-06 to, essentially, \$200 million this year. I assume that is simply made up of increased borrowings.

Mr DeGENNARO: This relates to the Capital Works Assistance Scheme (CWAS). There have been changes in the payments that the department makes on that scheme and, again, it is an allocation against this program, so it is a subset of the total Capital Works Assistance Scheme.

The Hon. I.F. EVANS: So that whole line is simply the Capital Works Assistance Scheme?

Mr DeGENNARO: Yes. Again, there is the apportionment of costs across programs but there has been a reduction in interest payments in the Capital Works Assistance Scheme in 2005-06 and then there was apportionment across pro-

grams. Essentially, there have been no material changes in that line. In 2005-06 there was a low interest payment and then we recorded a more standard sum in the following budgets.

The Hon. I.F. EVANS: I was going to ask you about that because the year before, 2004-05, the interest was again around the \$200 million mark, and I could not work out why it went from \$200 million to \$93 million to \$187 200.

The Hon. J.D. LOMAX-SMITH: It is a cycle of borrowing.

Mr DeGENNARO: Again through the minister, this is \$93 000 and \$200 000; not \$200 million.

The Hon. I.F. EVANS: My apologies. I have some omnibus questions to read in, if the minister is happy with that, and then we can call it a night—unless the government wants to ask any more questions. The omnibus questions are as follows:

1. Will the minister provide a detailed breakdown of the baseline data that was provided to the Shared Services Reform Office by each department or agency reporting to the minister, including the current total cost of the provision of payroll, finance, human resource, procurement, records management and information technology services in each department or agency reporting to the minister, as well as the full-time equivalent staffing numbers involved?

2. Will the minister provide a detailed breakdown of the expenditure on consultants and contractors in 2006-07 for all departments and agencies reporting to the minister listing the name of the consultant and contractor, cost, work undertaken, and method of appointment?

3. For each department or agency reporting to the minister how many surplus employees are there as at 30 June 2007 and, for each surplus employee, what is the title or classification of the employee and the total employment cost of the employee?

4. In the financial year 2005-06 for all departments and agencies reporting to the minister what underspending on projects and programs was not approved by cabinet for carry-over expenditure in 2006-07?

5. For all departments and agencies reporting to the minister, what is the estimated or actual level of under-expenditure for 2006-07 and has cabinet already approved any carry-over expenditure into 2007-08? If so, how much?

6. What was the total number of employees with a total employment cost of \$100 000 or more per employee and also, as a subcategory, what was the total number of employees with a total employment cost of \$200 000 or more per employee for all departments and agencies reporting to the minister as at 30 June 2007; and, between 30 June 2006 and 30 June 2007, will the minister list the job title and total employment cost of each position with a total estimated cost of \$100 000 or more (a) which has been abolished; and (b) which has been created?

7. For the years 2005-06 and 2006-07 will the minister provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister listing the name of the grant recipient, the amount of the grant, the purpose of the grant and whether the grant was subject to a grant agreement as required by the Treasurer's Instruction No. 15?

8. For all capital works projects listed in Budget Paper 5 that are the responsibility of the minister, would the minister list the total amount spent to date on each project?

I would like to thank the minister and officers for their conduct during the estimates committee.

The CHAIR: Minister, are you able to provide those responses?

The Hon. J.D. LOMAX-SMITH: We will take those questions on notice and provide answers together with other departments. I would also like to thank the officers as well as yourself, Madam Chair, the officers of parliament and members of the government and the opposition who attended. Thank you for your time. I am delighted that the member for Davenport showed some interest in this year's budget and

particularly looked at the trade schools. His retrospective interest in last year's budget is noted.

The CHAIR: I also thank the advisers. There being no further questions, I declare the examination of the proposed payments completed.

ADJOURNMENT

At 9.25 p.m. the committee adjourned until Thursday 28 June at 11 a.m.