

HOUSE OF ASSEMBLY**Friday 29 June 2007****ESTIMATES COMMITTEE A****Chair:**

Ms M.G. Thompson

Members:

Mr L.W. Bignell
 Ms V. Ciccarello
 Mr. S.P. Griffiths
 Dr D. McFetridge
 Mr D.G. Pisoni
 The Hon. P.L. White

The committee met at 11 a.m.

The CHAIR: Before commencing today's proceedings I advise the committee that I have received a message from the Premier asking that an advice of correction from the Acting Auditor-General be included in *Hansard*. In this case, the procedure is for me to read the matter out to the committee so that it can be recorded in *Hansard*. The letter from the Premier reads:

Re: Estimates Committee A—27th June 2007—Auditor-General's Department

I have been advised by the Acting Auditor-General, Mr S. O'Neill, that during the Estimates Committee he made an incorrect statement in response to an inquiry by the Leader of the Opposition on the subject of legal consultancy expenditure incurred by the Auditor-General's Department. The Acting Auditor-General's letter to me advising the error and the correction is attached. I would be grateful if you could advise the committee members of the correction, as well as ensuring the correction is inserted in *Hansard*.

That is signed by the Premier. The letter from the Auditor-General is as follows:

Dear Premier,

I refer to the matter of legal consultancy expenditure incurred by the Auditor-General's Department for 2006-07 that was the subject of inquiry by Mr M. Hamilton-Smith at the estimates committee hearing yesterday. In responding to this matter I stated that 'legal advice for 2006-07 was around \$130 000.' This was not correct. I omitted to include the costs of legal advice obtained in relation to review matters associated with information and communication technology contracts and an infrastructure project. Legal advice consultancy expenditure for the department for 2006-07 is \$167 000.

I wish to correct the record. I would be grateful for advice or assistance in informing the chair of Estimates Committee A associated with my attendance regarding this error and the important matter of correcting the record. I regret the fact that this occurred and apologise for my error.

The letter is signed 'S. O'Neill, Acting Auditor-General'.

Mr GRIFFITHS: I would like to raise a question here. I was in attendance that day and I clearly remember the question. However, I thought qualification was sought on the amount of legal costs involved with the issue of the Auditor-General with the Director of Public Prosecutions. There were other issues involved in that, but does the letter clearly explain how much was devoted to the DPP and the Auditor-General issue?

The CHAIR: I have read out the letter exactly. It does not attach to the Auditor-General/DPP matter. My interpretation (and it is only my interpretation) is that the response related

to the Auditor-General/DPP matter, but we would probably need to clarify that with *Hansard*. If there are any further questions I suggest you take that up with the Auditor-General and the record can be further clarified if necessary.

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

Witness:

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

Departmental Advisers:

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

Mr W. Parham, Director, Office of Trade.

Ms A. Allison, Director, Corporate Services.

Mr P. Polychronopoulos, Chief Finance Officer.

Ms M. Curtis, Senior Project Officer, Office of the Chief Executive.

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

Mr B. Pelham, Executive Director, Commercial Division.

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 change-over of departmental advisers. I have been advised of the following arrangements: 11 a.m. to 12.45 p.m., Department of Trade and Economic Development; 1.45 p.m. to 3.15 p.m., Office of Venture Capital Board, Port Adelaide Maritime Corporation and Defence Industry Advisory Board. Is that your understanding, Treasurer?

The Hon. K.O. FOLEY: Absolutely, Madam Chair.

The CHAIR: Member for Morphett, is that your understanding?

Dr McFETRIDGE: It is.

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 committee, some freedom will be allowed for television coverage by allowing a short period of filming from the northern gallery.

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

The Hon. K.O. FOLEY: Madam Chair, can I say at the outset that I am delighted to be here today. I am looking forward to an enjoyable day. I will not use the word 'lie' because it is unparliamentary, and I withdraw it. I welcome my friends from the media. I enjoyed the half hour 'Matt Abraham get stuck into Kevin Foley' session this morning. Poor old Matt, he is just sour that he does not get me on the radio program very often these days. To my good friend from the opposition, I look forward to some fun and probing questions, and the beautiful dynamics that is our democratic system.

The CHAIR: I am sure that everybody will be polite and calm.

The Hon. K.O. FOLEY: If Marty was here, I would bring him flowers.

The CHAIR: We will all be so boring that we will hear the details of the budget. We will confine ourselves to the budget lines that are open for examination, which would be novel, too. Do you wish to make an opening statement, Treasurer?

The Hon. K.O. FOLEY: That was it. Hopefully Duncan is not going to bore me witless with an opening statement, too, and we can get on to questions.

The CHAIR: Do you wish to make an opening statement?

Dr McFETRIDGE: I have a very short opening statement. I want to highlight an industry that needs to be paid a little bit more attention by everybody, not just the government. It is not the veterinary industry; that is actually going quite well. It is what is called the experience industry. The experience industry involves the arts industry, the tourism industry and sport and recreation.

This morning I read that tourism in Australia is worth \$100 billion. In South Australia, I understand it is a \$4 billion industry employing 30 000. The arts industry employs 16 500 people, as the Premier told us two days ago. I am not sure how many people are employed in sport and recreation in South Australia, but the new Greg Norman golf course development is another example of investment and how important the experience industry is. The jobs will not go overseas or off-shore, but people who, unfortunately, are taking some of our manufacturing jobs may then come and spend that money here.

The money that is being spent in the experience industry so far is one that I see as a very good investment for South Australia. Even yesterday's announcement of an extra \$9 million for AAMI Stadium, I think, is a very good decision, a good expenditure, as is the \$25 million into SACA. However, in contrast to some of the attitudes towards incentives and even grants to other forms of industry that have been referred to as corporate welfare, I think they are investments in the business of South Australia. Whether it is an individual business which is part of the bigger business is an arguable point.

I will go back to one example which has been a little controversial over the last number of years, and that is Motorola. While there were a number of issues—and I am not familiar with all the detail—I remind the committee that Motorola employed 400 people in South Australia for many

years, and my son was one of those, in Freescale. I believe that the member for Taylor's husband was an employee there, too. They put a lot of tax back into the state and I understand that the tax that was returned to the state was far more than the initial investment and, as long as that is the case, I have no problem with providing incentives.

When Motorola split into Freescale, there were 120 very highly qualified engineers there, and my son was one (he is now finishing his PhD in robotics and artificial intelligence). I think we have to be very careful here in South Australia that the Freescale experience does not repeat itself with our other high-tech industries, where 120 jobs went to India, where pay scales are obviously far less than they are here and lifestyles are nothing like we have here, for many reasons. Let us move on to the questions. I thank Mr Garrand and the Treasurer for his cooperation in the past, for getting me briefings on this relatively new portfolio. I look forward to some answers today.

I refer to Budget Paper 4, Volume 1, page 2.11, program 1, economy, strategy and policy development red tape. What initiatives does the department have in place to reduce red tape and enhance South Australia's business competitiveness, and how much will it cost to implement these measures? What is the baseline measure used to reduce red tape by 25 per cent, which is to be achieved by next year, and how will this 25 per cent reduction be measured?

The Hon. K.O. FOLEY: Can I just say from the outset that I was concerned with the opening comments of the shadow minister. I clearly respect his right to have those views, and for it to be opposition policy, but one of the very sensible policy shifts we made as a government coming into office was to end, to a large extent, what had been, in my view, a failed economic policy and a failed economic theory, that is, to subsidise industries en masse. That is not to say that we have not done it in selected cases—in a handful of cases, yes, we have—but we have cut back significantly what was a very generous and large program of providing financial assistance to corporations.

Corporate welfare is a policy that has been engaged by jurisdictions in all parts of the world, but to a large extent in the Western world, where their overall economy was not strong enough to support genuine investment. So, you subsidise genuine investment attraction by simply buying the business. I have been around long enough now, as an adviser to former governments, a backbencher in opposition and as a minister, and Trish White, the member for Taylor, who is with us today, was on the journey for most of that time as well. We have both been around long enough to have seen companies get money and go and, in one case, I can remember that they came back under another name to have another crack at it. Corporate welfare—in a sense, subsidising wages, as you talk about it—is not a productive use of taxpayers' money.

What economic development needs to be about is creating a competitive environment. You talk about Motorola, and I think Motorola is a classic case. Motorola is what I call, and which is commonly called, a rent seeker. They are companies that seek a rent (a subsidy) to locate their facility and, when that rent runs out, off goes the capital. The only anchor you have is the subsidies, and that is just not capital worth keeping. That capital is footloose and fancy free, and they can badge it Motorola or semiconductor and make it sound all whizbang, but it is mobile capital. The IT companies like Motorola, the software companies and the chip makers of this world, have been the great rent seekers, even up there with

the automotive industry, to be perfectly honest, and, when they have gone into provinces like Quebec or into China, they have got massive subsidies out of local government.

We have ended that to a large extent, and I would strongly counsel anyone who thought that the right policy of this day is to go giving payroll tax subsidies to capital. The member for Unley was in business, and I am sure he would have some views on this, but one of the problems when you give—and it took me a long time to accept this argument—footloose capital a tax break to come and set up, some bloke who has been making furniture down the road on his own does not get that tax break, yet we give a furniture maker (because we can attract him) a tax break. I think the member for Unley or a person in his position would have every reason to grumble. A lot of industries grumbled where companies would be selected quite often with competitive industries already established in South Australia, and they would not avail themselves of that tax break. So, I think it is an understandable policy for its time, and I can understand why governments did it—we did it, and I have supported it—but in a modern economy now that is so strong, robust, diverse and attractive to capital, we do not need to do it any more, and that is the policy of Business SA. Business SA's policy mirrors ours. What is good about this economy now is that, even though we have to put some assistance at the margin, we are largely moving away from this concept of payroll tax subsidies.

Incidentally, from a financial perspective, this argument that payroll tax does not really cost you anything in terms of rebates and that it is revenue forgone, is not correct. The way the commonwealth grants system works with the methodology of redistributing the GST funds around the states is that, if you give a payroll tax break, that is deemed by the Commonwealth Grants Commission as revenue you would have received. At the end of each year when they do the methodology as to who gets what money, they have a look at what royalties you have and what tax collection you get from gambling, they look at what payroll tax receipts you have, they then work out what proportion of that is redistributed to other states and, in turn, what we get back from them and, if we have given a \$5 million payroll tax subsidy to Smith Engineering, when the grants commission does its calculations, it assumes we got the \$5 million. Just because we chose to give it back to them is irrelevant.

They then redistribute—and you would know that in local government—and they then assume we got it and that it was additional revenue which they put in to their mix for reallocation, so you lose most of it anyway. It is a complex argument, but I am happy to give a more detailed briefing to the member. Anyway, it is a good discussion and debate, but I will move on.

As to the Competitive Council, what are we doing? The Competitive Council first met on 14 July 2006, and it has now met on eight occasions. The council was created to identify, develop and champion practical measures and reforms to enhance our state's competitiveness—in particular, to meet the Premier's target of reducing red tape by some 25 per cent by 30 June. A three-part program has been implemented to achieve this target. The industry red tape review will involve five industries initially; the agency level red tape review will be led by senior executive champions involving 16 agency plans and there will be the development of an integrated whole of government licensing system.

The Competitive Council has recommended the following savings targets for business: reduced time and compliance

burdens as a proxy for a 25 per cent reduction in red tape as it has not been possible to measure the baseline with any degree of accuracy within the above time frame; \$50 million per annum by December 2007 and a further \$100 million per annum by July 2008. Savings to business in reduced time and compliance burdens identified to date are provisionally estimated to total around \$30 million. These include amendments of the trade measurement regulations for wine labelling, which is valued at \$12.5 million worth of savings to the wine industry, and that recently went through cabinet; the development of an integrated e-business management system for training providers, which has saved the industry \$5.2 million; eliminating the requirement of WorkCover registration if remuneration is below \$10 000, which is an estimated saving of \$2.5 million to business; removing the need for operators of B-doubles and road trains to obtain permits and council clearance to access the local road network in South Australia, which is a saving of \$800 000 to the industry; allowing payroll tax monthly returns by electronic funds transfer, which is a saving of \$400 000; reform of EPA regulatory monitoring and testing to reduce the number of businesses required to undertake environmental monitoring, which is a saving to the industry of \$300 000.

The Business Council of Australia has recognised South Australia as one of the leading states in red tape reform. The council's report, released on 28 May 2007, 'A Scorecard of State Red Tape Reform', ranked South Australia ahead of all other states except Victoria.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.16, program 4, International Market Development regarding overseas representative offices. What is the budgeted amount for operating the overseas representative offices in 2007-08? What tangible contributions have the overseas representative offices made to trade and trade opportunities during 2006-07?

The Hon. K.O. FOLEY: That is a good question. I think the question we should always ask is: what is the utility and value of our trade offices? When we came to office we were not comfortable with the number of trade offices that had been in place by the previous government. We wound back a number of those offices. We have changed the scope of some of these offices. We have closed a number of offices. We closed the office in Hong Kong and replaced it with a very dedicated officer in Austrade paid for by the state. That officer is located within Austrade and working for us. We have also now placed a very good officer in Chennai, India, again under this model of being within Austrade's infrastructure. I think that is a good utility. There are obvious savings of rental and other things involved with an office, but having someone dedicated to our state within the Austrade network, I think, is a very good model.

These offices are expensive. The Hong Kong office, I think, had a budget of nearly \$1 million a year. We now have an officer in Hong Kong where the budget is some \$240 000; so, a substantial recurrent saving. We have an officer in Shanghai, Mr Ken Xu. Ken is an outstanding officer and provides an extremely good service to a lot of businesses well outside the Shanghai region. Also, we have a longstanding office in Jinan supporting the Shandong sister-state relationship that has been in place now for some 20-plus years. We have an office in Singapore under Mr Tay Joo Soon, who has been there since Tom Playford, I think. Certainly, he has been there a long time. I think he was appointed by John Bannon, and he has been reappointed by successive governments. Again, Singapore has been a very important marketplace for

us. It provides good utility. That office also services Malaysia. That office costs us \$850 000 a year.

We have a very good office in the Middle East. Again, those who have not been to the Middle East, I urge you to go and use the office there. Our office is headed by Nick Alister-Jones and his team. Nick does a brilliant job. I was very impressed, having taken the time to go to Dubai. I had a number of serious meetings at very high levels, and with a number of companies, in Dubai. Nick services that Gulf region. We have strategically placed officers where we think there is a degree of market failure in terms of servicing South Australia. We have put the resources in where we think they are best suited. An office was located in America which we closed and which was there under the honourable member's government. We took the view that America was too large to service properly with all the best intentions in the world; and Austrade has a brilliant network around the United States. That is then backed up by a very active, well-led and well-run Office of Trade here in Adelaide. We are doing a number of trade missions, and we are forever taking companies to the market.

Dr McFETRIDGE: This is a fairly easy question, I think, but a very important one. I refer to Budget Paper 4, Volume 1, page 2.6 under the heading 'Targets/Highlights', and the BHP environmental impact statement. When will the BHP environmental impact statement be examined and signed off, and when will the Roxby Downs mine expansion be signed off by the BHP board for the mine to go ahead?

The Hon. K.O. FOLEY: This is a very difficult question to answer. I will be cautious in what I say. A lot of it is the property of the company to make in terms of its announcements. We have in place a board chaired by prominent South Australian businessman Bruce Carter, together with executives from government and BHP Billiton. That is the body that is the interface between government and BHP. The Premier and I meet regularly with Mr Roger Higgins. We have recently met with the current CEO, Mr Chip Goodyear, and the replacement to Mr Chip Goodyear, Marius Kloppers. I had dinner with Marius recently, and he is a very impressive gentleman.

We need to put into context—and I think that BHP is the first to openly admit—that this deposit is far greater than, perhaps, BHP ever thought it was at the time of its acquiring WMC. I do not know whether I can say this with great confidence but, until a month ago, BHP was still drilling to find the outer perimeter and depth of this ore body. It is quite extraordinary. Only a company with the balance sheet and experience of BHP has the ability to exploit the resource properly. We should be very grateful and thankful that BHP was the company that acquired this asset.

Even for BHP, the world's largest mining company, it is a very difficult project to digest. It is so large. There is still, I think, a number of days and months to go until it gets its head fully around how it will digest this huge capital investment. However, to date on the advice that we have (and this needs to be viewed with an indicative frame of mind), the feasibility study will commence in 2008 subject to BHP board approval. Just bear in mind that this project does not yet have BHP board approval. This company spends hundreds upon hundreds of millions of dollars proving up feasibility before it even gets board approval. That is how serious this company is.

We hope the EIS will be completed in 2008. These timetables cannot be set in concrete. This is the latest advice I have, but it would not surprise me if these dates drift. At this

stage, the EIS is expected to be complete by the end of next year, and we hope to have a BHP Billiton board decision sometime in 2009, probably mid-2009. The advice on BHP's released analysis as recent as December 2006 is that the mine project will contribute \$2.5 billion of GSP to the state. I will have to clarify what time frame that \$2.5 billion is over, if someone is able to do that for me. There are increased royalties of around—

Mr Griffiths interjecting:

The Hon. K.O. FOLEY: No; I am just not sure whether it is 10 years, or what it is. There are increased royalties of around \$130 million per year, and, as Treasurer, I must put a huge qualifier on that. As I mentioned, we have what is called a commonwealth grants distribution system. Of that \$130 million per year of royalties, as a rule of thumb, we will probably redistribute 85 per cent of that to the other states. So, the kick for the state is probably around 10 to 15 per cent—maybe 20 per cent at best—and that is because a lot of increased GST revenue into our state is as a result of activity that has occurred in other states. In terms of the huge revenues that Western Australia gets, that state washes a lot of that back to the other states.

It is horizontal fiscal equalisation. It is where all the money is dumped into a big pool and they have a methodology as to what it costs the state to deliver a teacher in a school in South Australia, a teacher in a school in Western Australia, a teacher in the outback, a teacher in the outback of Western Australia, a teacher in Pitt Street, Sydney, Collins Street, Melbourne, or whatever, health and all that; and they have this complex system and they work it all out. Anyway, don't assume that \$130 million comes to the state budget: it doesn't—I mean, a fraction of that. The major components under consideration 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; provisions for a new airport—they are going to build an airport that can take 737s; a 270 km electricity transmission line for an additional 400 megawatts of power; a desal plant, with a 320 km pipeline; a construction camp, with at least 8 000 person capacity to be built (I have seen the site) halfway between Andamooka and Roxby Downs; new ore processing plant to quadruple the size of the existing infrastructure—it is extraordinary; and master planning of Roxby Downs township—expected to double in size.

The government's priority is to maximise the economic development benefits for the state arising from this project. Our task force is facilitating the prefeasibility study. We are working with BHP to examine environmental matters, address regulatory or legal issues and ensure that native title and Aboriginal heritage matters are properly addressed. 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 a new refreshed indenture under which the existing mine operates. These discussions will consider all aspects of the expansion project. At the appropriate time, the opposition and other parties will be brought into to be briefed. We hope that indenture will pass parliament with bipartisan support. The government will assess the EIS statement being prepared by BHP Billiton. Clearly, there will a public release—and that is about it.

Ms CICCARELLO: My question relates to Budget Paper 4, Volume 1, program 3, business growth, pages 2.6 and 2.14. Treasurer, how is the government helping South

Australian businesses to supply to major commercial and government organisations and projects?

The Hon. K.O. FOLEY: The government's industry capability network promotes and develops opportunities for South Australia and assists contractors through tendering and subcontracting processes to ensure contractors find a match with suppliers in their sectors. The industry capability network is linked to a national network of offices in Australia and New Zealand and facilitates links, knowledge transfer and process capability in the supply chain to maximise local content and replace imports. With the ICNSA's assistance, local contractors and manufacturers have shown they are capable and have been able to win contracts worth millions of dollars. As a result of ICNSA's support, one of SA's civil engineering companies, Civil and Allied Technical Construction (CATCON), will have a pivotal role in Oxiana's massive Prominent Hill mining project, after winning a contract worth \$25 million.

The works will require CATCON to expand its workforce by 20 and have approximately 75 people on site. There will be flow-on benefits to the state through sub-contractors and the provision of staff amenities and sub-contracts undertaken locally. ICNSA promoted CATCON's capability as a leading-edge provider of holistic engineering and construction services, helping them win a contract with the project. Contacts such as these enable local businesses and manufacturers to plan for expansion and employ more South Australian skilled workers. During this financial year, ICNSA has helped suppliers win more than \$47 million of construction and other contracts. An additional \$40 million in contracts from other states has been placed with South Australian based companies through ICN involvement in the originating states as a result of the national network.

The Hon. P.L. WHITE: What is the South Australian government doing to support South Australian manufacturing?

The Hon. K.O. FOLEY: Clearly, we have focused defence as a major priority for this government, and I think it has been widely recognised nation-wide and, indeed, internationally that that support is critical in driving our defence industry capability to be the leading defence industry state of the nation. We are still concentrating on the broader manufacturing sector in this state and, while the manufacturing sector is currently facing intense competition from lower cost countries and increasing globalisation, the SA government believes the sector has a strategic role as a driver of economic growth and a conduit for technological change. The government is committed to working at both the policy level with other states and the commonwealth and at the industry and enterprise level to support manufacturing in the transition process.

The government established the Manufacturing Consultative Council in 2003 to advise on manufacturing industry developments and released its manufacturing strategy 'Global Horizons: Local Initiatives' in June 2005. The Centre for Innovation was established as an outcome of that strategy in partnership with industry and all three universities—chaired by David Simmonds—to support industry in the application of innovation tools and techniques. We have also partnered with the commonwealth government to implement a largely commonwealth-funded program—though with some small support from government—a structural adjustment fund, which has leveraged over \$250 million in new investment and 1 300 jobs. In addition, a follow-up \$30 million innovation fund is currently in operation.

The industry capability network was established to provide support for companies to access domestic supply opportunities, with much of its current focus on the defence and mining sectors. I have recently led a trade mission to China. I spoke about it in this parliament. We took a number of companies with us to look at what is happening in China both from a threat perspective and an opportunity perspective; and we work closely with the automotive supply sector, together with the commonwealth and Victorian industries and government, to ensure that we are doing all we can to assist those industries and sectors. Obviously, workforce development has been a major focus for us in the manufacturing area.

We have put a \$98 million skill statement together, which is aimed at manufacturing related training programs such as the manufacturing upskilling program, manufacturing technology graduate program, manufacturing leadership development program and labour adjustment support for Holden, Mitsubishi and Electrolux workers.

Ms CICCARELLO: I refer to Budget Paper 4, Volume 1, program 9, population and migration, page 2.26. What is the state government doing to increase South Australia's population?

The Hon. K.O. FOLEY: We have been very successful and I will make some commentary about some bizarre comments that the member for Bragg (the deputy leader) made just recently in the paper. This opposition is just wonderful at coming out with some bizarre ideas. The Rann Labor government has introduced the *Make the Move* campaign to assist us in addressing population issues. The campaign aims to attract migrants into the state with a diverse range of backgrounds and skills. Our strategy has included interstate South Australian stands at career expos where members of the public can obtain information on careers that are available in our state. Through these expos, in May and June 2007 we have had 800 people register their interest in information about making the move to South Australia. We have also embarked on an extensive marketing campaign interstate where we have published lift-outs in *The Australian* reminding people why SA is such a wonderful place to live, work and study.

The interstate migration program has received over 13 600 inquiries. Recent statistics show that, for the year ending December 2006, the South Australian population growth was the highest 12-month period of growth since December 1991. South Australia's net overseas migration is at its highest level since 1972. The number of settler arrivals in South Australia from overseas in the six months to December 2006 was 5 127, being the highest number recorded. There has also been a significant improvement in the net outflow of population interstate in the year to December 2006. The net loss of people interstate was 2 765, being an improvement of some 23 per cent from 3 569 in the 12 months to December 2005. The fertility rate for 2005-06 in South Australia is the highest it has been for over a decade. The BankSA Trends report released last week supports these statistics and shows that the loss of 20-somethings is beginning to ease.

That is a very, very good story, and I would like to take the opportunity with those facts to respond to the comments of the deputy leader—the member for Bragg—in *The Advertiser* on 26 June, that the state government's *Make the Move* campaign had been a failure. It seems to me that some members in the opposition—and I am not suggesting the ones with me today—just have to complain and be negative about anything. To suggest that this campaign has been a failure is not sustained by fact; that is a ludicrous statement.

Having said that, I just want to make some more comments. As I have said, the statistics paint a different picture. But what was even more bizarre was her suggestion for an alternative. She said that it had been a failure, and somehow worked out that it costs \$75 000 per person coming into our state (which is bizarre mathematics). Her suggestion, which members might find amusing, was that instead of having the *Make the Move* campaign—which has been highly successful—we should simply offer young people \$15 000 as a grant to invest in property in South Australia so that they do not leave. I read this and I was gobsmacked.

Mr Pisoni interjecting:

The Hon. K.O. FOLEY: Okay, the member for Unley supports it. There is no costing to it. I do not know how you cost how many hundreds of thousands of dollars or millions this sort of thing would cost but, based on the ABS stats for the 12 months from June 2006, the gross figure for departures in the 20 to 29 group alone was 6 485. Ms Chapman would have to find \$97 million to fund her proposal for that year alone. I hope that maths is correct; my advisers tell me it is. How's that? The deputy leader has announced a Liberal Party policy that she would spend \$100 million a year by giving grants of \$15 000 to anybody who is going to move. Have you heard of a sillier policy? Can I ask: how do you know someone is going to move until they move? Do you know what I reckon I would be saying to my kids? 'Hey, kids, I've got a good one here for you. Just say you're going to shift to Melbourne, and the government will give you 15 grand.' I would be tempted to get them in on that lurk. I mean, what a bizarre policy. The shadow finance minister is with us. Do you support that policy?

Mr GRIFFITHS: I wasn't aware of it.

The Hon. K.O. FOLEY: He wasn't aware of it. Boom boom. The shadow minister for finance was not aware of Vickie Chapman's announcement that the opposition is going to give \$15 000 to anyone who is prepared to leave. Now, I have only said the 20 to 29 year group.

Members interjecting:

The Hon. K.O. FOLEY: It is not a policy. Madam Chair, she said in the press—

Mr PISONI: Point of order, Madam Chair: the Treasurer is not qualified to speak on Liberal Party policy.

The CHAIR: That is not a point of order. Treasurer, please proceed.

The Hon. K.O. FOLEY: Madam Chair, what I am saying is that, in the context of budget estimates committees, it is an eminently appropriate point to make that the Deputy Leader of the Opposition is on the public record as saying that it had been 'a failure', and suggesting that we should offer people \$15 000 each to stay. That will cost \$100 million. That is just between 20 and 29. Is a 30 year old a young person? Is a 19 year old a young person? You could probably chuck in a few more there. I say to the shadow minister for finance that you had better get a grip on your outfit because they are all out there doing this. They are all out there making these promises. You have just admitted you have never heard of the policy.

Mr GRIFFITHS: It's not a policy.

The Hon. K.O. FOLEY: It is not a policy—so, therefore, the opposition can make grand statements, but they are not a policy. I have news for you, shadow minister: it is a policy, and it will haunt you all the way to election day, because that is \$100 million you have committed to, with a bizarre policy saying that anyone who puts their hand up suggesting they will shift will get \$15 000. I would like to know where she

is going to find that money. I would like to know where it is costed, how it is costed and where it fits within your financial framework.

Mr PISONI: I have a supplementary question.

The CHAIR: There are no supplementaries to questions asked by other members. You may ask a supplementary about a question you have asked yourself. You may ask a new question, but it is not a supplementary if it is about questions asked by other members. Members to my left, who wants to ask a question? Member for Unley.

Mr PISONI: My question refers to Budget Paper 4, Volume 1, page 2.28, Targets and Highlights. What are the economic benefits to South Australia for the memorandum of understanding with the Puglia region in Italy?

The Hon. K.O. FOLEY: The key points are as follows. On 11 May 2007, the South Australian Government and the Regione Puglia government signed a memorandum of understanding (MOU). The MOU aims to promote collaboration and development of sustainable long-term relationships in sectors of reciprocal interest such as trade and investment, scientific research and development, education, tourism and culture. Reciprocal visits from delegations from each region have identified strategic areas of collaboration in sectors including agribusiness, water management, plant genomics, aquaculture and biotechnology.

Several initiatives resulting from the Mou have commenced. To date, these include the Puglia Film Festival (Terra Two), which will showcase Puglia films in Adelaide during July and August this year—it must be just around the corner. Professors Storreli and Zonno from the University of Lecce Aquaculture Facility will visit Adelaide during July 2007 to meet with representatives of South Australia Research and Development Institute Aquaculture Centre and local aquaculture industry to explore research and development opportunities. The Italian Chamber of Commerce and Industry SA and the Department of Trade and Economic Development are planning South Australia's participation in attending the Fiera del Levante general and trade exhibition to be held in Bari, Italy from 8 September 2007.

Lachifarma, based in Lecce, is a pharmaceutical company that has developed innovative anticancer products through the reuse of olive oil waste water and a product to combat malaria. Lachifarma will visit Adelaide during July 2007 to explore joint venture, research and development, and trade and investment opportunities. A teacher exchange program between Puglia and South Australia is proposed. This program will facilitate secondary teachers from each region to receive specialist language and culture training. A bilateral operational committee will be established to manage and monitor the progress of specific initiatives.

Mr PISONI: I refer to Volume 4, page 2.6, targets and highlights. What will be the cost of holding the Australia-India International Trade and Investment Conference in January 2008, and what are the expected outcomes?

The Hon. K.O. FOLEY: The conference will cost \$350 000. We are putting in a lot of effort into India. The Premier has now led two missions to India. I am sure that he intends to go back. We have an officer in Chennai. When you think about the emerging markets of the world, it is a really good success story, and I will quickly go through what has been achieved in India. Reliance Industries Limited sent a high-level delegation to attend the Paydirt March 2007 Uranium Conference in Adelaide. Reliance Industries is one of the largest companies in India. Filming for *Love Story 2050* was completed in September of 2006, with the launch

in India scheduled for November 2007. We put quite a bit of work and some money into these films, because Bollywood films, whilst good for our local industry, also showcase South Australia to one of the world's most rapidly growing markets with a great propensity to travel, and very much to Australia. It is a very clever way of helping local film production, as well as marketing our state.

In September 2006, our state signed a sister-state relationship with Tamil Nadu to assist in developing relationships with the region and to support additional export and business opportunities. The chairman of the Indage group, Mr Chougule, visited South Australia from Mumbai in August 2006. That resulted in an Mou with the University of Adelaide to jointly develop an Indian Institute of Vine and Wine in Maharashtra. Indage group also purchased a winery in the Riverland in early 2007. The South Australian Family Wine Group travelled to India in 2006, resulting in an Mou with Diplomat Impex in Delhi to distribute its wine. The Minister for Tourism promoted the state as a tourist and major events destination during a mission with the Special Envoy for the government, Darren Lehmann, who is idolised in India. That occurred in October 2006. In October 2006, 40 South Australian businessmen travelled with the Premier and the Australia-India Business Council to Chennai, Bangalore and Mumbai. The Premier is expected to again lead a delegation to India in late 2007, travelling to Chennai, Bangalore and Mumbai to support SA organisations.

The following export outcomes have resulted from the efforts of the South Australian government. Precise Tooling made its first export order of approximately \$300 000 with a Mumbai-based company. Its goal is for \$1 million worth of exports to India within the next 12 months. NTS Tooling has signed an MoU with a Tamil Nadu-based organisation worth \$100 000 in the first instance. Trident Tooling has signed an MoU with a Tamil Nadu-based organisation worth \$100 000 in the first instance. Tuscan Olives has sent olives to Tamil Nadu worth \$100 000. Parri Estate has engaged a distributor in Goa. DiGiorgio Wines launched its wines in the Punjab. In southern India, South Australia has become the preferred destination for post graduate education.

The Australia-India International Trade and Investment Conference was initiated by the Australia-India Business Council. This initiative is supported by the Department of Trade and Economic Development, and it is proposed that the conference will be jointly delivered by AIBC and the SA government in January 2008 to coincide with the Australia v India test match to be held in Adelaide on Australia Day on 26 January. A program is currently being developed to focus on trade and industry development between the two countries, with high level international speakers and an estimated Indian delegation of 50 targeted, high-level business and industry representatives. That is a pretty good story, even if I do say so myself.

Mr PISONI: I refer to the same reference. In the high-lights column for 2006-07, there is reference to an increase in the number of manufacturers engaged in green manufacturing. Can the minister supply the committee with the baseline figure—what we started with—and what it is now? What is 'green manufacturing'?

The Hon. K.O. FOLEY: Madam Chair, that is a detailed question. I am happy to take it on notice and come back to the committee.

Mr BIGNELL: I refer to Budget Paper 4, Volume 1, pages 2.16 and 2.17, program 4, international market development. I ask the Treasurer to pass on my thanks for the

cooperation of the management and officers of DTED over the past year. McLaren Vale and other winemakers and exporters in the electorate of Mawson are extremely grateful for the good work done by your officers. I am sure that it plays no small part in earning lots of good export dollars for our state. Earlier this year a Russian wine delegation visited McLaren Vale, the Barossa Valley and other wine regions of South Australia. Will you please report on any initial outcomes of the visit by that delegation?

The Hon. K.O. FOLEY: First, I would like to acknowledge the important role the honourable member played in fostering the Russian wine delegation and his support for the group whilst it was here. In March 2007 a Russian wine delegation from the major wine growing region of Krasnodar in the south of Russia visited South Australia on a program initiated by the Agent-General's Office in London. Russia has been designated by Austrade as one of the key emerging wine markets where Australia needs to forge a strong presence in these early stages of the market's development.

The Russian delegation included wine and viticulture experts and a representative from one of Russia's major wine importing companies. The Department of Trade and Economic Development's Office of Trade, together with the Grape and Wine Group in the Department of Primary Industries and Resources and the Office of the Agent-General, organised a comprehensive program of meetings and site visits with 21 companies, industry groups and research organisations. The support and interest from all these groups was outstanding; indeed, that support was critical to the success of the project.

The objective of the mission was to introduce Russian wine experts to South Australian wine and viticulture technology, demonstrate South Australian industry capability in areas ranging from research and development to viticulture nursery technology, pruning and cork technology, and showcase outstanding South Australian wines from companies looking to Russian opportunities. Initial outcomes included increased interest from Russia in developing research and development links with Australian institutions and a keen interest in South Australian technologies in viticulture and wine production technology. The Russian importer was particularly impressed by the quality of South Australia's high-end wines.

I would like to say, particularly with respect to the wineries and all those employed in the wine regions of McLaren Vale, that the local member, Leon Bignell, who represents this area so well in this parliament has proven to be an outstanding ambassador for the region in terms of making significant market opportunities available. I think the member should be congratulated for putting the wine interests of his electorate first and foremost and encouraging the government to seek new markets for these companies. The success of wine companies in the McLaren Vale region of the southern vales is due in no small part to the work of the member for Mawson, Leon Bignell.

I would also like to say that the member for Taylor's representation of the fantastic emerging wine region of the northern plains of South Australia has been outstanding. The Primo Estate is one company that the member for Taylor supports at every opportunity; she is always asking the government to make sure that we showcase Primo Estate wines. As for the member for Norwood, she is a fine wine connoisseur on The Parade.

The CHAIR: If we have finished with the mutual admiration society, I call the member for Goyder.

Mr GRIFFITHS: Thank you, Madam Chair. I noted the Treasurer's facial expressions and eye movements when he was talking about the member for Mawson. I am not sure whether he totally agreed with all those comments. However, I refer to Budget Paper 4, Volume 1, page 2.43. What is the value to South Australia of services sector exports and what are the major service industries involved?

The Hon. K.O. FOLEY: In conjunction with the Australian Services Roundtable (ASR), the department has established a steering group for services exports. Essentially, the objectives of the group are to oversee the preparation of a state strategy and recommend what support will be required for its implementation by industry. The steering group is chaired by John Wenzel of architectural firm Woodhead Pty Ltd. and its members are broadly representative of services segments in South Australia. A survey of services exporters has been undertaken and over two-thirds of the estimated 480 exporters have been contacted.

Data including contact details, exporting geographies, export revenue and areas of specialisation has been captured for over 30 per cent of all exporters. A draft directory is being designed to present this data to enable the sector to grasp the scope of services exports in South Australia, which was estimated to be valued at over \$1.7 billion in 2005-06. Education exports, consisting of tuition fees, transport and accommodation, etc. for international students, contributed \$553 million in 2005-06. That is half a billion dollars for the export of services in South Australia.

Tourism and education exports together contribute just under two-thirds of total service exports from South Australia. Whilst the steering group will work closely with these two major segments, the focus of the strategy moving forward will be creative industries (personal, cultural and recreational)—which is close to the member for Morphet—and other business and professional services.

Regarding the 2007-08 targets, the next step is that it is expected that upon completion of the services export strategy industry will attempt to form a services industry association. It is likely that the government will be approached to support this initiative. The draft export of services strategy will propose a compound growth rate with the sector which will target in its plan making services exports a significant contributor to the state's export goal. South Australia's merchandise and services exports as a percentage of GSP increased from 16 per cent in 2004-05 to 16.9 per cent in 2005-06 and service exports as a percentage of total exports increased from 15.7 per cent to 15.8 per cent. That is showing good growth.

Mr GRIFFITHS: I refer again to Budget Paper 4, Volume 1, page 2.6. What are the realised benefits for South Australia of the Innovation Fund?

The Hon. K.O. FOLEY: In line with the government's policy statement at the last election, the Department of Trade and Economic Development has implemented an innovation commercialisation process into 2006-07 via the Centre for Innovation (CFI). Funding was announced in the September 2006 budget at a total cost of over \$1.98 million over four years. An amount of \$808 000 has been provided to DTED in 2006-07 to:

- establish a one-year program to support an innovation start-up scheme targeted to highly innovative early-stage technology companies to assist in commercialising products and services;
- establish an innovation showcase program to assist small companies develop new, innovative techniques through

company visits and intensive learning programs (program to be launched in October 2006);

- develop a one-stop electronic innovation portal to provide online advice to companies on the application of new technologies and techniques;
- provide innovation development grants to assist South Australian companies attract commercial investment or leverage commonwealth funds to innovate and develop new products, processes and services; and
- in addition, funding was provided by Treasury to a level of \$350 000 in 2006-07 to support Playford Capital's bid to secure a \$40 million commonwealth innovation investment fund in South Australia.

The Innovation Showcase program commenced in November 2006 and enables South Australian businesses to visit and learn from organisations that have successfully applied innovation to their processes, practices, products or services. Five site visits with over 100 participants have occurred to date.

The Innovation and Commercialisation Grant and the Innovation Development Grant were launched in January 2007 and have attracted 80 inquiries, leading to 51 expressions of interest and 39 applications. Recommendations are currently being processed for 11 applications totalling \$375 000, and a further 10 applications totalling \$400 000 are in the final stages of assessment. The grants are facilitated through the South Australian Centre for Innovation. The website for the innovation portal has been created and the development of the portal commenced.

Mr GRIFFITHS: Again, I refer to Budget Paper 4, Volume 1, page 2.6. Can the Treasurer give some details on the Trade Start program? What is the cost of the program, how many firms have benefited from it, and what is the value of exports generated?

The Hon. K.O. FOLEY: The Trade Start program is one of the key vehicles for Austrade to deliver trade development services to regional businesses, and it is delivered through partner organisations. On 27 July 2006 the commonwealth government, through Austrade, released tender documents for the next round of Trade Start contracts from 2006 to 2010. Prior to that time the existing arrangements for Trade Start contracts in South Australia were regional Trade Start contracts between Austrade, the South Australian government, and the relevant regional development boards in the Riverland, Limestone Coast, Eyre and Upper Spencer Gulf Common Purpose Group and the greater Adelaide area. The government, through DTED, provides a financial contribution to the boards to assist them to deliver the program. That contribution totals \$80 000 per annum—\$20 000 per region, excluding Adelaide.

On 21 August 2006 DTED submitted a tender for the new Trade Start contracts 2006-10. The tender was prepared in partnership with the existing regional development board contract holders, and held the view that a single point of coordination was likely to be more effective than previous arrangements. The contract was awarded to DTED late in 2006 and, since that time, regional Trade Start export advisers have been appointed and collocated with respective RDBs in Port Lincoln, Naracoorte and Port Augusta and with DTED in Adelaide. The Trade Start program in South Australia is thus a partnership between the government and Austrade.

The government, through DTED, contracted the Yorke, Murraylands and Riverland RDBs and the Onkaparinga Exporters Club, as well as the Salisbury Business and Export Centre, to provide Trade Start services on a part-time basis

in order to extend the reach of their program. To fund those activities the government contributes \$15 000 per annum to each contractor organisation. In the 2006-07 financial year to date the Trade Start program has assisted South Australian firms to achieve more than \$6 million in export savings.

Mr GRIFFITHS: I seek clarification of the number of firms that have actually been involved.

The Hon. K.O. FOLEY: I will take that on notice and come back to you.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.6, Targets/Highlights and mining industry infrastructure. This is perhaps a question more for the Minister for Infrastructure but because it involves the mining industry we might be able to get some information from DTED. What planning is in place to provide the estimated \$20 billion in private and public infrastructure required by the mining industry over the next 15 years, as indicated by the recent South Australian Chamber of Mines and Energy (SACOME) report?

The Hon. K.O. FOLEY: I think we part funded that. It is probably a question you may want to put to Paul Holloway, who could give you some more detail on it. I was briefed, as was cabinet, by the Chamber of Mines. It undertook a work using some external consultants, and I think it would be good to ask that question of Paul Holloway because the information is not secret. It has done a piece of work that has identified about \$20 billion of infrastructure required over the next 20 years (and probably a shorter time frame) excluding, from memory, the actual mining development expenditure—so, excluding the \$6 billion or \$8 billion of BHP and the \$1 billion of Oxiana. That is primarily in power, water, rail, airports, township expansions, telecommunications, roads and various other sorts of infrastructure, just to give the map or grid necessary to support all the mining that is known of and expected. It is an extraordinary story.

The majority of that will be supplied by the private sector; it is no role for government. However, where there is a role for government is in coordination and facilitation; we need to make sure that we are planning and communicating to the market what the overall infrastructure needs are so that the market can move on it, and the power and water companies, the telecommunication companies, etc., know what is required in a coordinated way.

We have established a high level taskforce in that mine—similar to the one we have overseeing the BHP project—to work on how to coordinate this and properly facilitate and broadcast the information that is needed by the private market so it can start using the market signals to start addressing some of these infrastructure needs—infrastructure needs, of course, for specific projects, such as Olympic Dam. That is why this notion that we are going to be awash with revenue from Olympic Dam is simply not correct. As I said earlier, we are going to use 80 per cent of our royalties, if not more, in what is called the equalisation scheme. Those royalties will flow to other states. We have got a hell of an infrastructure spend up front. Already I have identified in the first draft—and these things never get smaller, they only get larger—that at least \$250 million of public expenditure is needed over the next few years (maybe the next 10 years) to provide social infrastructure.

In the last budget, we announced, I think, a \$12 million police station. The police station at Roxby Downs will go from one that can accommodate six or eight officers, to one that can accommodate 45 officers. My guess is that the hospital will have to double, the school will have to double

and TAFE will have to double—the town is doubling. That is a lot of public expenditure. So, Olympic Dam will be a net drain on the bottom line of the budget initially—probably for a decade, and that is probably too negative a term. It will require government money greater than what it will receive in direct royalty revenue for probably the first 10 years.

Dr McFETRIDGE: Oxiana is doing a fantastic job with indigenous people in the mining industry. I refer to Budget Paper 4, Volume 1, page 2.6, targets and highlights, Young Indigenous Entrepreneurs Program. What, if any, plans are there to expand the Young Indigenous Entrepreneurs Program into regional remote communities, particularly the APY and MT lands, the Anangu Pitjantjatjara, Yankunytjatjara and the Maralinga Tjarutja lands?

The Hon. K.O. FOLEY: We are expanding it but, at this stage, not to the APY lands. It is a very good question, so we will take that on advisement, in terms of why we should not be doing it in the APY lands. We are doing an incredible amount of work in the APY lands. The Premier has just returned and there are some terrific improvements in the quality of life in the APY lands in recent years.

The Young Indigenous Entrepreneur Program commenced a pilot program in July 2005. The program targets indigenous students and youth aged between 15 and 25. Youth who are disengaged from schooling are also included. The YIEP is the only school-aged program of its kind specifically for young indigenous people in South Australia, providing hands-on experience in a business enterprise setting.

A partnership has been established with BHP Billiton to fund programs in Port Augusta. Schools taking part in the 2006 calendar year for the YIEP program were the Heights, Immanuel College, Kura Yerlo, Playford City and Port Augusta, with a total operating cost of \$67 000. Schools taking part in the 2007 calendar year will be The Heights, Kura Yerlo, Murray Bridge High School, Edward John Eyre High School, Port Augusta and Windsor Gardens Vocational College, with a total operating cost of \$69 000. In addition, the YIEP has become a standalone subject for some schools in South Australia, allowing students to gain outcomes that count towards their tertiary entrance rank.

At the completion of the 2006 program, 30 students were eligible to gain a SACE unit. We are working with BHP to maintain its current sponsorship programs for 2007, and we are targeting other industry partnership opportunities from across a range of sectors with the aim of securing sponsorship contributions and program mentoring support. Targeted YIEP programs for 2007-08 include Port Augusta, Edward John Eyre High School, Murray Bridge High School, The Heights School, Immanuel College, Windsor Gardens Vocational College, Underdale High School, Findon High School, Playford City, Gawler High School and Adelaide.

Dr McFETRIDGE: Certainly, establishing viable economies in remote communities will be the most important part of helping our indigenous communities. I refer to Budget Paper 4, Volume 1, page 2.11, program 1, Economic Strategy and Policy Development, Mineral Resources and Heavy Engineering Skills Centre. What is the total cost of establishing the Mineral Resources and Heavy Engineering Skills Centre, and what are the benefits for the state?

The Hon. K.O. FOLEY: We are investing \$8.4 million in the Mineral Resources and Heavy Engineering Skills Centre. Obviously, with the huge number of mining projects underway, this was an appropriate intervention and policy of the government. BHP Billiton has identified the lack of a skilled workforce as a significant risk to the feasibility and

timing of the Olympic Dam expansion. Other new projects at Prominent Hill (Oxiana) and Eucla Basin (Iluka) have similar concerns. These and other companies are keen to work in partnership with government to address this issue.

The government has responded to these concerns by committing \$8.58 million over four years to the establishment of a Mineral Resources and Heavy Engineering Skills Centre and related programs. The centre will be a joint initiative of the mineral resources and heavy engineering sector and government, tasked with enhancing the responsiveness of the workforce development system and improving the coordination of the diverse range of education and training activities at all levels.

The 2006-07 outcomes and achievements provide that the centre has been established as an incorporated body and is governed by a board comprising senior executives from employers, industry associations, government and other stakeholders. It is a very powerful board. We are very fortunate to have as the board's Foundation Chair, Paul Dowd. Paul was the chief executive officer of Newmont Mining. He is a terrific miner, highly respected, highly regarded and a great South Australian.

Also on the board is Mr Rob Williams, Manager Strategy and Resources, from the Base Metals Australia group of BHP Billiton here in Adelaide; Mr Mick Wilkes, General Manager, Prominent Hill Project, Oxiana; Mr Mark Parry, Executive General Manager, OneSteel Whyalla Steelworks—another outstanding chief executive officer; Ms Janina Gawler, Principal, Cooperative Change Pty Ltd; Mr John Roberts, President, South Australian Chamber of Mines and Energy; Mr Geoff Hood, Chair of Global Maintenance USG Inc; Ms Janet Giles, Secretary of SA Unions; Mr Brian Cunningham, Chief Executive, DFEEST; Mr Paul Heithersay, Executive Director, Minerals and Energy Division, PIRSA; and Stephen Beere, Chief Executive Officer, Mineral Resources and Heavy Engineering Skills Centre Inc. I think it is a pretty powerful board, and we are pretty lucky to have that quality of people—

Mr Pisoni interjecting:

The Hon. K.O. FOLEY: Janet Giles would have a real lot of—I quite enjoy your two colleagues' questions, because it is actually nice to have a constructive discussion—but the member for Unley cannot help himself. Janet Giles has an appropriate role to play. We have never been shy in coming forward with conservative business people, conservative expoliticians of your party, and put them on boards. We have a number of ex-Liberals serving on boards. From time to time, I bet you a few of my colleagues probably questioned the wisdom of doing that. But we do it because we think there is a set of skills on all sides of politics—that is what good government is about. Just occasionally I wish the member for Unley could just hop out of the gutter and try to be a decent person in this place.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.6, targets and highlights. I was interested in exploring the matter of equalisation, which you raised a number of times in explanations to questions. I was surprised to hear that you expect to retain only about 15 per cent of the additional royalties due to the equalisation for the Roxby Downs expansion. Being new to this I thought I would take the opportunity to ask this while you had your experts here, and while you were in a cooperative mood. Would that not be an opportunity to reduce taxes elsewhere—for example, payroll tax? Could you explain how we would lose the increase in royalties because of equalisation? According to the explan-

ation you gave us earlier, if we reduced our take from, say, payroll tax, would that not mean that we would be entitled to keep more of the royalties?

The Hon. K.O. FOLEY: We are reducing our payroll tax. We have announced a cut of \$100 million. Yes, that has impact on the distribution of grants to South Australia. I will take that question on notice and I will get Treasury to give me a brief to explain what impact the payroll tax cut will have on distribution of income to South Australia. I do not have my Treasury experts here.

Mr PISONI: Perhaps while you are doing that, could you find out whether further payroll taxes would be able to be implemented because of the extra revenue coming through?

The Hon. K.O. FOLEY: That is a policy decision: that is not a Treasury decision. Governments are at liberty to cut taxes at any time they like but, as to a cut in payroll tax in South Australia, my guess is that it will have some form of negative impact on the grants commission. But I will get technical advice from Treasury.

Mr PISONI: The grants commission does not determine what payroll tax rate you charge, though, does it?

The Hon. K.O. FOLEY: No, the Commonwealth Grants Commission takes account of all revenue that states raise and they equalise that revenue across the states. When you exceed a relativity, that money is then redistributed. So, I will get you a technical response to that question because I do not have my Treasury people here and I would not want to give you misinformation.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.11, program 1, economic strategy and policy development regarding career promotions. What is the cost of the career promotion campaigns for defence, mineral resources, manufacturing and construction industries? What does the campaign involve?

The Hon. K.O. FOLEY: We are providing \$300 000 for the AWD career promotion program. I do not have the other information with me, but we will come back to the committee with those numbers.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.15, program 3, business growth regarding the Centre for Innovation. What is the total cost of developing the Centre for Innovation offices in Mawson Lakes and Science Park?

The Hon. K.O. FOLEY: The cost is \$1.3 million for all the centres for innovation.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.11, Program 1, economic strategy and policy development regarding science and maths. What has been undertaken through this program to encourage more students to study maths and science? How much funding has been provided for 2007-08?

The Hon. K.O. FOLEY: We have provided \$350 000 to support the activities of the Northern Advanced Manufacturing Industry Group (NAMIG). That provides the skills that you talked about. NAMIG is a program led by a number of key local businesses in northern Adelaide including BAE Systems, Tenix Defence and Holden. These businesses, along with a number of other industry partners in South Australia, have joined local schools in engaging with students, teachers and industry in Adelaide's northern suburbs to develop career awareness, employability and entrepreneurial skills and engagement with science, maths and technology in a manner that is meaningful for students. Prior to January 2007, this program was funded by the commonwealth under the sustainable regional program, and we have picked it up.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.15, program 3, business growth regarding the Growing Global Business program. What is the total cost of the Growing Global Business program for the ICT and creative industry sectors?

The Hon. K.O. FOLEY: We have approved \$150 000 for the Growing Global companies program. It is anticipated to offer up to 12 courses involving over 70 potential fast growth companies.

Dr McFETRIDGE: Using the same reference, I refer to expos. What was the cost of the National ICT CeBIT exhibition and participation in the Anzatech Gateway Program and the Hong Kong ICT Expo?

The Hon. K.O. FOLEY: The ICT Expo Program has a budget of \$122 000 for five targeted ICT trade shows focused on the Asia Pacific region—US, China, South-East Asia and South Asia.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.11, economic strategy and policy development regarding workforce needs. It states that \$52.1 million for new funding has been provided to respond to work force needs in defence, mineral resources, manufacturing and construction. How exactly will this money be spent and what measures, initiatives and programs will be in place to utilise this \$52 million?

The Hon. K.O. FOLEY: We will take that question on notice; it is a big one.

Dr McFETRIDGE: In respect of the same reference, 'Business Growth', how much funding has been allocated in 2007-08 for the innovation, commercialisation and development grants, and how many small to medium enterprises are expected to receive funding?

The Hon. K.O. FOLEY: I answered that question earlier. If he looks back, the honourable member will see that I have given those numbers.

Dr McFETRIDGE: Thank you. How much funding has been allocated in 2007-08 for product development programs, what is the average grant paid to companies and how are companies assessed for funding?

The Hon. K.O. FOLEY: I will have to take that question on notice.

Dr McFETRIDGE: How much funding has been allocated in 2007-08 for the Innovation Showcase Program?

The Hon. K.O. FOLEY: I am advised \$70 000.

Dr McFETRIDGE: How much funding has been allocated in 2007-08 for the TechFast program?

The Hon. K.O. FOLEY: I am advised \$175 000.

Dr McFETRIDGE: How much funding has been allocated in 2007-08 for the establishment of the Lean Education and Application Network?

The Hon. K.O. FOLEY: I have a great brief on it, but it has not got a figure. It is \$50 000, I am advised.

Mr PISONI: My question relates to Budget Paper 4, Volume 1, page 2.16 with respect to payment to consultants. We had an actual figure of \$22 000 in 2004-05 and a budgeted figure of \$167 000, which led to an actual figure of \$242 000 in 2005-06. There is no budgeted figure for 2006-07, yet the estimated result indicates that there is an amount of \$80 000. We now see a budgeted figure for next year of \$330 000. Can the Treasurer explain the variances as to why the budgeted amount seems to be nowhere near the actual amount (whether that be a lower or higher figure), and why now we see a much larger increase in a budgeted amount? There seems to be a very large variance between

budgeted amounts and actual amounts continually throughout the last three years.

The Hon. K.O. FOLEY: This is in 'International Market Development'?

Mr PISONI: That is correct. I imagine there is an explanation, I would just be interested to hear it.

The Hon. K.O. FOLEY: The \$330 000 in 2007-08 is just a provision. We will have to get this checked, but that may well be because of the India conference coming up in the new year. This line clearly has variations in terms of what is needed through the course of a year. Back in 2005-06 we spent quite a bit of money on the Australia-China Free Trade Agreement the commonwealth was putting in place, and there was a necessity to spend money there. We did not have an allocation in 2006-07, but, in fact, in the end it needed \$80 000. I will get details on those consultancies. However, given the very nature of the often unpredictable need for consultancies in this area, it is very hard for the agency to put in a budget line and then keep to it. Sometimes it will and sometimes it won't.

Mr PISONI: Were those consultancies required because the department did not have the skills, or were they consultancies brought in because people had left?

The Hon. K.O. FOLEY: No, it is specialist skills. As I said, we think the majority of the \$342 000 in 2005-06 (and we will get this checked) was for external advice on the Australia-China Free Trade Agreement which is a complex document and which needs a lot of expertise.

Mr GRIFFITHS: I refer to the same reference, page 2.16. What are the reasons for the increase in expenditure on supplies and services of \$823 000 between 2006-07 and the 2007-08 budget figures?

The Hon. K.O. FOLEY: I am sorry, total expenses?

Mr GRIFFITHS: No, supplies and services.

The Hon. K.O. FOLEY: Is the honourable member talking about the International Market Development program?

Mr GRIFFITHS: I am, yes.

The Hon. K.O. FOLEY: Referring to the bottom line numbers, in total, the net cost of providing services is explained. The variance between years is \$1.38 million and relates mainly to the approval of the Australia-India Trade Conference, \$350 000; internal reallocation of funding for new and emerging market development, such as Canada and South America, \$520 000; changes of timing for the South Australian Business Ambassadors Network, funding of \$110 000; and change of timing of Market Access Program payments for 2006-07 of \$228 000.

Mr GRIFFITHS: Why was there a \$411 000 underspend on grants and subsidies between 2006-07 of budget figures in the estimated result for 2006-07?

The Hon. K.O. FOLEY: My guess is that we gave fewer grants and subsidies to people. The market access program is known as MAP. There was a timing of payments slippage, I am advised.

Mr GRIFFITHS: It is the identical reference again, but under 'Employee benefits and costs' this time. How many more employees have been employed within this program resulting from an increase in employee benefits at a cost of \$558 000?

The Hon. K.O. FOLEY: I am advised that that is the result of vacancies where in one year you have an underspend and it fills in the next year. Can I take that on notice?

Mr GRIFFITHS: Yes, because we are talking about an increase in employees.

The Hon. K.O. FOLEY: Yes; I am not sure that that is the answer. We will take that question on notice and come back with a detailed answer.

Mr GRIFFITHS: As an extension of that question then and presumably on notice: how many public sector employees versus contractors in percentage and actual amounts have been employed as full-time equivalents within the department and what is the cost of employing contractors for this program?

The Hon. K.O. FOLEY: I am happy to take that question on notice.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.18, 'Investment Attraction'. I note that the objective of this program is to facilitate major projects and secure new investment for South Australia. In the 2006-07 budget, we saw an overspend in the estimated result in both grants and subsidies, as well as in payments to contractors, yet for this year the budgeted amount is substantially smaller—from a budgeted amount of \$1.3 million last year to only \$50 000 this year in grants and subsidies—and we have seen the budget for payments to consultants nearly halved. Can you explain what has changed for the upcoming year? Are we seeing a difference in priorities or are we coming to the end of attracting investment?

The Hon. K.O. FOLEY: It is funny to have implied criticism for cutting payments to consultants: it is normally the other way around. I am advised that the jump from 300 000 to 1.3 and 1.4 is largely the support given to Harley-Davidson to acquire the business of the failed previous owner of that operation where we put a package of support together to sustain that as a strategic export industry for the state. As I have said, to a large extent, we have eliminated grants and subsidies to business. Under your government and certainly under the last Bannon government, that line probably would have been \$20 million a year, if not more. We have eliminated those.

Mr PISONI: There is also the other work that the program does. Consultants have been halved and the budget figure for employees is very similar to the budget figure for last year.

The Hon. K.O. FOLEY: The employees relate largely to the Olympic Dam task force. In gearing up for the Olympic Dam task force, we are bringing people in to manage that very complex process. That will be the biggest thing on our plate and we are bringing in personnel to manage that task force.

Mr PISONI: Was there a delay then from last year's budget figure of \$2.498 million, with an estimated result of only \$1.9 million in the figure this year—

The Hon. K.O. FOLEY: A timing issue in terms of hiring people.

Mr PISONI: There was a slight delay, was there?

The Hon. K.O. FOLEY: A slippage in terms of filling those positions.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.18, program 5, 'Investment Attraction', 'Guarantees and Indemnities'. What current guarantees and indemnities are granted in respect of borrowing arrangements through the industry attraction fund and the Industry Development Committee, or by the Minister for Industry and Trade, as part of various industry assistance packages?

The Hon. K.O. FOLEY: We will check that. My advice is there are none, but we will check that to ensure I can give you a proper answer. Firstly, I would say none, but we will check that.

Mr GRIFFITHS: In addition to that question, Treasurer, can you advise me how many proposals were referred to the Industries Development Committee in the last 12 months?

The Hon. K.O. FOLEY: No.

Mr GRIFFITHS: As in you do not know yet?

The Hon. K.O. FOLEY: No, we have not referred any. The last one we did was Harley-Davidson, which I think was referred to the committee. We do not do many these days, that is the thing.

Mr GRIFFITHS: I note that being on Economic and Finance, yes.

The Hon. K.O. FOLEY: The days have changed.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.18, program 5, 'Investment Attraction'. I am happy to take this question on notice. Can the minister provide me with a list of the organisations that received industry assistance packages for 2005-07 and 2006-07? I think you have answered 2007-08.

The Hon. K.O. FOLEY: Yes, we will take that question on notice.

Dr McFETRIDGE: The same reference but dealing with industry assistance loans. What is the total value of industry assistance loans that have been written off? How many industry assistance loans were written off and what was the individual value for each company in 2006-07 and 2007-08? Well, 2007-08 is zero, anyway.

The Hon. K.O. FOLEY: That is a good news story and I will get an answer. It is, in fact, not relevant for this committee—and it is not necessarily the fault of the opposition's—although the Department of Industry and Trade hands over the money and is responsible for assistance when it is given. However, one of the initiatives I put in place was that Treasury and Finance, SAFA (South Australian Financing Authority), with its skills set, be the people who hold the loan and monitor the loan—all the loan—and take any action against outstanding loans. I think I have answered this in the house, but I will get an updated answer.

Kevin Cantley, the General Manager of SAFA, and his team have been diligently working through proposals—and some of them go back 20 years, if not more—where governments of all persuasions have given money out to industry with, you would have to say, some pretty slack obligations and some very slack monitoring. It is alarming. It happened under both governments, so no-one can be critical of the other, but we just allowed a lot of money to go out and we were not sufficiently diligent in monitoring those loans, recalling those loans and keeping people to the letter of their agreements.

We have had some legal action initiated, we have sent the receivers in, and we have done some pretty firm work on making people live up to their obligations. Clearly, there was a mind-set that if you got a grant from government you had an obligation to pay it back if you did not do a certain thing, but if you kept quiet about not doing a certain thing or if you got one letter from government you ignored the letter; if you got two letters, you ignored it, and it was forgotten. The departmental officers (prior to this department in its configuration), as well-intentioned and as good as those officers were, clearly did not have sufficient skill sets around them or, indeed, possibly direction to properly go after these companies. We have gone after them and put a firm letter to a number of them. There have been some squeals—some serious squeals from a number of people—but we have not hesitated in doing what any private sector company would do with debts owed. However, I will come back to the committee

with a full report on what we have done. I think we have recovered \$5 million or \$6 million that otherwise would probably not have been recovered.

Mr PISONI: My question relates to Budget Paper 4, Volume 1, page 2.6, targets and highlights. Last year we saw a target to increase South Australia's share of migrant intake from the Skilled Migration Scheme or employer sponsorship. This year that target seems to have been replaced by an increasing uptake of a full range of visa options for migrants to South Australia. Does that mean you anticipate you may be required to rely more heavily on a 457 temporary visa for workers in South Australia?

The Hon. K.O. FOLEY: At present we are doing exceptionally well on skilled migration. We are supportive of 457 visas, although there are some glitches, and we are wanting to diversify the use of other visas for people to come to South Australia, particularly business migrants. We already get 10 or 14 per cent, but we want more. We have a very good story on migration; I am very pleased with the work that has been done in that area.

Dr McFETRIDGE: Budget Paper 4, Volume 1, page 2.16, program 4, International Market Development, Export Council. How much funding does the department provide to the South Australian Export Council, and what is the total amount of grant assistance provided through the South Australian Export Council to assist South Australian businesses to export? On top of that, what is the dollar and percentage value of exports as a result of assistance and funding through the Market Assistance Program accessed through the SA Export Council?

The Hon. K.O. FOLEY: I am advised of the following:

- A total of \$1 163 857 in Market Access Program grants was approved to small and medium exporters in the financial year 2006-07.
- Grants were approved to 318 separate projects, averaging \$3 660 in financial assistance to each applicant company.
- These grants assisted a total of 238 companies: 164 from the metropolitan area and 74 from regional areas.
- Of the 238 companies, 209 were businesses with less than 20 employees. These companies were provided grants of just over \$1 million, or 87 per cent of all total funds approved.
- 34 per cent of projects were targeted specifically at North America; China attracted 24.8 per cent; India, 11.2 per cent, and 31.6 per cent of projects were targeted at multiple markets.
- Additionally, in excess of \$1 million in export dollars was generated from 79 companies as a direct consequence of the MAP fund.

I am told that the Export Council costs us about \$9 000 a year to run. The business people who lend their support to that program do so as a community service.

Dr McFETRIDGE: I ask the following omnibus questions:

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 resources, 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 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 full-time employment costs 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 the 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 in 2006-07, and has cabinet already approved any carry-over expenditure in 2007-08 and, if so, how much?

6. (i) What was the total number of employees with a total employment cost of \$100 000 or more per employee, and also, as a sub-category, the total number of employees with a total employment cost of \$200 000 or more per employee for all departments and agencies reporting to the minister as at 30 June 2007?

(ii) Between 30 June 2006 and 30 June 2007, will the minister list job, title and total employment cost of each position (with a total estimated cost of \$100 000 or more), which has been (a) abolished and (b) 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 Treasurer's Instruction No. 15?

8. For all capital works projects listed in Budget Paper 5 that are the responsibility of the minister, will the minister list the total amounts spent to date on each project?

The CHAIR: I thank the advisers for this morning's very fruitful session.

[Sitting suspended from 12.46 to 13.45 p.m.]

Office of the Venture Capital Board, \$2 679 000
Port Adelaide Maritime Corporation, \$6 710 000

Departmental Advisers:

Mr W. Price, Chief Executive Officer, Venture Capital Board.

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

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

The CHAIR: I declare the proposed payments open for examination and refer members to the Portfolio Statement, Volume 1, Part 2. I remind members that they may not ask questions directly of the advisers; any input from the advisers must be via the minister. As neither the Treasurer nor the member for Morphett wishes to make an opening statement, we will proceed directly to questions.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.57—Program performance, investment managers. What are the amounts of private equity investment managed

by each of the full-time seven investment managers for the current and previous financial years?

The Hon. K.O. FOLEY: I will ask Mr Price to answer this question.

Mr PRICE: There are not seven investment managers; there is a total of 4.68 FTEs. Could you refer me to the seven?

The Hon. K.O. FOLEY: We do not have seven fund managers; we do not have fund managers as such.

Mr PRICE: No. Within the office of the Venture Capital Board we have 4.6 FTEs, but we do not manage any investment funds.

The Hon. K.O. FOLEY: The member is misreading what is actually said there. The number of full-time private equity investment managers, excluding the government owned Playford Capital, has increased from nil in 2003 when the Venture Capital Board was established to seven FTEs. I am not sure why FTEs are in that statement. I assume that you are referring to private equity investment companies in South Australia. Is that what that refers to?

Mr PRICE: Investment managers within investment companies.

The Hon. K.O. FOLEY: Within investment companies. Okay. It is clumsily worded, and it has been misinterpreted by the opposition. What we are saying there is that there are seven private equity investment managers now employed within the investment companies in South Australia outside of government.

Dr McFETRIDGE: Thank you for that, Treasurer, and your advisers there. It is a learning experience at times, isn't it, this place. I refer to Budget Paper 4, Volume 1, page 2.55—Program net cost of services summary, and the Paragon Private Equity Fund. What is the rate of return and percentage in dollar amounts of the \$34 million Paragon Private Equity Fund?

The Hon. K.O. FOLEY: You would have to put that question to the Paragon Equity Fund. I do not know what they have as published data and what is confidential data, or expected returns. The whole venture capital proposal was to provide money to an entity based in South Australia that was able to attract on a ratio of \$3 or \$4 to \$1 from the private market. We went through a very detailed due diligence process to ensure that, as confident as one can be, this is a manager that will manage the money well. We had certain benchmarks and criteria that had to be reached. We were satisfied—and with external advice—that Paragon was worthy of this money. But in terms of their internal rate of returns or their expected gross rate of returns, you would have to put that to the company.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.58—Income statement, grants and subsidies. Can a list be provided—probably not today, but this can be taken on notice—of the organisations that have received grants or subsidies, with details of how much they received and what they were funded for in 2006-07 and 2007-08?

The Hon. K.O. FOLEY: We will take that question on notice.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.55—Program net cost of services summary, education and training. What education and training programs for SA business have been provided in 2006-07 and are expected to be delivered in 2007-08?

Mr PRICE: In 2006-07 there was a total of 29 of what we call the core equity ready programs, with a total of 297 attendees to those 29 program workshops or seminars. In

addition, every second year we run a major Private Equity Forum, which was held in May, and a number of targeted private equity workshops. The plan for 2007-08 will be along the same lines as those, namely, the core programs plus other targeted workshops as appropriate.

Dr McFETRIDGE: Under the same reference, what was the cost of holding the Private Equity Forum in May this year?

Mr PRICE: We have not finalised the figures yet, but attendees paid a fee of \$275 a head. We also received sponsorship from five private sector businesses. At the end of the day, we do not have the final figure, but it is looking like the net cost to the Office of the Venture Capital Board will be around \$20 000, for 200-odd attendees.

Dr McFETRIDGE: Under the same reference and on the subject of workshops, what was the cost of holding, in 2006-07, the educational workshops, the Turning Your Ideas into Business seminars, the Raising Early State Expansion Capital workshops, the Information Memorandum workshops, and the Building and Management Team Workshop?

The Hon. K.O. FOLEY: We will come back to the committee with an answer to that question.

Dr McFETRIDGE: With reference again to workshops in 2007-08, what will be the cost of organising and running educational workshops and seminars in 2007-08? Some of this detail may have been given before.

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

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.57—Program performance, and the 32nd Venture Capital Institute. Was there any cost to the board associated with investment managers attending the 32nd Venture Capital Institute Educational Program in Atlanta USA and, if so, what was the cost, and what is it expected to be in 2007-08?

Mr PRICE: In 2006-07 it was around \$14 000 for the two scholarship attendees. We have awarded three for the next financial year, and the cost of that will be around \$21 000 to \$22 000.

The CHAIR: We now move to the estimate of payments for the Port Adelaide Maritime Corporation.

Dr McFETRIDGE: This question is really one from a constituent out that way. I refer to Budget Paper 4, Volume 1, page 2.38—Targets and highlights, and the northern Le Fevre Peninsula. How does the holistic masterplan for long-term sustainable development of northern Le Fevre peninsula involve long-term private residents, particularly those living close to the major road and rail infrastructure?

The Hon. K.O. FOLEY: If it is from a constituent then it is one my constituents, and I would be more than happy for that person to contact me directly—and they may have already done that. Clearly, whatever we do as a government (and, as the local member, I can say this) will be sympathetic to the needs and amenity of local residents.

A lot of industrial activity is occurring on the Le Fevre Peninsula, and a lot of it is nothing to do with the Port Adelaide Maritime Corporation. In large part it relates to decisions taken by your last government, which (I have to say) I was uncomfortable with that the time—that is, the construction of the grain terminal at the end of the peninsula and the increased train movements that occur with that. That has happened, it is a fact of life, and we are building the rail and road bridges and are doing all we can to provide for sustainable industry development activity on the peninsula that is sympathetic to the needs of the constituents.

It is a classic case of industrial development and the clashes that occur with residents. As the local member I can say that we are very conscious of the need to keep the divide between where people live and where they work, and I think we will achieve that.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.38, Target/Highlights and the Techport precinct—and I know there are lots of interesting things planned for down there. Can the minister explain the large, I suppose, blow out in costs for the Techport development, given that in January 2006 the state government announced it would contribute \$140 million to the Techport hub? This would have a fully protected harbour, deep channel port access, Australia's largest ship lift, a common user wharf and transfer system, a master-planned industrial estate, freehold and leasehold industrial sites, an on-site training centre and access to service offices and ITs, as well as a string of other developments. The cost has increased significantly since that initial announcement in January 2006.

The Hon. K.O. FOLEY: Unfortunately, the opposition has been playing a spoiling role in this—and I am not accusing the member of that; your leader has been doing it, as is his wont. There has been no blow-out. As we said, there are a number of new components that have occurred quite apart from the common user facility (CUF). When we initially put our proposals forward to the commonwealth we put them forward on commonwealth specifications and my advice is that when we won it, as part of the bid, scope changes from the commonwealth were imposed upon us. There were also decisions we ourselves took about scope change, there were design issues, and yes there were some increased costs that go hand in hand with any project such as this.

When we initially costed the common user facility we did it with the best available advice and with advice from external advisers as to what the CUF should cost. There were increased costs for that, and the actual break-up was that the escalation in prices and improved contingency added up to a \$40 million increase. There were scope changes, both commonwealth government requirements and our own. We could have just given this to the Submarine Corporation, let it have use of a government piece of infrastructure and walk away and that was our contribution.

Under Admiral Kevin Scarce's direction at the time, and then with Andrew Fletcher and the Defence Industry Advisory Board, the decision was taken to make this a common user facility and broaden our vision to take in some 60-plus hectares of prime, A-grade quality industrial land surrounding the ASC (I will talk about that a bit more in a moment) that we could make available for maritime and defence-related industrial activity. It was well within the realms of possibility that over time we could have a second shipbuilder—perhaps even more shipbuilders—or other uses required of the common user facility. The ASC will always have priority over the asset, and that will be provided for contractually, but that is not to say that there may not be a different shipbuilder, who may be making modules for the ship. It may also be that in a decade or more's time the commonwealth government lets a contract for patrol boats and it is not won by the ASC, it might be won by another company. We have the land there, and they could set up in a fantastically located, perfectly supported and supplied precinct in terms of infrastructure.

To do that we had to increase the scope; we actually had to get a ship off. So we included some arrangements for

better use of that common user facility and that added some \$51 million to the project—and bear in mind, some of that was commonwealth scope changes—and we did some refined estimates of exactly what we needed, which added a further \$25 million. That totalled some \$243 million, which was the new cost for the CUF. It is now some \$374 million, but that is not a blow-out; it is because we have added extra works to the program. The precinct development is costing us \$25 million and the Maritime Skills Centre that we are putting on site is costing \$4.9 million. We also acquired land from the Land Management Corporation, I think, and other agencies—so \$68.5 million has been expended to acquire land from other, largely government, entities. My guess is that some of those acquisition costs will actually be circular and will come back from the Land Management Corporation through dividends because, for transparency reasons, we purchased it from the Land Management Corporation and the Department for Environment and Heritage. We actually paid cash to buy them and then those agencies will repatriate that through their normal dividend flow—or the LMC will. What is not included in this is the cost, or the return, we will get from developing this.

In the next month or so, the PAMC will announce a successful bidder to develop the master plan in terms of the industrial precinct. I do not know what that bid will involve and how it will be made up but, over time, there will be substantial return to taxpayers from that land acquisition—a substantial return with a substantial profit in it. So, a lot of these costs will be offset through some appropriate and good management, and good utilisation of asset.

We have also provided \$31 million to build the Air Warfare Destroyer Systems Centre. At present, the systems centre is housed in a building in the city up at Payneham. It is where Raytheon, ASC and the Defence Materiel Organisation have their people. At present, 350 people are employed in the systems centre. These are the best available skills in Australia, and arguably some of the best in the world, for what is called system integration air warfare expertise, radar expertise—various different types of people. If the member for Taylor were not a politician, she would probably be employed in air warfare. She would probably have to brush up a bit. Somebody once said to Trish, 'You're not a rocket scientist' and she said, 'Well, I am.'

Our vision with that centre and the reason we have invested so much money in it is that, initially (I would be right in saying) there were some people who wanted the centre to be in Sydney. Even though the ships were being built here, a lot of the work done could be piped down through information technology. It was going to be based in Sydney, because that is where all the engineers would want to be, that is where all the brass would want it to be, and all that sort of thing. We took a very strong position that we should have it here in Adelaide. I remember being in a meeting with a number of existing players in the Adelaide market who did not want it here because they thought it would poach the engineers that they were trying to get, and why would an engineer want to come from Sydney to work in Adelaide? By getting it here, we have had a flood of people coming in from interstate. They love coming here, to a terrific working environment. All the advantages that we spruik about South Australia have paid dividends in attracting people here. We have 350 people, and I am not quite sure where that number will top out at.

The good thing, which Roxley and his team are working on as well, is that this set of skills will not just be there for the

ASC and the AWD; it will be a set of skills that cannot be replicated in Australia. So, arguably, for the next generation, all future naval requirements—as well as refits and through-life support—will be done here. No doubt, if there is an aeronautical or a land-based complicated piece of advanced weaponry and radar systems, we will have the skills here. These centres create a critical mass, so what Andrew and Roxley are doing will help in attracting other defence companies. We are going to have that site here. It is a damn good investment. It is a lot of money, but we will get a reasonable amount of it back. It is exciting, because what we are building at Techport is not just to support the project, it is significantly building an existing industry base as against just giving a \$250 million free gift to the ASC. I must say that, in the early days, Robert de Crespigny—and Kevin Scarce—was a great believer in this method, and he should be given credit for it as well.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.38, Highlights 2006-07. Minister, are you able to explain the dot point, 'Secured strong early interest in tenancy opportunities at Techport Australia'. Is it tenancy for Techport?

The Hon. K.O. FOLEY: I will ask Andrew Fletcher to comment on that.

Dr FLETCHER: Understandably, we had strong interest from a whole lot of suppliers in establishing in the precinct. The constraint that we had was that, until we had a second pass decision on the choice of destroyer, we were unable to actually commit to them because the government, understandably, was not prepared to commit to the precinct until we knew we had a shipbuild program, and that only occurred in the last couple of weeks.

We have a list of some 14 very serious tenants and potential owners that are queued that we have been engaged with. Six of them are, I think, just about 100 per cent sure. There is a list of others who, now that they are starting to understand the opportunities that will flow from the program, and the existing through-life support program from the submarine, have a huge amount of interest. What it enables us to do is provide the development partner that the Treasurer talked about, which we are in the process of selecting, a walk-up start to a base tenancy.

Mr PISONI: I fail to understand how they are secured. How are they secured?

Dr FLETCHER: We have secured significant interest.

The Hon. K.O. FOLEY: There is serious interest in the marketplace. That is secured, in our view. If you want to be semantic—

Mr PISONI: I just wanted clarification on it.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.38, Targets/Highlights, Techport Precinct. What is the expected cost of the construction or upgrade for water, electricity and stormwater infrastructure and roads at the Techport precinct?

The Hon. K.O. FOLEY: Madam Chair, on the grounds of commercial confidentiality, I cannot answer that question. The panel that will be reviewing the bids is in the final stages of reviewing the successful tenderer for this precinct, and the matters that the honourable member has raised are part of that process. When we announce the details of whoever should win, I would be happy to address those issues.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.44: program 3—Workforce development regarding supplies and services. Why is there a \$1.775 million under-spend in expenditure for supplies and services for 2006-07?

The estimated result was only \$160 000 when the budgeted amount was \$1.935 million.

The Hon. K.O. FOLEY: That is money that, as part of our bid, we made available for some relocation expenses for key personnel. Because of the timelines with the announcement of the successful ship design, we have not executed those contracts. It is a timing issue.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.41 regarding performance—legal agreements. What legal agreements are still outstanding between the state and the commonwealth governments?

The Hon. K.O. FOLEY: What legal agreements exist?

Dr McFETRIDGE: Yes.

The Hon. K.O. FOLEY: I would think a few. I am happy to take that on notice and to give you a summary and a description of them.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.39: Program net cost of services summary regarding the strategic partner. Who is the strategic partner for the development of the Techport Australia precinct?

The Hon. K.O. FOLEY: That was what I alluded to before. We are down to the final stages of evaluating the tenders that have been submitted. I would hope that we would make an announcement in the next month or so as to who are the successful consortia.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.39: Program net cost of services summary regarding the ship lift. What is the estimated total cost of building the ship lift? Given that the new ship lift is one of the best ship lifts in the world and will only be used, at most, a few times a year, and that similar ship lifts in busy ports overseas are used many more times a year, did the state government make a decision against overseas expert recommendations to install a cheaper, lower capacity ship lift?

The Hon. K.O. FOLEY: The estimated contract cost for the common user facility is, as I said, \$243 million. We should finalise contracts for that in the next month or so. We went through a very rigorous tender process, in case the person who wrote the question is suggesting we bought a second-hand one or something, but my guess is that the commonwealth would not have been overly rapt in rocking up to Rotterdam to see if they have one up there or perhaps to Seoul to some Korean shipyard and lifting an old one out of there. My guess is that the commonwealth would expect a brand new facility.

The reference that it would only be used a few times a year is silly. I do not know how many times a year it will be used; it might only be a couple of times, but my guess is that when it is not being used it will have a dirty great big thumping ship either on it or close to it and, at some point, you have to get that into the water. I do not really understand the question. We put out a competitive global tender. I think there are only a few makers of these in the world, and the successful company was Rolls-Royce, from memory. We are confident that, having gone for this multiuser facility concept, as I outlined in my earlier comments, there will be third-party access available.

This is an exciting opportunity, not just for ship building. This is a unique facility and, with all the mining activity in the north of our state, there is every real possibility that there can be a role for the ship lift in terms of bringing on and taking off large equipment. We may well see some diversification in terms of materials being taken out through that ship lift, not just ships. It may be barging or major dump trucks,

for instance. We will be exploring lots of opportunities in the mining sector very firmly.

Mr PISONI: I refer to Budget Paper 4, Volume 1, page 2.39: Investing payments summary. Regarding the Techport Australia Marine Skills Centre, I note a budgeted figure in 2006-07 of \$3.47 million, yet only \$910 000 is spent in the estimated result. Is that due to a delay in the setting up of the skills centre?

The Hon. K.O. FOLEY: I would think so.

Mr PISONI: Is the \$4 million mainly a carryover from the previous year?

The Hon. K.O. FOLEY: I would assume so, yes.

Mr PISONI: What are the estimated ongoing costs of the skills centre?

The Hon. K.O. FOLEY: I will take that question on notice.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.40: Strategy and Policy—Employee benefits and costs. Why has there been a \$403 000 underspend on employee benefits and costs between the 2006-07 budget of \$1 646 000 and the 2006-07 estimated result?

The Hon. K.O. FOLEY: I guess, as a result of employing people—vacancies.

Dr McFETRIDGE: I refer to page 2.44: Workforce development—Grants and subsidies. Why is there a \$2 333 000 increase in grants and subsidies between the 2007-08 budget and the 2006-07 budget, and can the minister provide me with a list of which organisations received grants and subsidies? I am happy for the minister to take this on notice?

The Hon. K.O. FOLEY: Again, it is timing issues with the contract and workforce development planning. These things are very difficult to pinpoint given the time it has taken for the commonwealth to go through second pass.

Mr PISONI: I refer to the same volume, page 2.39. I note there is a budgeted amount of \$6.824 million for the precinct development and operation for 2006-07 and an estimated amount of \$1.6 million, yet the budget for next year is only \$870 000. Can the minister give us an explanation as to what the precinct development and operation is and why approximately \$5 million, which was originally budgeted for, is no longer required? Has the scope of the project changed? It seems very curious that \$5 million has disappeared from that project over 12 months.

The Hon. K.O. FOLEY: I am advised that some money was transferred from the operating budget to the capital budget in accordance with accounting standards and properly audited.

Mr PISONI: The \$870 000 for the 2007-08 year is an operating cost?

The Hon. K.O. FOLEY: I guess that in 2006-07 we budgeted a figure that we thought was appropriate for the precinct development in terms of the operating expenses. My guess is that there was not that need for it as operating expenses and there was a need to spend it on capital. That is what occurred: it was transferred into the capital investing budgets.

Mr PISONI: The operating costs for this year are \$1.6 million but next year they are only \$870 000?

The Hon. K.O. FOLEY: That is correct, yes. What we are talking about here is a fairly fluid development. A raft of works is being undertaken. It is very difficult to strike a budget at the very early development stage and hold yourself to it in terms of where the money is allocated. The PAMC has

kept to its budget but, obviously, if need be, it has the ability to transfer money internally.

Mr PISONI: Will I find that missing \$5 million somewhere else in the budget papers?

The Hon. K.O. FOLEY: Yes. I guess it is in the capital budget. If the honourable member looks at page 17 of the Capital Investment Statement, he will find the Techport Australia—Commercial and education precinct and Suppliers precinct. The initial proposed expenditure was \$12 million; the estimated expenditure is now some \$25 million. That \$5 million, I am advised, is included in that \$25 million.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.40: Program 1—Strategy and policy—Supplies and services. Why has expenditure on supplies and services almost doubled from \$704 000 in 2006-07 to \$1 494 000 in the 2007-08 budget?

The Hon. K.O. FOLEY: I will take that question on notice.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.40: Program 1—Strategy and policy—Payments to consultants. Will the minister provide me with a list of the number of consultants and the dollar amount paid to each consultant in the 2006-07 year? The minister might want to take that on notice.

The Hon. K.O. FOLEY: Yes. We have engaged a number of consultants to assist us. We do not have the full list with us, so I will provide that to the committee. We have had to spend that money to get the intelligence that we needed during this project. I am a little reluctant to say the name of the company, to be honest. The honourable member might want to make a political point on it, and I do not want to expose myself to some criticism. We have engaged a consultant. I might be heavily criticised because the government chose to use this consultant. I think that there would be some people who would try to take political advantage and attack the government; and, unless I am pressed, I do not want to disclose the name.

Mr PISONI: You never did that? When you were in opposition, you never took political advantage?

The Hon. K.O. FOLEY: No. My worry is that if I name this consultant someone will want to make a political point. I would be reluctant to do that.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.42: Precinct development and operation—Employee benefits and costs. It is not a huge increase, but there has been a \$130 000 increase in employee benefits and costs between the budgeted amount of \$389 000 and the estimated result of \$519 000. Can I have a reason for that?

The Hon. K.O. FOLEY: What it refers to is that the PAMC has built up its complement of employees. It has been in a ramp-up stage in terms of setting up the organisation and filling the positions.

Mr PISONI: I refer to the same budget paper, page 2.40, program 1, Strategy and policy, Description/Objective. The second dot point states 'maximise the economic, social and environmental benefits' and so on. Have the social and environmental benefits been defined for what you are expecting from this project? Is there a definition of the social and environmental benefits?

The Hon. K.O. FOLEY: I guess, as part of the master planning concept for the Le Fevre Peninsula. It is a very fragile environment, even though it has heavy industry. There are some very fragile environments. We have mangroves, waterways, dolphins and lots of other things. It is a beautiful part of the world. The PAMC will ensure that environmental

objectives are identified and met as, indeed, are social objectives. The PAMC and its future is very much ingrained in that community and must be part of it. There has to be a strong commercial residential interface. There needs to be buffers between industry and residents. We take those matters very seriously.

Mr PISONI: Are you expecting the social and environmental benefits to expand beyond the immediate area of this project?

The Hon. K.O. FOLEY: I don't quite know what you mean by that.

Mr PISONI: I mean social and environmental benefits. Will there be spin-off environmental benefits for, say, those living in Morphett or Unley? Will there be social benefits beyond the immediate area? Will there be social benefits for other South Australians? What I would like is some sort of definition as to what those social and environmental benefits are.

The Hon. K.O. FOLEY: I don't fully understand the question.

Mr PISONI: If you make a claim that there will be social and environmental benefits, surely there has to be some sort of list of how you define 'social and environmental benefits'.

The Hon. K.O. FOLEY: Only the member for Unley could try to make some political mileage out of a genuine attempt to ensure that, whatever we do on the Le Fevre Peninsula, it is sympathetic to an interface with community and environment. As far as the PAMC charter to build the Techport and expand it, it is working in many parts in a fragile ecosystem and it must take account of that and any of its activities must be cognisant of the fact that it has waterways and mangroves. There is also a need for a buffer and open space and a need for sufficient concern and care about the amenity for the people who live in the area, as well as the ecosystem of the area.

In terms of the social benefits for people who live in Unley or Morphett, as applies for the rest of the state, this will be the single largest capital investment the Defence Force has made on a single project to date. It will bring to South Australia at least 3 000 jobs, and we would expect many more through the work of Roxley and his team, the PAMC and the developer of the Techport. With that comes enormous job opportunities for all South Australians, many of whom, I would hope, live in electorates such as Morphett and Unley.

Mr PISONI: Are the environmental benefits expecting to go beyond the natural environment?

The Hon. K.O. FOLEY: I don't understand the question.

Mr PISONI: You have described the natural environment—the ecosystem.

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

Mr PISONI: The built environment, for example.

The Hon. K.O. FOLEY: Yes; I am sure we will acquire some tasteful building.

Mr PISONI: Has that been defined?

The Hon. K.O. FOLEY: We are going through a tender process right now and I guess the developers have been given some guidelines as to what we expect.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.42, program 2, Precinct development and Operation, Payments to consultants. Without wishing to know the name of your guy, he is coming pretty cheap because why is only \$38 000 allocated for payments to consultants in 2007-08, when \$500 000 was spent in 2006-07 as the estimated result?

The Hon. K.O. FOLEY: It reflects when the bulk of the work was needed. The consultants were used extensively in the lead-up to the decision to award the contract for the ASC which is housed in South Australia. We had a large spend on consultants to advise us on things through the costings and reviewing our costings through to lobbying and other efforts.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.42, program 2, Precinct development and operation under 'Expenses, Other'. What are the details of the \$174 000 of other expenses for 2007-08?

The Hon. K.O. FOLEY: I am advised that that is rates and taxes and holding costs for the land that we have. So, I get that back in other ways.

Dr McFETRIDGE: I refer to the same page under 'Income, Other'. There is \$745 000 income, so I assume that is your money coming back, is it?

The Hon. K.O. FOLEY: That is our leasing, yes.

Dr McFETRIDGE: I will go to the Defence Industry Advisory Board. I refer to Budget Paper 4, Volume 1, page 2.28, Net cost of service summary, program 2, Defence Industry Advisory Board. What is the annual budget for the Defence Industry Advisory Board? How often has the board met?

The Hon. K.O. FOLEY: It meets six weekly. It is chaired by retired General Peter Cosgrove. We will come back to the committee on the cost.

The CHAIR: Have we finished with Port Adelaide Maritime Corporation completely?

Dr McFETRIDGE: We have.

The CHAIR: I declare the examination of that proposed payment complete and thank the relevant advisers. With regard to DTED, the original line we had open this morning is the relevant line.

Additional Departmental Advisers:

Mr A. Pastorelli, Business Manager, Defence Unit.

Ms S. Spruce, Ministerial Liaison Defence, Department of Treasury and Finance.

Dr McFETRIDGE: Budget Paper 4, Volume 1, page 2.28: Defence Industry Advisory Board. Since its establishment in January 2003, what have been the benefits for South Australians in terms of numbers of projects established, and what are the projects the board is expecting to proceed with in the next two years?

The Hon. K.O. FOLEY: I will ask Roxley McLennan to contribute, but I will just begin by saying that the Defence Industry Advisory Board was an initiative of this government initially to give us the firepower to successfully be part of the bid for the air warfare destroyer and, potentially, in the early days as to whether or not there was a role for us with the amphibians. We recruited the likes of Kevin Scarce as executive officer, and we brought in retired Admiral Shackleton, Malcolm Kinnaird, John White, who was the CEO of Tenix, which built a large number of the ANZAC-class ship, and a number of other very senior defence people to advise us on a strategy. They were our strategy workshop in a sense, and we workshopped a lot of tactics as much as anything in dealing with the air warfare destroyer process.

Since that time, we have been successful in securing a battalion for South Australia. That did not come about simply because the commonwealth decided to do it. We had to engage in a lot of work and a lot of convincing that it was worth the political pain that the government may face nationally to relocate that battalion to South Australia, and

that it was logistically a sensible thing to do. We have the amenity in the north of our city, we have the infrastructure—and we can put more infrastructure in—and we sold that case to the commonwealth and it agreed to it. That will be worth about \$100 million a year in spend in the northern suburbs just to maintain that battalion—2 500 people, over 1 000 troops.

We are also excited by the prospects—and it has been dangled out there by the Army—that there may well be some other units that we can get to bolster what we have out in the north of the state. There is no reason why Edinburgh Park, and around that area, will not be one of the major defence bases in Australia for the Army. That will then give us an Army base of national significance, an Air Force base of national significance, and the home of the maritime construction industry for the Navy. That is a pretty good get for the government. We have done other work, and I will ask Roxley to add to that.

Mr McLENNAN: The Defence Industry Advisory Board was rearranged in the middle of last year, approximately, as we moved from a focus on the air warfare destroyer program as a major element, and also the Army presence in South Australia, to attack more broadly the capabilities that are planned within the defence capability plan. Because of that, the strategy had to be revised to create more of an environment in South Australia where the defence industry can grow and prosper a little more generally. For that reason, while we can eventually provide some figures associated with exactly how many companies have set up shop in South Australia, which were not here before, the real value is not in so much individual companies setting up shop as the expansion of work that is occurring in South Australia as a result of that strategy.

It will be time before the genuine worth of the Defence Industry Advisory Board has been felt, but we can see it anecdotally at the moment in that the rate of inquiry from the defence industry, and particularly overseas defence interests, either to participate in or deal with companies in South Australia has increased, I would suggest, by an order of magnitude. Consequently, the Defence Industry Advisory Board, as much as anything, is providing that strategic level of advice that creates the environment rather than attracting an individual company, or even an individual project.

The Hon. K.O. FOLEY: I have the answer on the Defence Industry Advisory Board. The current cost is \$260 348 as at 31 May 2007.

Dr McFETRIDGE: Before I ask the last question of the day, I thank the minister and his advisers, particularly, for their cooperation. I also thank one of my advisers, Heidi Harris, who has worked overtime with me in estimates. She works only three days a week, but she has done an excellent job. She is the brains; the financial brains in particular. I thank the Treasurer for his kind invitation to lunch today with his advisers.

The Hon. K.O. FOLEY: We are a downtrodden, ill-thought of bunch of people.

Dr McFETRIDGE: I value my staff, and I am sure you do too, minister. The last question relates to what I hope will be a good event, and I look forward to attending it. Budget Paper 4, Volume 1, page 2.12: the Defence Industry Conference. Can the minister advise the cost of hosting the Defence Industry Conference in Adelaide in August 2007?

The Hon. K.O. FOLEY: It is the first time it has been hosted outside Canberra. We have allocated, as against necessarily what it will end up costing us, \$195 000 to this event to cover promotional costs, marquee for formal meals and conference organisational support. We expect to get at least \$6.7 million of direct money spent in this state, with some 1 500 visitors attending over five days and 8 530 bed nights of occupancy. The event precedes the Land Warfare Conference in Adelaide in October this year, reinforcing the perception of South Australia being the defence state among representatives of defence primes across Australia and overseas. Of course, the event will assist us and South Australian-based small to medium defence enterprises gaining greater exposure of their capabilities as well as greater access to larger national enterprises in a central forum. It will be a great event.

Dr McFETRIDGE: Thank you very much. That completes our questions.

The CHAIR: Accordingly, I declare the examination completed, and I thank the minister and his advisers.

ADJOURNMENT

At 2.45 p.m. the committee adjourned until Monday 2 July at 11 a.m.